



GAZIT-GLOBE

# CORPORATE RESPONSIBILITY REPORT

2011-2012

Gazit-Globe



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# A Message From Our PRESIDENT



Dear Stakeholder,

We are proud to present Gazit-Globe's Corporate Responsibility report for 2011-2012.

In this report, we demonstrate how our Corporate Responsibility policies and activities are intertwined with our three-pillared strategy of urbanization, quality and growth.

Gazit-Globe is fortunate to be engaged in a business that impacts communities around the world. Millions of consumers shop at our centers, which are located mostly in high-density urban areas. While more people use - and are linked by - electronic devices and social media than ever before, there is still a deep need to connect in person. Our shopping centers play an important role in building that connection and facilitating that sense of community. Our assets serve as central places for families to spend quality time together and for friends to meet. Not only do we invest great effort in making them safe and inviting, we continually offer new and technologically advanced amenities, which you will learn more about in this report. Because our properties are such vital communal spaces, we feel an extra sense of

responsibility to uphold social and environmental, as well as corporate, standards in all of our operations.

The Corporate Responsibility policies and ethical standards that we have put in place over the past several years aid us in evaluating our day to day activities and complying with the increasingly stringent laws and regulations of our industry. More and more, our strategies and management practices, as well as how we work in the field, are guided and shaped by the principles of the UN's Global Compact initiative which we adopted several years ago. Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. We are committed to this initiative and are proud of our behavior as a result of our alignment with the Global Compact's principles.

During the past two years we have made important strides. Our focus on both quality and the environment have accelerated our implementation of green building practices and led us to upgrade our development and redevelopment activities to LEED® (Leadership in Energy and Design)

Millions of consumers shop at our centers, which are located mostly in high-density urban areas. While more people use - and are linked by - electronic devices and social media than ever before, there is still a deep need to connect in person. Our shopping centers play an important role in building that connection and facilitating that sense of community.

certification standards, particularly in Canada, Brazil and the Nordic countries.

Not only does our strategy of urbanization (i.e. developing properties in city centers) reduce energy consumption by lowering automobile use, our centers, with their broad array of shopping possibilities, eateries, and conveniences, such as post offices, also act as "one stop shops" for consumers. Our consumers reduce their travel, and thus emissions and energy use and enjoy their time while doing so.

Our Corporate Responsibility activities are focused inward as well. Our employees are our most important asset, and one of the basic fundamentals of our Code of Business Conduct is to treat them fairly. Their satisfaction with their jobs, employment terms, work conditions and the balance between their work

and personal lives is very important to us. That is why we are dedicated to providing them with competitive pay and benefits, solid training, educational growth and opportunities for career advancement worldwide. We also regard the health and safety of our employees, tenants and customers with the utmost importance and take measures to ensure conformity with industry standards.

Above and beyond our business activities, we believe that it is a fundamental duty to contribute to the community. During the past several years, we have steadily expanded our support for numerous educational and social initiatives. In 2011 and 2012, we donated over NIS 11 million (\$3.1 million) to educational programs that promote academic excellence, as well as to various charitable organizations.

Reporting our Corporate Responsibility activities to you in a transparent

manner is important to us. It not only allows us to measure our progress in these important areas, but to share with you, our stakeholders and the community at large, our commitment to proper corporate governance and business ethics. These reports are also meant to foster a dialogue with our stakeholders, and we welcome your feedback.

Like our careful development of a property, we are steadily building and refining Gazit-Globe's corporate culture into a paradigm of Corporate Responsibility. We are propelled by a sense of duty to our stakeholders, by our growing role in the global community, and by our firm commitment to act as a model corporate citizen.

**Roni Soffer**  
President



# About This REPORT

This report covers our Corporate Responsibility activities during 2011-2012 and follows our previous reports for the years 2009-2010 and 2007-2008. In this report, we describe our business approach and our operations, and how they affect the communities that we serve and in which we operate, the environment, our employees and other stakeholders, as well the economy, in general. This report is an important tool in our continuing efforts to communicate with our stakeholders, and it reflects our policy of maintaining a high level of transparency.

In describing our relationship with various stakeholder groups, this report sheds light on who is impacted directly - or indirectly - by our business activities, and with whom we have day-to-day interaction or a mutual dialogue, or wish to engage in one.

We publish our Corporate Responsibility reports on a bi-annual basis. This report also includes some information related to activities following the reporting period, which is noted accordingly.

We have established a Corporate Responsibility Steering Committee

that comprises management and external advisors. This committee helped us determine the appropriate content, scope and structure of this report, and in general assists us in engaging in Corporate Responsibility best practices.

In producing this document, we have utilized the G3.1 Global Reporting Initiative ("GRI") reporting standard, a widely-accepted and inclusive reporting framework that has also been adopted by our subsidiaries, to promote transparency and adherence to internationally accepted standards. We also highlight our participation and leadership in other initiatives that promote Corporate Responsibility around the globe.

This report includes material information relating to Gazit-Globe, as well as data collected by several of our subsidiaries abroad, including Equity One in the United States ("EQY"), First Capital Realty in Canada ("FCR"), and Citycon in Northern Europe. These publicly traded companies represent Gazit-Globe's major holdings in which we conduct a material portion of our activities, and these holdings are fully consolidated in our financial reports. The report also includes

information from our Israeli privately held subsidiary, Gazit Globe Israel (Development) Ltd. Their operations reflect our values and our commitment to promote and implement Corporate Responsibility. All data compiled by our subsidiaries regarding economic, environmental, human resources and other metrics was formulated in accordance with Best Practices. In this report, Equity One and First Capital Realty are often referred to as "EQY" and "FCR", respectively. Selected data from the following reports of our subsidiaries were included in this report:

- **Equity One:** 2012 Corporate Responsibility and Sustainability Report
- **First Capital Realty:** 2012 Corporate and Sustainability (CRS) Report
- **Citycon:** 2012 Annual and Sustainability Report

All information contained in this report was prepared by qualified professionals, and all calculations have been based on widely-accepted standards. We have noted when specific calculation models have been used.

# The Global Compact

The Global Compact is an initiative developed by the UN aiming to mobilize the international business community for the adoption in their business practices of internationally accepted values which are represented in 10 fundamental principles in the areas of Human Rights, Labor Standards, Environment and Anti-Corruption. Gazit-Globe has been a signatory of the Global Compact since 2010.

## Human Rights



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



make sure that they are not complicit in human rights abuses.

## Labor



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



the elimination of all forms of forced and compulsory labor;



the effective abolition of child labor; and



the elimination of discrimination in respect of employment and occupation.

## Environment



Businesses should support a precautionary approach to environmental challenges;



undertake initiatives to promote greater environmental responsibility; and



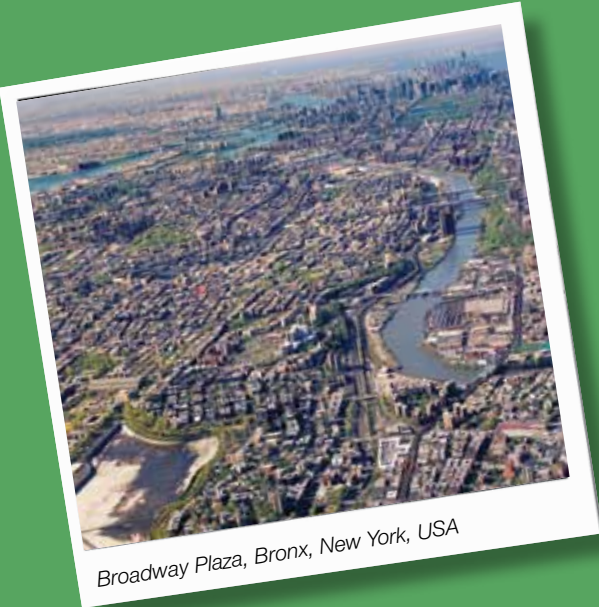
encourage the development and diffusion of environmentally friendly technologies.

## Anti-Corruption



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

IN OUR BUSINESS, GOOD CORPORATE CITIZENSHIP IS NOT AN OPTION, IT IS A MUST.



Broadway Plaza, Bronx, New York, USA

ABOUT  
GAZIT-GLOBE

Section

1.



Kista Galleria, Stockholm, Sweden



# INTRODUCTION



**GAZIT-GLOBE**

**Gazit-Globe** (NYSE;TSX;TASE: GZT) is one of the world's leading multinational real estate companies engaged in the acquisition, development and management of income-producing properties. The company focuses on necessity-driven real estate, primarily supermarket-anchored shopping centers in urban

growth markets with high barriers to entry and attractive demographic trends. In addition, the company is active in the healthcare real estate sector, owning and operating medical office buildings in North America.

Gazit-Globe is listed on the New York Stock Exchange (NYSE:GZT) since December 2011, the Toronto Stock Exchange (TSX:GZT) since October 2013, and the Tel Aviv Stock Exchange (TASE:GZT) since 1983 and is included in the TA-25 and Real-Estate 15 indices in TASE.

Gazit-Globe operates internationally through its publicly-traded and

privately-held subsidiaries. Its public subsidiary companies are listed on several major stock exchanges including the New York Stock Exchange, the Toronto Stock Exchange, the Helsinki Stock Exchange, Euronext Amsterdam and the Vienna Stock Exchange as of September 30, 2013.

The Group operates in more than 20 countries, owns and manages 584 properties with a gross leasable area of approximately 6.7 million square meters, has a consolidated total asset value of more than US\$20.0 billion and a gross annualized income of about US\$1.9 billion.

*Promenada, Warsaw, Poland*



# Our Vision

The following principles define our vision for the Company:

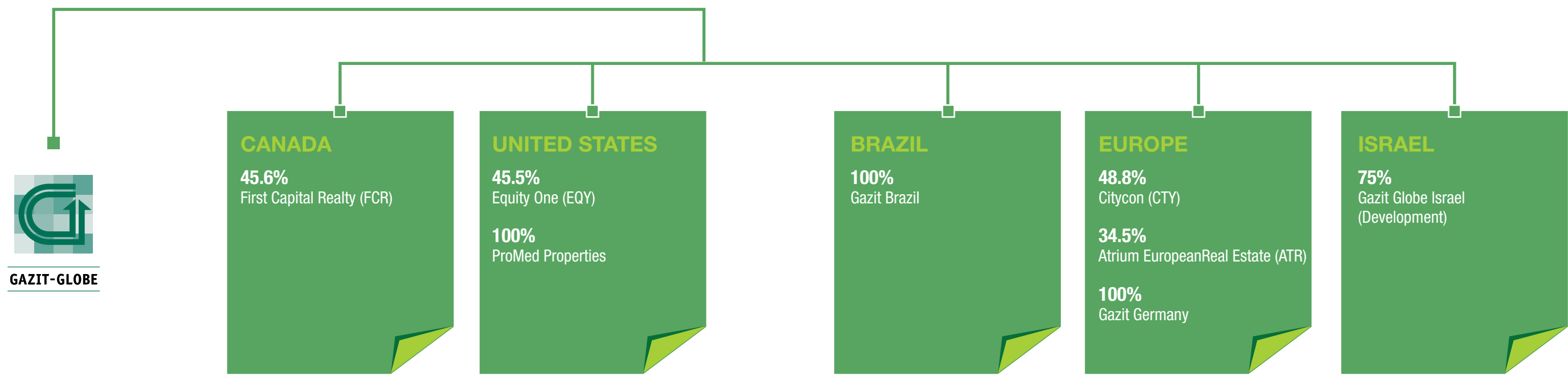
- **Creation of value for shareholders:** We seek to maximize shareholder value over time by growing and enhancing our global real estate platform, our cash flow and our dividends.
- **Think Global, Act Local:** We believe that the best way to build our company is through the combination of global and local management teams, thereby combining the Group's overall expertise and best practices with our local management teams' keen regional insight.
- **Enhanced corporate responsibility:** We embrace Corporate Responsibility, in its broadest sense, as a guide and framework for our worldwide activities. For us, Corporate Responsibility includes the mandate to be socially aware, to contribute to, and aid the communities in which we operate, to adopt ethical and transparent modes of conduct and do the utmost to conserve the world's natural resources. Gazit-Globe is committed to leading processes which reflects its beliefs, and aims to set an example of good corporate citizenship.
- **Expanded global presence and market dominance:** With the goal of continually strengthening our position as a leading multinational real estate company, we strive to increase our market presence, both in the regions in which we are already active and in new regions.
- **Micro focus in our macro-operations:** As a key to maximizing our growth, we insist upon excellence in all our operations and maintain high quality standards. In practice, this takes the form of an intensive focus on the countless small details that comprise our strategies and ongoing work plans.



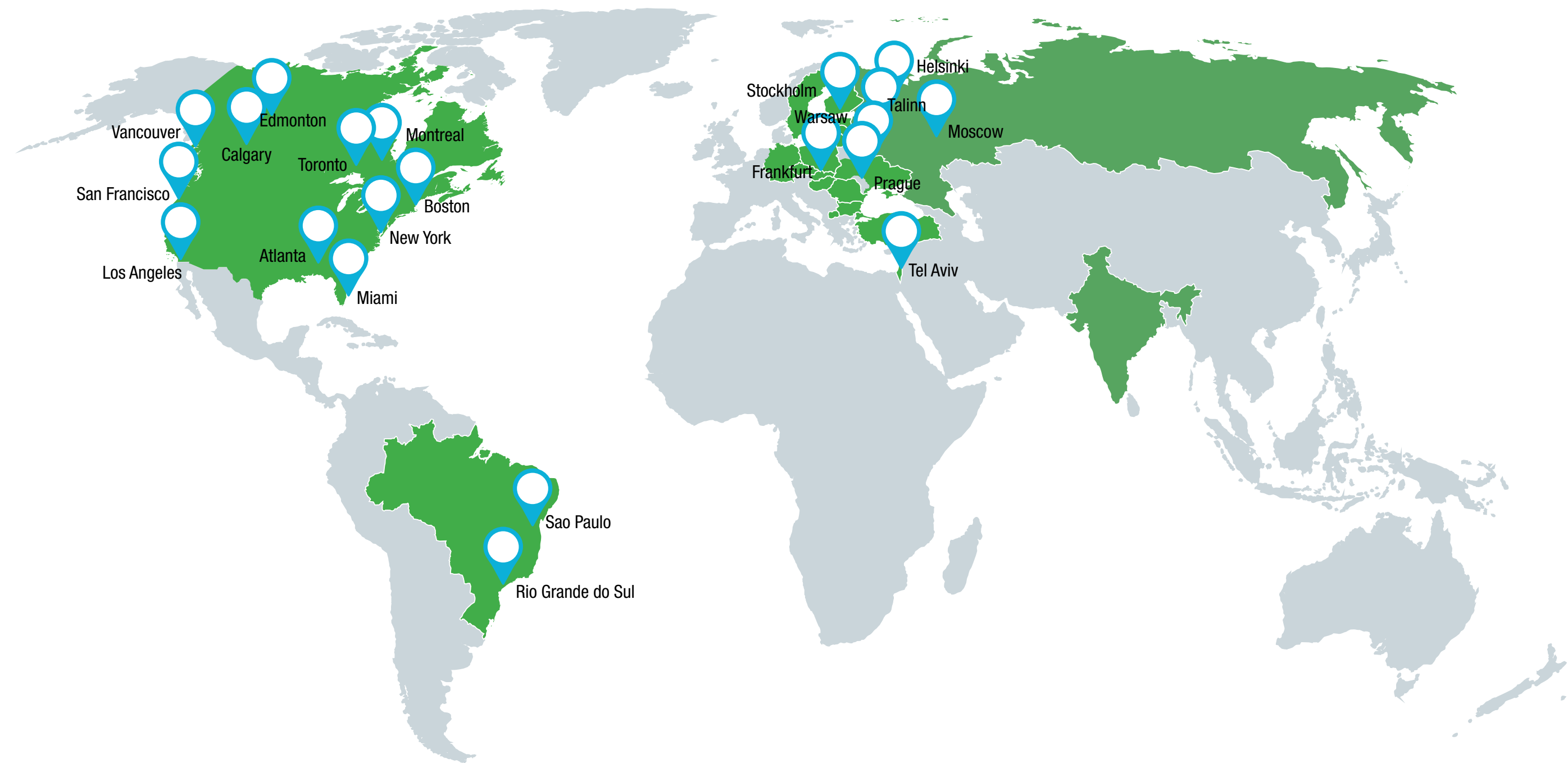
# GLOBAL PRESENCE



## Organization Chart (As of December 31, 2012)



# A Global Real Estate Platform





# Subsidiaries



## UNITED STATES

We operate in the US primarily through our subsidiary Equity One (“EQY”), a fully integrated real estate investment trust listed on the New York Stock Exchange (NYSE: EQY). EQY engages in the acquisition, management, development and redevelopment of quality retail properties in strategic metropolitan areas across the US. These properties are anchored by necessity-driven businesses, including leading supermarkets, pharmacies and retail store chains. As of December 31, 2012, EQY consolidated property portfolio comprised 167 properties totaling approximately 1.9 million square meters of leasable area (GLA).

Gazit-Globe also operates in the US through ProMed Properties, a wholly-owned subsidiary. ProMed is engaged in the acquisition and management of medical and research office buildings

in growing metropolitan areas of the US, most of which are located in close proximity to hospitals and university campuses. As of December 31, 2012, ProMed owned and operated 16 buildings with a total GLA of approximately 136,000 square meters.

## CANADA

In Canada, we operate primarily through our subsidiary First Capital Realty (“FCR”), Canada’s leading owner, developer and operator of supermarket and drugstore-anchored neighborhood and community shopping centers in growing metropolitan areas. As of December 31, 2012, FCR owned and operated 169 properties with a total GLA of approximately 2.2 million square meters. Its securities are listed on the Toronto Stock Exchange (TSX: FCR).

## EUROPE

In Northern Europe, Gazit-Globe operates through its subsidiary Citycon, an owner, developer and operator of supermarket-anchored shopping centers and commercial properties. Listed on the Helsinki Stock Exchange (NASDAQ OMX: CTY1S), Citycon is the market leader in Finland, has established a strong position in Sweden and a firm foothold in the Baltic countries and Denmark. As of December 31, 2012, Citycon owned 78 shopping centers and retail properties, with a total GLA of approximately one million square meters.

In Central and Eastern Europe, our Company operates through our subsidiary, Atrium European Real Estate (“Atrium”), an owner, operator and developer of shopping centers.

The shares of Atrium are listed on the Euronext Amsterdam exchange (Euronext: ATRS) and the Vienna Stock Exchange (VSX: ATRS). As of December 31, 2012, Atrium owned 156 properties with a total GLA of approximately 1.2 million square meters.

In Germany, our Company’s wholly-owned subsidiary, Gazit Germany, is active in the shopping center business. As of December 31, 2012, Gazit Germany owned 6 properties with a total GLA of over 101,000 square meters.

## ISRAEL

Gazit-Globe’s headquarters are located in Israel.

In addition, we are active in the acquisition, development and management of shopping centers in Israel through Gazit Globe Israel (Development) Ltd. (“Gazit Israel”), which is 75% owned by our Company. As of December 31, 2012, Gazit Israel owned 10 properties with a total GLA of approximately 126,000 square meters, as well as land for future development.

Gazit Israel is also the controlling shareholder of Dori Group (73.9%) a publicly-traded construction company whose securities are listed on the Tel-Aviv Stock Exchange (TASE: DORI). Dori Group is active in a wide array of real estate development and construction activities in Israel and in eastern Europe.

## BRAZIL

Gazit Brazil, a wholly-owned subsidiary of Gazit-Globe, is active in the acquisition, development and management of shopping centers in Brazil. As of December 31, 2012, Gazit Brazil owned and operated three shopping centers with a total GLA of approximately 23,000 square meters and one shopping center under construction.

# BINDING VALUES

Our core values influence our global activities, inspire our performance and impact our daily decisions.

**We believe** that conducting our business ethically is a fundamental value, and we work diligently to instill this value in all of our employees.

Professionalism

Transparency

Reliability

Financial  
Growth

Business  
Discipline

Social  
Responsibility





# CODE OF BUSINESS CONDUCT

The attitudes, values and behavior of our managers and employees impact not only our tenants, suppliers and the consumers who shop in our malls, but also their fellow employees. We believe that conducting our business ethically is a fundamental value, and we work diligently to instill this value in all of our employees.

As a guide for our actions, for a number of years we have been using and continuously refining a corporate Code of Business Conduct ("Code"). It outlines the Company's duties and attitudes towards our stakeholders, including our employees, suppliers, clients, and shareholders, and includes moral principles, such as avoiding conflict of interests, conducting business fairly, creating a decent work environment. This document serves as a usable, authoritative reference for our employees looking for guidance regarding decisions made in the course of everyday business behavior, especially in the case of ethical dilemmas.

An Administrative Enforcement Officer has been appointed to be responsible for the implementation of the Company's enforcement program. The officer deals with the Company's routine compliance affairs and has

overall responsibility for various matters, including the following:

- Receiving, collecting, examining, approaching, treating, investigating and resolving any concerns and reports raised by employees or other individuals, in matters described in the Code;
- Working with legal counsel from time to time to review the Code in reference to developments in the law;
- Presenting directly to management on a periodic basis, unless immediate attention is required, a copy of any report received that relates to the Company's oversight methods and disclosure practices in connection with accounting, auditing and means of internal control;
- Providing guidance on the meaning and implementation of the Code;
- Reporting periodically to management on the implementation and effectiveness of the Code and other compliance matters.

Under the Code, employees may submit a report anonymously regarding a violation and/or a concern regarding a violation (including an expected violation) of a law. The Code states that the Company undertakes, subject to the provisions of any law and to the extent possible, to treat the information reported as confidential

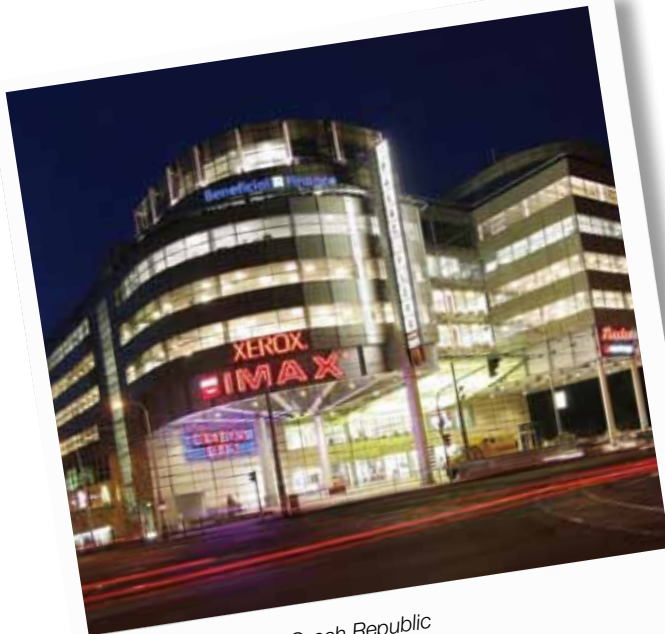
information and to maintain the confidentiality of the "whistle-blower's" identity.

The Code applies to all employees of Gazit-Globe Ltd. as well as to the employees of its private subsidiaries.

## Global Compact

Our strategies and management practices, as well as how we work in the field, are guided and shaped by the principles of the UN's Global Compact initiative which we adopted in 2010 as part of our Corporate Responsibility Report for 2009-2010. The Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption. We are committed to this initiative and have incorporated the Global Compact's principles as part of our business practices.







Our former Corporate Responsibility report, for the years 2009-2010, included our adaptation of the principles of the United Nation's Global Compact initiative and incorporated them as part of our business practices.





Palac Flora, Prague, Czech Republic



The following is a summary of the Global Compact principles and how we align our business practices with them:

| Subject      | Global Compact Principle  |  | Gazit-Globe Position   |
|--------------|---|--|--|
| Human Rights |    | <b>GC #1 &amp; #2:</b><br>Businesses should support and respect the protection of internationally proclaimed human rights and ensure that a business is not complicit in human rights abuses | Protecting human rights is one of our core values. Our commitment to support and protect human rights is an inherent part of our multinational business practices and extends to promoting equal opportunity for all, providing fair wages and employment terms, offering training programs and enrichment and fostering an open dialogue with all of our employees. |
|              |    |  |  |
| Labor        |    | <b>GC #3:</b><br>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining   | We highly respect the freedom of association of our employees and their right to join a labor union as mandated by the law and regulations. Currently, there are no labor unions at Gazit-Globe.   |
|              |  | <b>GC #4:</b><br>Businesses should eliminate all forms of forced and compulsory labor  | Within our sphere of influence, we are against any and all forms of child labor and compulsory labor, encourage decent employment opportunities and support employees rights at work.  |
|              |  | <b>GC #5:</b><br>Businesses should uphold the effective abolition of child labor   | We are strongly committed to the effective abolition of child labor. Our company doesn't employee underage minors and we follow all rules and regulations regarding this issue in the countries in which we operate.   |
|              |  | <b>GC #6:</b><br>Businesses should uphold the elimination of discrimination in respect of employment and occupation  | Our policy is to conduct our business, recruit employees, engage subcontractors, train, promote, transfer, make redundant, recall or terminate employees, without regard to race, religion, gender, ethnic origin, sexual orientation, age, disability or any other classification protected by applicable law.  |

| Subject         | Global Compact Principle  |  | Gazit-Globe Position   |
|-----------------|---|--|--|
| Environment     |    | <b>GC #7, #8, #9:</b><br>Businesses should:  | We are committed to setting new models for guidance and leadership in environmental performance. Most of our subsidiaries observe green construction principles, strive to conform to green-building standards, such as LEED, and are committed to going to great lengths to manage their business in an environmentally friendly manner.  |
|                 |    | a) support a precautionary approach to environmental challenges;   |  |
|                 |    | b) undertake initiatives to promote greater environmental responsibility;                                      |  |
| Anti Corruption |   | c) encourage the development and diffusion of environmentally friendly technologies                            |  |
|                 |  | <b>GC #10:</b><br>Businesses should work against corruption in all its forms, including extortion and bribery. | Our Code of Business Conduct states that the Company and its employees must maintain high ethical and professional standards in dealing with government officials and the private sector representatives. Gazit-Globe property or services must not be given, either directly or indirectly, to anyone in an improper effort to obtain or retain business for Gazit-Globe or to obtain special or unusual treatment in connection with any business transaction. |

See <http://www.unglobalcompact.org/participant/12469-Gazit-Globe-Ltd> for more information about our commitment to the Global Compact. In addition, examples of practical actions that we have taken to conform to Global Compact principles as well as our measurement of outcomes related to them, can be found in this report marked by the symbols above.



# Maala

Our values are also expressed and refined through our association with Maala, a non-profit organization whose membership includes over a hundred of Israel's most prominent companies. It is a leading professional resource that assists Israeli companies in developing and implementing Corporate Responsibility strategies and that helps them integrate social, environmental and ethical values into their business strategies. Gazit-Globe is a proud member of Maala and an active supporter of its activities.

As part of its program, Maala ranks its member corporations according to their performance using a variety of Corporate Responsibility criteria, concerning business ethics, human rights policies, work environment, community involvement, environmental commitment and corporate governance. Gazit-Globe was awarded Maala's Platinum ranking for the past four years (from 2009-2012), and received a Platinum Plus ranking for 2013.

In addition to recognition by Maala, we are gratified that our Corporate Responsibility activities have earned us additional recognition, as follows:

- Dun & Bradstreet rated Gazit-Globe as Israel's leading real estate company in 2012 due to the sharp surge in the Company's equity.
- The European Public Real Estate Association (EPRA) cited our Citycon subsidiary's Corporate Responsibility Report as one of the best in the real estate sector for 2011 and 2012.



# FTSE4Good Index

For the third consecutive year in a row, Gazit-Globe has been named a constituent company in the FTSE4Good Index Series, a global responsible investment index created by the FTSE Group, the global index company, and designed to identify companies that meet globally recognized corporate responsibility standards. Companies in the FTSE4GOOD Index are working towards environmental sustainability, developing positive relationships with stakeholders and upholding and supporting universal human rights.

# Green Building

Another strong value of our company is building and maintaining our properties in an environmentally friendly manner. Several of our subsidiaries conform their building activities to LEED® (Leadership in Energy and Design), the internationally recognized green building certification system. LEED provides third-party verification that a building has been designed and built using strategies intended to improve performance in metrics such as energy savings, water efficiency, CO2 emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts. A LEED® certification demonstrates that a construction project is eco-friendly.





# CORPORATE GOVERNANCE

## Board of Directors

We are committed to sound principles of corporate governance. Our Board of Directors ("Board"), which is the supreme governing body of the Company, is responsible for outlining the policy of the Company overseeing and monitoring the performance of our senior management team, the body which is charged with the day-to-day conduct of our business. The fundamental responsibility of the Board is to exercise business judgment on matters of strategic and critical significance to the Company in furtherance of the best interests of the Company and its shareholders.

Our Company's Code of Business Conduct includes procedures to avoid conflict of interest at all levels of the Company. In addition, the Company has adopted internal regulations relating to transactions with interested parties. The purpose of these regulations is to establish mechanisms and controls for identifying, approving, and reporting agreements between the Company and its controlling shareholders and other interested parties, including offices of the Company and their positions with the Company. The provisions of these regulations are based, inter alia, on

the provisions contained in Israel's Companies Law and Securities Law, and are designed to provide additional oversight for the Company.

The Company also complies with rules and regulations enacted by the NYSE, TASE and TSX on which markets the Company's shares are traded.

As of the date of this report our Board is comprised of eleven members, three of whom were appointed in 2012 and one in 2013. The Board includes the Board's Chairman, Chaim Katzman; Active Deputy Chairman, Arie Mientkavich; and Executive Vice Chairman, Dori Segal. The Chairman is not an executive officer of the Company. Biographical information regarding each Board member is provided below. Four of the board members are considered to be external according to the Israeli Companies Law (two male and two female), and three are considered to be independent of the Company according to the Israeli Companies Law (all of whom are males).

Board members may serve for up to three years, after which they are eligible for re-election (excluding

external directors whose terms of are determined according to Israel's Companies Law). The criteria which qualify candidates for the Board include, among other things, business knowledge; expertise; integrity; experience related to the Company's core business activities; proven leadership qualities; and proven ability to exercise sound judgment.

Following a screening process by the Board and relevant professionals, biographical information regarding the nominees is provided to shareholders, and an approval process is followed.

The Board currently has five standing committees: Audit and Financial Statement Review, Investment, Nominating and Corporate Governance, Compensation, and Corporate Responsibility. The three latter committees were established by the Board at the end of 2011.

The Corporate Responsibility Committee is responsible for supervising Corporate Responsibility activities of the Company, including the establishment and implementation of our Corporate Responsibility policies. Its mandate includes ethical



*Iso Omena, Espoo, Finland*

matters, fair employment issues, our relationship with our suppliers, social investment in the communities in which we operate, environmental matters and other important Corporate Responsibility issues that may affect our performance, business activities and reputation. Prior to the establishment of the Corporate Responsibility Committee, the Board assessed Corporate Responsibility

performance of the Company at least once a year.

In addition to approving strategic CR policies and activities of the CR Committee, the Board takes an active interest in CR matters, including social investment, and is regularly updated about executive management decisions related to CR.

Shareholders, employees and other interested parties are invited to contact Board members directly. Written communications to Board members may be forwarded to Gazit-Globe's headquarters.



# Members of the Board

(As of December 31, 2013)



## Chaim Katzman, Chairman

Mr. Chaim Katzman is the founder, controlling shareholder and Chairman of Gazit-Globe. Mr. Katzman is also the founder, controlling shareholder and Chairman of Norstar Holdings (formerly Gazit Inc.), the parent company of Gazit-Globe, the Chairman of Equity One, which he founded in 1992, and Chairman of First Capital Realty since 2000. In 2008, Mr. Katzman was appointed as Chairman of Atrium European Real Estate, and in 2010, as Chairman of Citycon. Mr. Katzman is a member of the International Council of Shopping Centers (ICSC), the National Association of Real Estate Investment Trusts (NAREIT), the Urban Land Institute (ULI), the Real Estate Roundtable and the Association of Foreign Investors in Real Estate (AFIRE). He received an LL.B from Tel Aviv University Law School. Mr. Katzman is a well-known civic leader, philanthropist and supporter of numerous organizations in the US and Israel, and serves as a Trustee of the Board of Governors of Tel-Aviv University. He recently established the Gazit-Globe Real Estate Institute at Israel's Interdisciplinary Center (IDC) Herzliya, Israel, for the research and study of the field of real estate initiation and management.



## Arie Mientkavich, Deputy Chairman

Mr. Mientkavich is Active Deputy Chairman of the Board of Directors of the Company and Chairman of the Board of Gazit-Globe Israel (Development). He is also Deputy Chairman of the Board of Directors of IDB Holdings Corporation, as well as Chairman of the Board of Elron Electronic Industries and RDC - Rafael Development Corporation. He is also a member of the Board of Given Imaging and NuLens. In addition, Mr. Mientkavich is on the License Committee and a member of the Advisory Committee of the Bank of Israel, and a member of the Advisory Board of the National Defense College of Israel. Previously, Mr. Mientkavich was Chairman of the Israel Discount Bank and the Israel Securities Authority, member of the Israel CPA Advisory Council and a member of the Advisory Board of the Bank of Israel. He was also General Counsel to the Israel Ministry of Finance. In the public sector, Mr. Mientkavich is Chairman of the Academy of Quality of Government Movement in Israel, and the Public Committee of Yad Sarah, an NGO in the field of humanitarian support of public health. Mr. Mientkavich holds degrees in Law and Political Science from the Hebrew University in Jerusalem and was admitted to the Israeli Bar in 1972.



## Dori Segal, Executive Vice Chairman

Mr. Segal is Executive Vice-Chairman of Gazit-Globe, President and CEO of First Capital Realty; Vice Chairman and Director of Equity One; Director of Gazit-Globe Israel (Development), U. Dori Group and Norstar Holdings. Mr. Segal joined Gazit-Globe in 1993 both as a principal investor and a senior member of the management team. Since 1997, Mr. Segal has been active in the acquisition, development and redevelopment of shopping centers in Canada. He was mainly responsible for the purchase of Gazit-Globe's initial portfolio in Canada and then played a key role in the acquisition of First Capital Realty Inc. (formerly known as Centrefund Realty Corporation) in August 2000.





### Haim Ben Dor, Director

Mr. Ben Dor is a corporate consultant in the field of finance and investments. Mr. Ben Dor holds a degree in Accounting from the College of Management in Jerusalem and an auditors' certificate from the Ministry of Justice.



### Gary Epstein, Director

Mr. Epstein chairs the Global Corporate and Securities Department, and is a member of the Executive Committee and a Principal Shareholder at Greenberg Traurig, LLP, an international law firm. Mr. Epstein has been with Greenberg Traurig since 1980. Mr. Epstein received a B.A. and B.H.L. in English and Jewish Studies at Yeshiva University, an M.A. in English Literature from New York University and a J.D. from Harvard Law School.



### Noga Knaz, External Director

Ms. Knaz is the CEO of Rosario Capital Ltd. She formerly served as CEO of Dash Underwriting Ltd. and Chief Investment Officer in Dash Securities and Investments Ltd. Previously, Ms. Knaz also held positions with Migdal Capital Markets, including Co-CEO of Madanes Financial Services Ltd. Ms. Knaz holds a B.A. in Economics and Business Administration from Haifa University.



### Douglas Sesler, Director

Mr. Sesler is a private real estate investor. From January 2009 through February 2011, Mr. Sesler served as head of Global Real Estate Principal Investments of Bank of America, Merrill Lynch. From 2005 until December 2008, Mr. Sesler served as Managing Partner and later as Co-head of Real Estate Investment Banking at Merrill Lynch. Mr. Sesler received a B.A. in Government from Cornell University.



### Yair Orgler, External Director

Mr. Orgler was Chairman of the Board of the Tel Aviv Stock Exchange until 2006, and a Director of Bank Hapoalim until 2010. He is Professor Emeritus of the Faculty of Management at Tel Aviv University. Mr. Orgler holds a B.S. in Industrial Engineering and Management from the Technion; an M.S. in Industrial Engineering from the University of Southern California; and a Ph.D. in Management-specializing in Finance - from the Carnegie-Mellon University, Pittsburgh, Pennsylvania.



### Nadine Baudot-Trajtenberg, External Director

Ms. Nadine Baudot-Trajtenberg is currently Associate Dean of the School of Economics at IDC Herzliya in Israel with fields of expertise in global economic developments, financial economics and the Israeli economy. Ms. Baudot-Trajtenberg holds a BSc. in Economics from the University of Montreal, an MA in Politics-Philosophy-Economics from the Oxford University where she was a Rhodes Scholar and a Ph.D. in Economics from Harvard University. For 20 years, Ms. Baudot-Trajtenberg was employed in a variety of positions at Bank Hapoalim including Senior Economist, head of the Research and Advisory Services in its Securities Division and head of Investor Relations. She is chairperson of the investment committee of Menora-Mivtachim Insurance, external director of Menora-Mivtachim-Pension and the Menora-Mivtachim-Provident fund.



### Shaiy Pilpel, Director

Mr. Pilpel is the CEO of Wexford Capital Israel Ltd. Mr. Pilpel holds a B.S. in Mathematics and a B.A. in Philosophy from Tel-Aviv University, an M.Sc. in Mathematics from the Hebrew University in Jerusalem, and an MBA from Columbia University, New York City. Mr. Pilpel also holds a Ph.D. in Statistics from the University of California, Berkeley.



### Ronnie Bar-On, External Director\*

Mr. Bar-On served in a variety of governmental positions in Israel from 2003 to 2013 including Minister of Finance, Minister of the Interior, Minister of National Infrastructure, Minister of Science and Technology, Chairman of the State Control Committee, Chairman of the Foreign Affairs and Defense Committee, and as a member of the Knesset. Prior to entering public service, Mr. Bar-On practiced law for twenty seven years in a private law firm of which he was also the founding partner. Mr. Bar-On has a law degree from the Hebrew University of Jerusalem.



# Executive Management

Our executive management is responsible for the ongoing management of the Company according to the Company's vision and goals, and for executing the strategic plans and policies established by our Board of Directors.

Our executives cooperate with the management of our privately-held subsidiaries and support them in their activities. The management of Gazit-Globe's publicly-held subsidiaries is carried out by their independent management teams. Gazit-Globe is involved in the activities of these public companies through representation on their respective boards. In general, our management team strives to maximize knowledge share, capabilities and synergies between all the members of the Gazit-Globe Group.

The members of our Executive Management include the following individuals:



## Roni Soffer, President

Mr. Soffer serves as President of Gazit-Globe. Since joining our Company in 1997, Mr. Soffer has held several senior executive roles and leadership positions. During his tenure at Gazit-Globe, Mr. Soffer has attained extensive expertise in both the retail and healthcare real estate sectors in public as well as private markets and has been involved in the Group's worldwide M&A activity and the growth of its global platforms to a total value of approximately \$18 billion across 20 countries. From 2001 to 2009, Mr. Soffer was based at the Group's offices in the US. More recently, Mr. Soffer led Gazit-Globe's IPO in the US and the listing of its shares on the New York Stock Exchange (NYSE: GZT). Mr. Soffer also serves as CEO of Gazit Group USA, a private subsidiary of the company; a Director of Atrium European Real Estate (VSX/Euronext: ATR); and Executive Chairman of ProMed Properties and Gazit Senior Care, Gazit-Globe's private subsidiaries. Mr. Soffer holds a B.A. in Economics and an LL.B from the College of Management, Academic Studies, in Israel.



## Gil Kotler, Senior Executive Vice President and Chief Financial Officer

Mr. Kotler has served as Senior Executive Vice President and Chief Financial Officer since October 2012. Mr. Kotler joined Gazit-Globe in 1998 as Chief Financial Officer, a position he held for 12 years. From 2009 to 2012 Mr. Kotler served as Chief Strategy Officer and was located at the Company's offices in Miami, Florida. During his tenure as Chief Strategy Officer, Mr. Kotler was engaged in a wide range of strategic activities including leading the group's international financial activities. Prior to joining Gazit-Globe, Mr. Kotler served as a Manager at Ernst & Young Israel. Mr. Kotler holds a B.A. in Economics and Accounting from Tel-Aviv University and he is a graduate of the Harvard Business School General Management Program for Executives. Mr. Kotler is a Certified Public Accountant (CPA).



## Eran Ballan, Senior Executive Vice President and General Counsel

Mr. Ballan serves as Senior Executive Vice President and General Counsel. Mr. Ballan joined Gazit-Globe in 2007. Prior to joining Gazit-Globe, Mr. Ballan was a Partner at Naschitz, Brandes & Co. in Tel Aviv, one of Israel's largest law firms. Previously, Mr. Ballan was an Associate at Paul, Weiss, Rifkind, Wharton & Garrison LLP, in New York. Mr. Ballan holds a LL.M. degree from New York University and a LL.B from Essex University in the U.K.



## Rami Vaisenberger, Vice President and Controller

Mr. Vaisenberger joined Gazit-Globe in July 2004 as Controller, and was appointed Vice President in 2011. From 2000 through 2004, Mr. Vaisenberger served as an auditor at Ernst & Young. He holds a Bachelor's Degree in Business Management from the College of Management in Tel-Aviv and is a certified public accountant.



## Varda Zuntz, VP of Corporate Responsibility and Member of the Executive Committee

Mrs. Zuntz has served as VP of Corporate Responsibility since March 2012. Most recently, Mrs. Zuntz served as our Company Secretary, a position she held since December 1998. Mrs. Zuntz is also a director of several Gazit-Globe subsidiaries. Previously, she was Personal Assistant to Mr. Chaim Katzman.



## Shlomi Drori, VP Supervision and Control

Mr. Drori was appointed VP Supervision and Control in January 2013. Mr. Drori joined Gazit-Globe in November 2011 and is in charge of supervision and internal control activities, administrative enforcement and SOX for the Group in Israel and overseas. Prior to joining Gazit-Globe, Mr. Drori served as Internal Auditor at Pelephone Communications, VP Finance and Operations at TADSEC and head of risk management at Cellcom. Mr. Drori holds a BA in business administration and accounting from the College of Management Academic Studies and is a Certified Public Accountant (Israel).



## Ronen Geles, VP Finance

Mr. Geles was appointed VP Finance of Gazit-Globe in January 2013. Mr. Geles joined Gazit-Globe in July 2006 and formerly held the position of Treasurer and Financial Risk Manager. As part of his duties, Mr. Geles is responsible for the financial operations of the Company, which include, inter alia, managing the credit array and the hedging strategy. Prior to joining the Company, Mr. Geles worked at Bank Leumi on the corporate desk in the foreign currency trading room, and as an economist for its construction and real estate sector. Mr. Geles holds a BA with honors in economics and business administration from Bar-Ilan University, as well as an MBA, specializing in finance and accounting, from Tel Aviv University.

# Compensation of Senior Employees



On November 2012, the Knesset passed Amendment no. 20 to the Companies Law, 1999 (the “Companies Law” or the “Law”) setting forth for the first time the statutory principles of office holder compensation policy that every public company is required to adopt. The compensation policy specified in this document combines the new provisions of law on the matter, with the principles pertaining to remunerating the Company’s office holders, previously adopted by the Company’s shareholders, following the approval of the Company’s Board of Directors pursuant to the recommendation of the Compensation Committee that was

established by the Company and that operates in accordance with the provisions of the Companies Law.

This policy has practical significance, with respect to the manner of approving actual compensation conditions of any of the Company’s office holders in the future, but it also has basic significance, as it methodically and publicly prescribes the main principles deemed relevant by the Company’s Board regarding office holder compensation and the manner of application of such principles in practice. The various compensation components are intended to encourage continued employment of the Company’s office holders in the

Company, as well as to allow for the employment of new office holders selected from a strong pool of human resources that can contribute to the Company, promote its objectives and improve its performance, as well as define and create appropriate linkage between the performance of the Company and the office holders and the compensation granted to them. The formulation of a universal policy may also improve the transparency of the Company’s compensation rules (within and without of the Company), align the expectations of the Company and its office holders, and is intended, inter alia, to create a basis for compensation of each of the office holders that takes into account such



*Rutherford Marketplace, Canada*

office holder’s personal performance. The policy applies to the compensation conditions of all the office holders of the Company, which include, as of the date of adopting this policy, the President, Senior Executive Vice Presidents and Vice Presidents. This policy shall also apply to each board member filling an executive position in the Company (excluding controlling shareholders of the Company). Compensation conditions mean: the terms of the tenure or employment conditions of the office holder, including providing exemptions, insurance, indemnity undertakings or indemnity by additional indemnity commitment, severance pay (bonus, payment, reward, compensation or any other benefit granted to

office holders in connection with termination of their position with the Company), and any benefit, other payment or undertaking to make such payment, granted for such tenure or employment. In determining the policy, the Compensation Committee and the Board considered the nature of the Company’s activity and structure as of the date of adopting the policy. It was also taken into consideration that the man power structure in the Company primarily includes a small number of senior executives, mid-level executives, legal and finance departments, and administrative support employees.

Naturally, the compensation policy must be examined from time to time,

whether due to material changes in the Company – its size, character and areas of operation, variety of risks, the markets in which the Company operates, among others, or whether due to material changes in the macro-economic environment and market practices in Israel pertaining to office holder compensation in general and in comparable companies specifically. The Compensation Committee will examine at least once per year whether such material changes have occurred, and in any event the committee and the Board will examine the substance of the policy once every three years, as required by the Law.

The various compensation components are intended to encourage continued employment of the Company’s office holders in the Company, as well as to allow for the employment of new office holders selected from a strong pool of human resources that can contribute to the Company, promote its objectives and improve its performance, as well as define and create appropriate linkage between the performance of the Company and the office holders and the compensation granted to them.



# STAKEHOLDERS



## Introduction

In identifying our stakeholders and parties who are impacted directly or indirectly by our business activities, we used the following parameters:

- groups with whom the Company has day-to-day interaction
- groups with whom the Company holds a mutual dialogue, or wishes to engage in one;
- our performance, in general, and with respect to Corporate Responsibility, in particular, as it may affect, or be affected by each of the groups

Our 'internal' stakeholders include our shareholders, Board of Directors,

subsidiaries and employees. Our 'external' stakeholders are our customers, including tenants and consumers, as well as regulatory authorities, our suppliers, the media, financial analysts, the community and the environment.

The publication of this Corporate Responsibility Report, which relates to our Corporate Responsibility activities during 2011 and 2012, as well as our previous Corporate Responsibility reports for the years 2007-2008 and 2009-2010, serve as an important mechanism for informing our stakeholders of our Corporate

Responsibility activities. Together with other materials that we publish in print and or online containing information related to our Corporate Responsibility activities, this Report is meant to cultivate a transparent dialogue with our stakeholders. It also includes contact information to enable members of our stakeholder groups to reach out to us regarding issues that are important to them.

The following section further defines our stakeholder groups and the methods by which we interact with them.

## STAKEHOLDER

### Stakeholder

#### Shareholders, including Institutional Investors

Shareholders in the Company participate in the management of our organization through their votes at shareholder meetings. Shareholders' rights and duties are detailed in the Company's Articles of Association and in corporate statutes.

According to our Company's Article of Association and Israel Companies Law, a shareholder holding 1% or more of the Company's voting rights is entitled to suggest a topic for inclusion on the agenda of our next General Meeting. Any shareholder holding 5% or more of the Company's outstanding equity and 1% or more voting rights, or any shareholder holding 5% or more of the voting rights of the Company, can call for a Special Meeting of Shareholders.

The Company also counts numerous institutional investors among its shareholder base.

### Interaction with Stakeholder

We communicate with our shareholders through our Annual Meetings of Shareholders where decisions are taken by our shareholders through a voting process that is mandated by the law. As a corporation registered under the laws of the State of Israel, we comply with the Israel Companies Law, as amended, which states that the following corporate issues must be discussed and approved at a general meeting of shareholders:

- company regulations and jurisdiction of the Board
- appointment, termination and work terms of the auditing accountant
- appointment of external directors
- approval of transactions with interested parties
- increase of registered capital stock
- merger activities

We also communicate with our shareholders through our website, as well as through our annual, quarterly and other periodic financial reports and immediate reports. These reports include, among other things, information about our financial performance, our corporate governance and other company activities.

We also hold quarterly conference calls in both Hebrew and English during which our CEO and CFO review financial and other events of the preceding financial reporting period and allow for questions from participants on the call. A press conference is also held following the publication of our annual financial results every year in March. In addition, we conduct investor days to provide information to institutional investors.

Our contact information (telephone numbers and email addresses) is published on our website, as well as on all of the written materials that we disseminate to our shareholders and to the exchanges in which our securities are traded.

In addition, we are registered on a variety of public directories that provide investors with detailed information about our Company, which we update on a regular basis.



## STAKEHOLDER



### Stakeholder

### Interaction with Stakeholder

#### Board of Directors

Our Board of Directors dictates Company policy and supervises its performance, business functions and operations. They accomplish this through regularly-scheduled and special meetings of the Board and its committees. (See page 28 above for biographical information on our Board members.) During 2012, the Board held 24 meetings and the Audit Committee conducted 13 meetings. In 2011, the Board met 25 times, the Audit Committee met 21 times and the Investment committee assembled one time during the 2011.

Our Board of Directors governs our Company by establishing broad policies and objectives; selecting, appointing, supporting and reviewing the performance of our executive team; ensuring the availability of adequate financial resources; approving annual budgets; setting the salaries and compensation of Company management; and accounting to our stakeholders for our Company's performance. In addition to ensuring the Company's prosperity by collectively directing the Company's affairs and meeting the appropriate interests of our shareholders and stakeholders, our Board deals with challenges and issues relating to Corporate Responsibility.



### Stakeholder

### Interaction with stakeholder

#### Subsidiaries

A major shareholder in six publicly-held companies, Gazit-Globe also controls a number of privately-held companies throughout the world. You can find information about these entities on page 12. Their financial performance and operations determine the performance of our Group.

Through our intensive interaction with our privately held subsidiaries, we help guide their management teams with their strategic direction. We also sit on the Boards of Directors of our publicly held companies thereby contributing to their management. We organize an annual management conference attended by all of our subsidiaries which is hosted by a different subsidiary each year. These gatherings include brainstorming and interaction. In addition, we hold regular conference calls with the management of our subsidiaries to discuss ongoing business issues and activities.

## STAKEHOLDER



### Stakeholder

### Interaction with Stakeholder

#### Employees

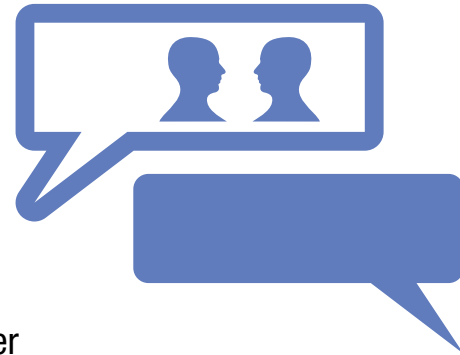
As of December 31, 2012, we have 36 employees working at our headquarters in Tel-Aviv. The satisfaction of our employees with their jobs, employment terms, work conditions and balance between their work and personal lives is very important to us.

Among the activities we engage in to interact with our employees are the following:

- We conduct employee satisfaction surveys from time to time to obtain feedback on management performance, employees' overall satisfaction and the Company's volunteer activities. The results of the surveys are distributed to employees and serve as a basis for discussions at meetings attended by employees and management.
- We engage in annual performance reviews of employees which are attended by each employee's manager. We also engage in periodic discussions regarding performance, if required.
- Once a year, the CEO meets with each employee.
- We maintain a Work-Life Balance policy to help employees achieve a balance between their work and their personal lives. When possible, we make an effort to meet the needs of our employees by providing flexible work hours and enabling them to work from home. We also host events for employees and their families, including family vacations and holiday gatherings. In addition, we encourage employees to continue their academic studies by adjusting their employment conditions to allow for study periods and unpaid leave. We maintain an "Open Door" policy thereby encouraging our employees to communicate with our management.
- Our employees attend a bi-annual training sessions related to ethics and sexual harassment designed to allow for dialogue between management and employees.



## STAKEHOLDER



### Stakeholder

### Interaction with Stakeholder

## Customers: Tenants and Consumers

Our customers include not only end-user consumers who shop for products and services in our shopping centers or visit our properties, but also our tenants who rent space in the shopping centers as well as in our medical office buildings.

### Tenants

We interact with our tenants in several ways: negotiating agreements with them, conducting satisfaction surveys to obtain feedback, and holding tenant focus groups to ascertain their needs. The managers of our centers maintain contact with tenants to ensure harmonious business dealings with them, and to respond to their concerns. Many of our subsidiary companies employ an employee who is focused on tenant relations. These 'tenant relations managers' duties include:

- developing relationships with tenants and acting as a one-point source of contact
- facilitating meetings between tenants and our executives to coordinate leasing, property management and asset management issues
- maintaining retailer information
- proactively assisting agents by providing them with leasing information

Our leasing representatives attend trade shows and conferences throughout the year, some of which are held in conjunction with local chambers of commerce, where brokers and tenant representatives are invited to obtain information about space available for lease in our shopping centers. Our subsidiaries' websites also provide information for potential tenants, including contact information.

### Consumers

Our leasing representatives attend trade shows and conferences throughout the year, some of which are held in conjunction with local chambers of commerce, where brokers and tenant representatives are invited to obtain information about space available for lease in our shopping centers. Our subsidiaries' websites also provide information for potential tenants, including contact information.

## STAKEHOLDER



### Stakeholder

### Interaction with Stakeholder

## Suppliers

Contractors, appraisers, architects, engineers, supervisors and suppliers of raw materials act as suppliers to our company. They provide us with the products and services we need to develop our properties and maintain them. Our goal is to ensure that they provide for the needs of our tenants and end-user customers.

Attorneys, accountants, economists, marketing and advertising professionals, public relations managers, human resources compensation consultants, and research companies assist us to ensure that we conform to regulatory and other requirements.

We negotiate agreements with potential suppliers in a fair and responsible manner and in accordance with accepted business norms and regulations.

Our goal is to incorporate Corporate Responsibility criteria into our background checks of major potential suppliers in which we plan to engage in long term relationships. We do this by requesting that they complete a questionnaire about their Corporate Responsibility activities. During 2011, we obtained confirmation from our top ten suppliers that they reviewed our Code of Business Conduct and that they agree to follow the Code's guidelines in the conduct of their businesses.

We are concerned that our subcontractors conduct their business activities according to accepted norms and regulations, especially with respect to employment. At our headquarters in Tel-Aviv, we conduct annual checks of our sub-contractors' pay slips to confirm that they pay salaries and benefits to their employees as required by law. Because we are strongly committed to the abolition of child labor and don't employ underage minors in any of our businesses, we strongly encourage our suppliers and sub-contractors not to employ underage minors, as well.

STAKEHOLDER



Stakeholder

Interaction with Stakeholder

Regulatory Authorities

We rely upon the approvals of a broad range of governmental and municipal regulatory authorities to conduct our business. These include development authorities and others that are responsible for urban planning and zoning, as well as local building and planning committees that approve architectural, engineering and environmental protection plans. Many of these governmental bodies and authorities also pass laws, regulations and directives which directly affect how we conduct our businesses in their jurisdictions.

We interact with governmental authorities through the applications that we submit to them for approvals, periodic reports that we file with them on our activities, and payments that we make to them in the form of taxes and fees. These authorities include the following:

- **Securities Authorities:** We report financial and other information related to our business activities to the New York Stock Exchange (NYSE), the Toronto Stock Exchange (TSX) and the Tel Aviv Stock Exchange (TASE), on which Gazit-Globe's shares are listed, as required by these exchanges' rules. In addition, we also maintain an ongoing dialogue with the security authorities of several jurisdictions as required of publicly traded companies. Our publicly traded subsidiaries, including First Capital Realty, Citycon and Equity One, are also listed on various exchanges around the world and similarly comply with the securities authorities in their jurisdictions.
- **Tax authorities:** We submit regular filings to Israeli and other tax authorities, as required by those authorities' laws and regulations.
- **Local authorities:** We cooperate fully with local authorities to obtain building licenses and to conduct our businesses according to municipal building codes and other legislation.
- **Environmental authorities:** We cooperate fully with federal and local environmental agencies in the jurisdictions in which we operate, and maintain continuous contact with environmental personnel to ensure compliance with environmental standards maintained by them.

STAKEHOLDER



Stakeholder

Interaction with Stakeholder

Financial Analysts

Many analysts representing different financial institutions follow the Company's activities and progress. A list of analysts covering our Company and their contact information is available on Gazit-Globe's website.

We communicate with analysts on a regular basis. We conduct an investor day to provide information to financial analysts and institutional investors. In addition, management makes itself generally available to analysts to answer their queries about the Company. The Company also proactively manages its relationship with analysts by offering to meet with them to enable them to better understand the Company's business in order to disseminate educated research on the Company. Occasionally, we also organize property tours for analysts to visit our shopping centers and personally observe our operations as well as meet with the executives of our subsidiaries to gain a thorough understanding of our business.

Stakeholder

Interaction with Stakeholder

Media

The economic press and media organizations throughout the world review our business activities and financial results in their newspapers, magazines, television shows, web sites, news blogs and other media, thereby providing the general public with objective information on our Company.

As part of our ongoing efforts to increase transparency and enable stakeholders to make informed decisions, we issue press releases for broad media distribution that contain information regarding material developments or financial results of the Company. An archive of these press releases can be found on the Company's website. As stated above, we also conduct an annual press conference following the release of our annual financial statements and post information on our website. In addition, our management is regularly requested by traditional and online media, including business newspapers, magazines, websites and television programs, to comment on various issues relating to our company and the commercial real estate industry.





## STAKEHOLDER



### Stakeholder

### Interaction with Stakeholder

#### Community

Our shopping centers play a significant role in hundreds of communities around the world. As a result, these communities are also stakeholders in our business. In addition to serving as shopping destinations, our centers provide community services, entertainment and to places to socialize.

We also influence the communities in which we operate through our philanthropic activities directed to a variety of organizations and social projects that educate, aid the poor, distribute food, support under-privileged children and youth, and others. Our employees are also encouraged to volunteer their time to non-profit organizations and volunteer programs.

We conduct surveys of the populations of the communities in which we operate in order to assess their shopping habits and to obtain feedback on their particular needs. This enables us to create a proper mix of goods and services for each shopping center that we operate.

Our contributions to the community are determined by an internal charitable activities group that is comprised of members of our management. This group establishes our corporate giving goals and identifies target areas in which we will focus our charitable activities.

For instance, to galvanize the community to support charitable causes, Gazit Israel G shopping centers sponsor events for various charities. They also maintain Facebook pages on which they interact with members of the community, provide information regarding events held at their shopping centers and provide members of the community with access to managers of the shopping centers. Such information is also presented in the company's website. In addition the company issues magazines and local brochures to potential visitors. Interaction is also made through municipal magazines and Israeli newspapers.



## STAKEHOLDER



### Stakeholder















### Interaction with Stakeholder








#### Environment

We continue to progress in our efforts to incorporate green building practices into our development program. Green construction, or sustainable building, refers to an environmentally responsible and resource-efficient progress throughout a building's life-cycle: from 'siting' to design, construction, operation, maintenance, renovation and demolition. Green buildings are designed to reduce the overall impact of the built environment on human health and the natural environment. They do so by efficiently using energy, water, and other resources, protecting occupant health and improving employee productivity, and reducing waste, pollution and the degrading of the environment.

We comply with rules and regulations mandated by Israel's Ministry of Environmental Protection, as well as the environmental ministries of other countries in which we operate in the development and operation of our commercial centers and other business activities. We interact with non-governmental organizations ("NGO's") that are active in protecting the environment, and hire consultants to assist us in assessing the environmental impact of our activities. They advise us in the use of green construction methods and in reducing our environmental impact. This benefits not only us, but our tenants, who reduce their electricity and water costs.



|   |   |   |   |
|---|---|---|---|
|    | <b>EPRA:</b> European Public Real Estate Association                              |    | <b>UNEP SBCI:</b> UNEP's Sustainable Buildings and Climate Initiative |
|    | <b>RAKLI:</b> The Finnish Association of Building Owners and Construction Clients |    | <b>WBCSD:</b> World Business Council for Sustainable Development      |
|   | <b>ICSC:</b> The International Council of Shopping Centers                        |   | <b>WRI:</b> World Resources Institute                                 |
|  | <b>NCSC:</b> The Nordic Council of Shopping Centers                               |  | <b>United Nations Global Compact</b>                                  |
|  | <b>GRI:</b> Global Reporting Initiative   |  | <b>Israel - America Chamber of Commerce</b>                           |
|  | <b>IEA:</b> The International Energy Agency                                       |  | <b>Israel - Canada Chamber of Commerce</b>                            |
|  | <b>UNEP:</b> United Nations Environment Program                                   |  | <b>REALpac:</b> Real Property Association of Canada                   |

|   |  |  |   |
|---|--|--|---|
|    | <p><b>BOMA:</b> Building Owners and Building<br/>Council of Canada</p> |   | <p><b>NAREIT:</b> National Association of Real<br/>Estate Investment Trusts</p> |
|    | <p><b>CaGEB:</b> Canadian Real Building<br/>Council</p>                |   | <p><b>ULI:</b> Urban Land Institute</p>   |
|   | <p><b>CREW:</b> Corporate Real Estate<br/>Women</p>                    |  | <p><b>FiGBC:</b> Green Building Council<br/>Finland</p>                         |
|  | <p><b>Ontario Infrastructure and Land<br/>Corporation</b></p>          |  |   |





WITH HUNDREDS OF  
SHOPPING CENTERS VISITED  
BY MILLIONS OF CONSUMERS,  
OUR BUSINESS AFFECTS NOT  
ONLY OUR STAKEHOLDERS,  
BUT COMMUNITIES  
WORLDWIDE.



Shoppes at Dundas, Ontario, Canada

## ECONOMIC PERFORMANCE

Section

2.



# INTRODUCTION

As a global real estate company managing and operating income-producing properties around the world, our operations have both a strong direct and indirect economic impact on the communities in which we operate.

We act as a spur to the creation and growth of businesses, commercial activity and jobs. We promote substantial economic growth by leasing space to tenants who employ tens of thousands of people in their supermarkets, drug stores, clothing

chains, specialty shops, cafes and restaurants, banks and service centers. Our development and redevelopment activities also have an economic impact by creating work opportunities for the construction industry. Our economic impact also

extends to our contributions to various non-profit organizations to support their activities in the community.

*Sheridan Plaza, Hollywood, Florida, USA*



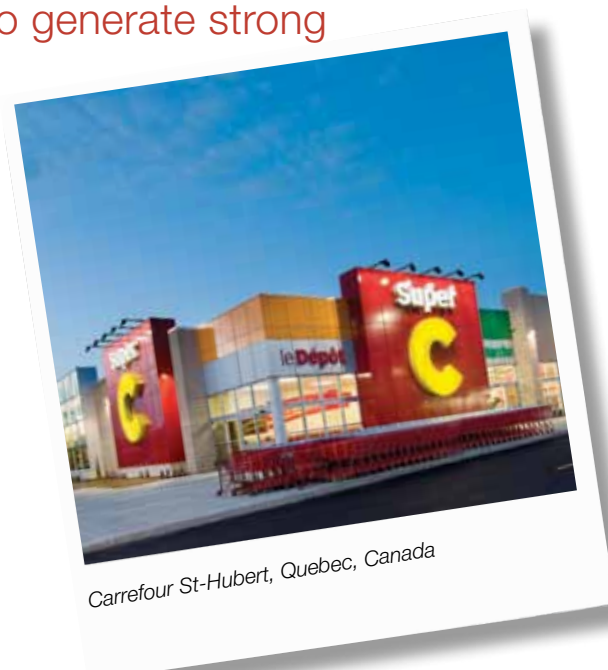


# DIRECT ECONOMIC VALUE



Prado Shopping Center,  
Campinas, State of São Paulo,  
Brazil

Our primary objective is to create value through long-term maximization of cash flow and capital appreciation, and to increase our dividends over time. We do this through a differentiating focus on a recession-resilient, necessity driven asset class which has demonstrated an ability to generate strong and sustainable cash flow through different economic cycles.



Carrefour St-Hubert, Quebec, Canada

Our rental revenues in 2012 were NIS 5,249 million, compared to NIS 4,718 million in 2011. Our net operating income (NOI) was NIS 3,544 million in 2012, compared to NIS 3,196 million for 2011.

Perhaps one of the best indicators of our economic performance is the consistent growth in our dividend by more than 11% annually over from 2000 to 2012 and our total average annual return of 18%. We distributed a dividend of NIS 1.56 per share value in 2011 and NIS 1.60 per share value in 2012.

The business model that we have developed and implemented over the years, whereby we own and operate our properties through our publicly-

traded and privately-held subsidiaries, has driven this substantial and consistent growth. We leverage our expertise to grow and improve the operations of our subsidiaries, maximize our profitability, mitigate our risk and create value for shareholders.

With the goal of achieving a leading position in each of our markets, we work to expand our presence in the countries in which we operate while also expanding into new markets. We grow our business both organically as well as through acquisitions and strategic partnerships with leading global institutions.

Our geographic diversity provides us with flexibility in terms of capital

allocation and improves our resilience to changes in economic conditions and the cyclicity of markets, enabling us to apply successful ideas and proven market strategies in multiple countries. Our global reach, together with our local management teams, enables us to make accretive acquisitions to expand our asset base, both in the countries in which we currently operate as well as in new ones.

Please refer to our website for all financial disclosures, including our 2012 Annual Report <http://gazit-globe.com/financial-reports>.



DIRECT ECONOMIC VALUE

Key Figures

(NIS million)  
As of December 31, 2012

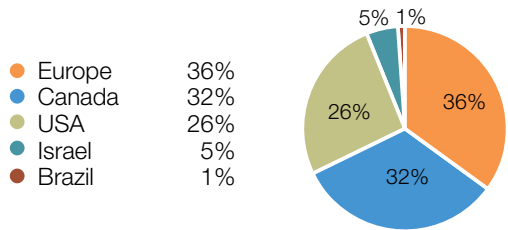
|   | 2012   | 2011   | 2010   |
|---|--------|--------|--------|
| Total Assets                            | 71,062 | 64,599 | 50,408 |
| Investment Properties                   | 59,753 | 53,926 | 43,558 |
| Interest Bearing Liabilities            | 40,834 | 38,520 | 31,370 |
| Shareholder's Equity Including Minority | 22,649 | 19,628 | 15,191 |
| Shareholder's Equity                    | 7,849  | 7,310  | 5,986  |
| Net Debt to Total Assets                | 56.1%  | 58.0%  | 60.7%  |

\* The Company has early adopted New Standards<sup>1</sup>, beginning with its financial statements dated June 30, 2012. The New Standards prescribe retroactive implementation, and the data for prior years in the financial statements adjusted accordingly. As a result, financial data and figures in the table above has been also adjusted accordingly.

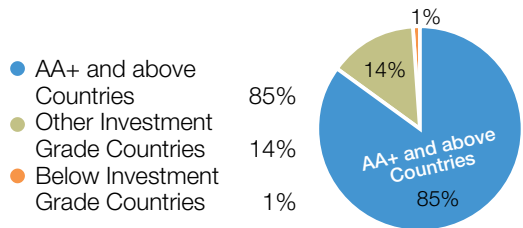
Demonstrated Long-Term Value Creation



NOI Diversification

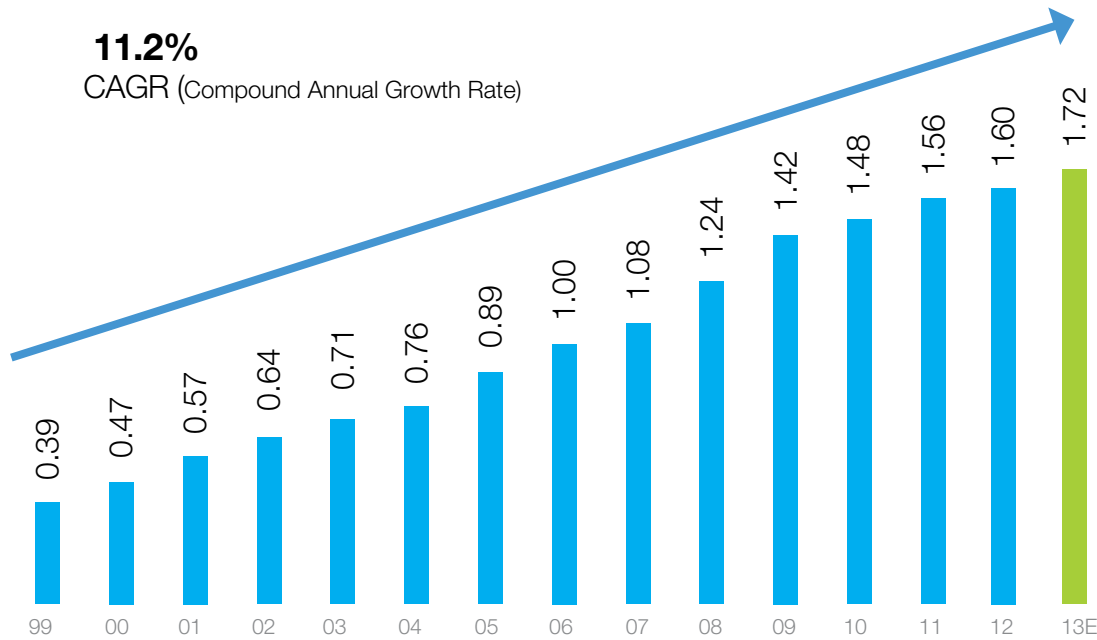


NOI Breakdown by Credit Rating

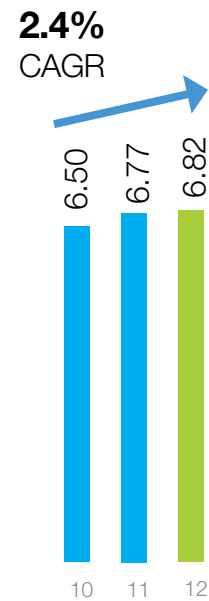


Consistent Dividend Growth for 14 years

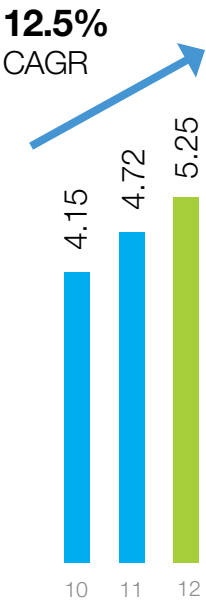
(NIS per share)  
11.2% CAGR (Compound Annual Growth Rate)



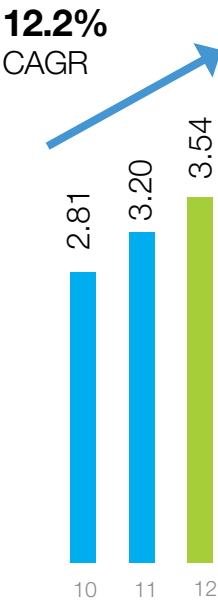
Gross Leasable Area (GLA)  
(Millions sqm)



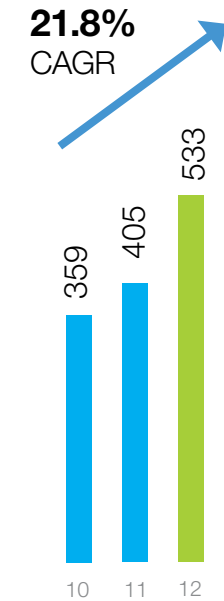
Rental Revenue  
(NIS billions)



NOI  
(NIS billions)



FFO  
(NIS millions)



# INDIRECT ECONOMIC INFLUENCE

Our hundreds of income producing properties throughout the world have a strong indirect economic influence. Our tenants include supermarkets, drug stores, banks, appliance stores, apparel shops, and other shops and service providers. They market and sell goods and services valued at hundreds of millions of dollars a year, employ thousands of people and pay taxes to the local jurisdictions in which our centers are located.

To drive economic growth, we make our commercial centers easily accessible, convenient and a pleasant environment in which to shop. In addition to leasing space to large department stores and supermarket anchors, we also rent space to small and medium-sized businesses that benefit by being located adjacent to larger stores which attract strong traffic. To best serve consumers, we also focus on creating a consumer-friendly and safe environment, a diverse shopping experience, and easy accessibility for disadvantaged

populations. We also strive to build and operate our commercial centers in an environmentally friendly way, by employing green construction methods and conservation methods in an effort to create additional economic and other benefits for the communities where we operate.

Our medical offices also generate economic and other benefits. Several of our medical offices share human resources, knowledge, infrastructure and equipment with surrounding medical centers and research

institutions, thus easing the economic burden on these centers and their communities.

Our indirect economic influence also extends to the taxes we pay in the jurisdictions in which we operate. These taxes help to finance government activity aimed at improving the welfare of citizens in the countries in which we operate.

# CHARITABLE INVESTMENT

Above and beyond our business activities, Gazit-Globe believes that it is both a duty and a privilege to contribute to the community.

During 2012, we donated NIS 5,220,000, 49% of which amount (NIS 2,541,000) benefitted educational initiatives and institutes. In 2011, we donated NIS 5,790,000, 46% of which (NIS 2,656,000) was used for to educational and charitable organizations geared to academic excellence, reducing societal inequality and assisting young people.

During 2011, we launched our “La’ Darom” project which includes programs to strengthen education in Israel’s south, with an emphasis on mentoring, supporting and nurturing

children, students and youth. The focus of our activities is on small towns in Israel’s Negev region, including Yeruham, Mitzpe Ramon, Dimona, Kiryat Gat, Kiryat Malachi, Sderot, Netivot, Ofakim and Arad, as well as several Bedouin communities. We provide support for programs at the elementary school, junior high school and high school levels, especially those with economic gaps among the populations which have achieved average or low test results. The remedial programs we support are designed to assist teachers and provide pedagogic activities and social activities for students.

In 2012, we provided funding to 20 schools in the Negev with an aggregate

of several thousand students; 105 students who completed their army service or national service with scholarships for higher academic studies in the amount of NIS 15,000 per student; and to build and operate Young Adults’ Centers in Negev communities to strengthen teens and young adults in those communities. In 2012 we supported ten such centers.

In 2011, we established, and will maintain over a long-term period, the Gazit-Globe Real Estate Institute at Israel’s Interdisciplinary Center (IDC) Herzliya. The Institute will house an academic and research program focused on innovation and entrepreneurship in the real estate sector.





## CHARITABLE INVESTMENT

By establishing and supporting the Institute we hope to strengthen academic excellence and research in real estate sector, build academic programs and develop a cadre of professional real estate executives. In addition, the Institute will work to strengthen ties between academia and real estate professionals in the field and will work to deepen the public discourse about real estate. Company management and its professionals will contribute their professional experience to the Institute to add a practical dimension to academic studies.

In addition to education, our corporate philanthropy extends to organizations and initiatives that are involved in health, welfare, arts and culture, primarily in Israel, the US and Canada.

For instance, in 2012 our FCR subsidiary provided \$45,000 in sponsorship funding for a number of program initiatives at OCAD U, including the Graduate Exhibition, a public sculpture competition, and awards for the university's top graduating students in Sculpture/ Installation and Criticism and

Curatorial Practice. The main lobby of the Company's corporate office at King Liberty Village in Toronto, Ontario, Canada showcases the results of the first art competition sponsored by First Capital Realty in 2010.

In the health field, for over 10 years we have been a major supporter of "Larger Than Life" ("Gedolim Mehachaim"), a non-profit organization whose goal is to improve the quality of life and well-being of children with cancer and their families. We also support hospitals and other organizations providing medical care. In the field of arts and culture, we support museums and theaters, and in the field of welfare, we support underprivileged families with food and by funding summer camps for children.

The Social Responsibility of Gazit-Globe employees: As part of strengthening ties with the local community, we encourage our employees to volunteer for appropriate social activities and projects.

We offer several options for volunteering in the areas of education and welfare such as the "Larger

than Life" and "Etgarim" projects so that every employee can select a manageable opportunity in which he/ she can contribute.

During 2011–2012, the annual volunteer time of Gazit-Globe employees was higher in comparison to the average volunteer time of other companies. In 2011, we also appointed a manager of Corporate Responsibility activities who is responsible for day-to-day activities supported by other Company employees.

# FINANCIAL IMPLICATIONS & RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

## Citycon:

Without doubt, risks associated with climate change will affect our Citycon subsidiary substantially in the short term. An increase in the frequency of extreme weather conditions, such as violent storms, floods and snowstorms will increase maintenance costs and erode profitability.

Land use and construction also threaten to disrupt biodiversity. In most cases, an environmental impact assessment, including a biodiversity assessment, is conducted in connection with zoning and major projects.

Over the long term, as global warming continues, so-called climate refugees from densely populated areas will be forced to relocate to other countries and continents. In their host countries, some of these refugees will end up in relatively low-skilled and low-wage jobs. Citycon may hire these people for different types of positions, such as cleaning, construction work and property maintenance which may involve risks related to work conditions and human rights. Citycon seeks to eliminate these risk factors by preparing codes of ethics for its supply chains as well as by requiring its subcontractors to act ethically and responsibly.



WHO IS GAZIT-GLOBE?  
IT'S OUR PEOPLE AND THE  
EXPERIENCE, TALENT AND  
COMMITMENT THEY BRING TO  
BUILDING OUR BUSINESS AND  
MAKING A DIFFERENCE.

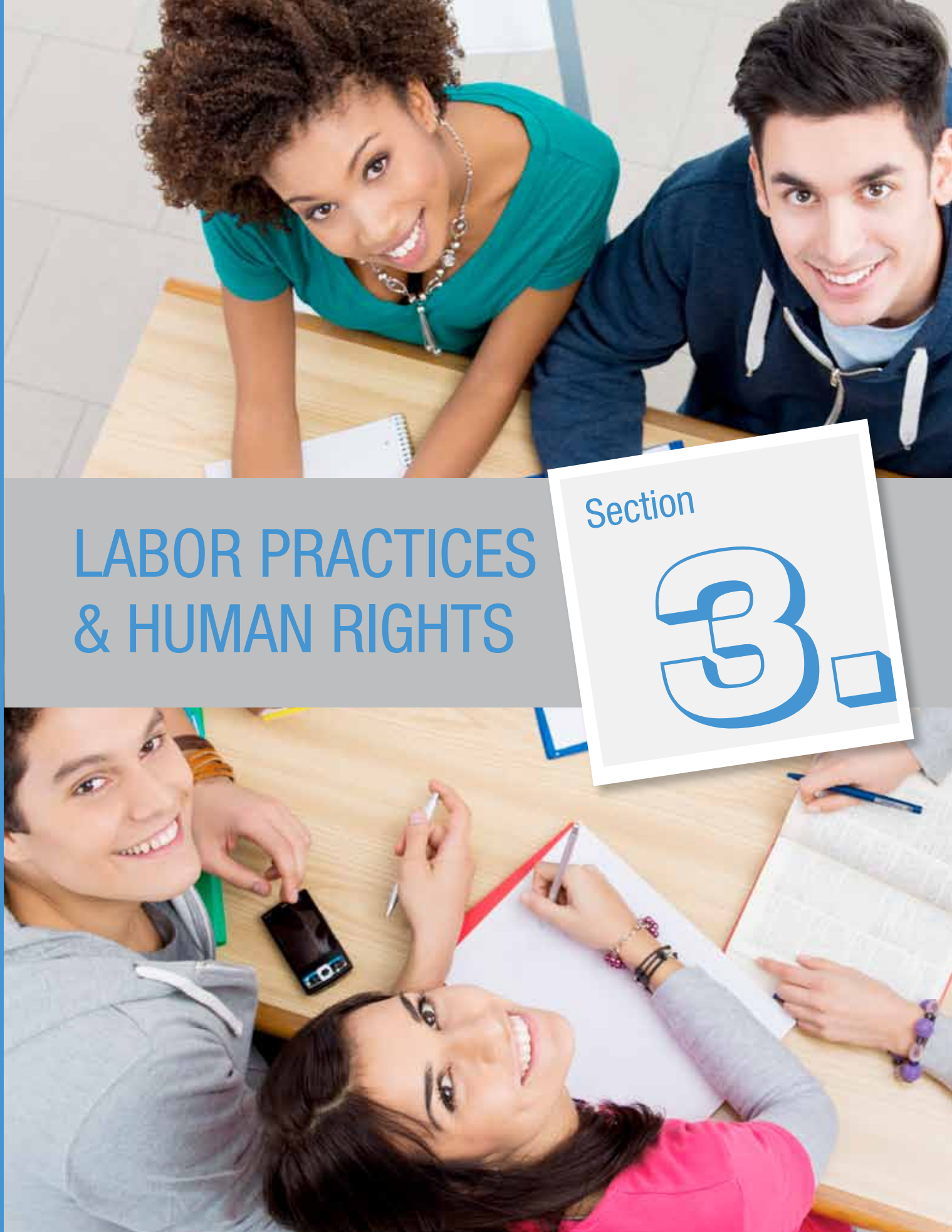


Olde Oakville Market Place, Oakville, Ontario, Canada

LABOR PRACTICES  
& HUMAN RIGHTS

Section

3.







# INTRODUCTION

Gazit-Globe's employees and management are our most important asset. That is why we and our subsidiaries are focused on finding the right people to work in our business and providing them with competitive pay and benefits, strong training, educational opportunities and opportunities for career advancement. Their health and safety, as well as that of our tenants and customers, is very important to us and we employ methods to conform with industry standards in these areas.

Dealing fairly with our employees is one of the basic fundamentals of our Code of Business Conduct. We pride ourselves on conducting our business without discrimination based on race, origin, religion, gender, sexual preference, age or disability. Our recruitment, employment, training, promotion, transfer and termination of employees are based solely on the employee and his/her ability, achievements, experience, conduct and other reasonable business considerations. **GC6**

One of the core values of our company is Human Rights, our commitment to support and protect human rights is central to our global business. Our company supports the principles of the United Nations Universal Declaration of Human Rights, which calls for equality, civil and political rights and economic, social and cultural rights. We believe in the freedom of association of our employees and their right to join labor unions as mandated by law. We also strongly oppose child labor and employment of underage minors, as well as forced or compulsory labor.

**GC1 GC2 GC3 GC4 GC5**

Our recruitment, employment, training, promotion, transfer and termination of employees are based solely on the employee and his/her ability, achievements, experience, conduct and other reasonable business considerations.

# LABOR PRACTICES

The following table illustrates the number of employees working at Gazit-Globe corporate headquarters, as well as at several of its major subsidiaries and holdings included in the scope of this Report, as of December 31, 2012:

| Company                  | Geographic Region | Employess | % Full-Time employees | % Permanent contract employees |
|--------------------------|-------------------|-----------|-----------------------|--------------------------------|
| Gazit-Globe Headquarters | Israel            | 36        | 88.2%                 | 100%                           |
| Gazit Israel             | Israel            | 70        | 97%                   | 100%                           |
| First Capital Realty     | Canada            | 397       | 98%                   | 97.7%                          |
| Equity One               | USA               | 177       | 97%                   | 99%                            |
| Citycon                  | Europe            | 129       | 96.9%                 | 94.6%                          |

## HR Programs

The primary focus of our HR programs is to influence employee commitment, motivation and engagement through best practices, rewards, performance management and communication. We strive to create a rewarding, stimulating and fun place to work where individuals are treated with respect and dignity. While we have a broad base of best practices, the graphic to the right illustrates several benefits that we provide to our employees:



# Recruitment

Our recruitment procedures are designed to ensure that we hire highly qualified personnel with a strong skill base. The following table illustrates the total number and rate of employee turnover by age, group, gender, and region:

(Data for 2012)

| Company              | Geographic Region | Total No. of New Hires | Under 30 | 30-50 | Over 50 | Women | Men |
|----------------------|-------------------|------------------------|----------|-------|---------|-------|-----|
| Gazit-Globe          | Israel            | 8                      | 2        | 5     | 1       | 4     | 4   |
| Gazit Israel         | Israel            | 8                      | 1        | 6     | 1       | 4     | 4   |
| First Capital Realty | Canada            | 92                     | 29       | 49    | 14      | 56    | 36  |
| Equity One           | USA               | 48                     | 16       | 27    | 5       | 28    | 20  |
| Citycon              | Europe            | 28                     | 8        | 15    | 5       | 13    | 15  |

| Company              | Geographic Region | Total No. of Employees Who Terminated Employment | Under 30 | 30-50 | Over 50 | Women | Men |
|----------------------|-------------------|--|----------|-------|---------|-------|-----|
| Gazit-Globe          | Israel            | 5  | 3        | 1     | 1       | 3     | 2   |
| Gazit Israel         | Israel            | 22   | 7        | 13    | 2       | 13    | 9   |
| First Capital Realty | Canada            | 42   | 8        | 22    | 12      | 23    | 19  |
| Equity One           | USA               | 58   | 10       | 34    | 14      | 43    | 15  |
| Citycon              | Europe            | 28   | 0        | 19    | 9       | 11    | 17  |



# Job Training and Career Development

Our job training strategy focuses on enhancing skills, motivation and ethical behavior and we also work to encourage and develop employee skill levels and positive attitudes to maximize our operations. We also strive to increase the skill base of our employees by supporting long-term self-development, for instance, through further or advanced studies.

To retain our valued employees and advance their careers, we offer career development opportunities, where possible. Due to the size and geographic scope of our operations, where appropriate we encourage our employees to move from one position to another within our organization in order to advance their careers.

During the years 2011 and 2012, management spent a cumulative 318 hours engaged in training programs, and professional employees spent a cumulative 235 hours on training. Administrative staff spent approximately 196 hours on training. This information relates to staff at Gazit-Globe's headquarters.

### Citycon:

In addition to its 129 employees, Citycon indirectly employs a large number of people through the procurement of various services.

One of the key HR priorities is to build one Citycon by enhancing in-house co-operation and interaction both across operational and geographic boundaries. A high-profile project designed to promote cross-border co-operation was the project, where in selecting the winner, special attention was paid to ways in which the initiative promoted internal co-operation.

During 2012, there were 469 days of training sessions during the year, the equivalent of 3.6 days per employee.

All employees have their personal competence development plans which are updated every year in discussion with the supervisors. All competence development actions are planned to support the achievement of personal targets and performance in a specific role. Competence development actions include several methods such as internal development events, training, mentoring, on the job learning, etc. Citycon Days, held once a year, is a company-wide development event and held in the spring for all employees. In addition, tailored development programs are planned for specific personnel groups. Training is also offered to improve language skills or develop IT skills in using certain applications. In 2012, Citycon employees completed 469 training and development days, or 3.6 days per employee.



First Capital Realty:

NUMBER OF HOURS OF TRAINING BY GENDER AND EMPLOYMENT CATEGORY

| Employment Category    | 2010  | 2011  |         |       | 2012  |         |       | 2012 versus 2011 Change (%) |         |       |
|------------------------|-------|-------|---------|-------|-------|---------|-------|-----------------------------|---------|-------|
|                        | Total | Males | Females | Total | Males | Females | Total | Males                       | Females | Total |
| Senior Management      | 21    | 21    | 20      | 21    | 17    | 23      | 20    | -19                         | 16      | -7    |
| Middle Management      | 7     | 12    | 11      | 11    | 16    | 22      | 18    | 31                          | 97      | 66    |
| Professional/Technical | 9     | 12    | 15      | 14    | 6     | 5       | 5     | -46                         | -67     | -61   |
| Administrative         | 3     | 0     | 8       | 8     | 0     | 3       | 3     | N/A                         | -63     | -65   |
| Building Support       | 0     | 8     | N/A     | 8     | 0     | N/A     | 0     | -94                         | N/A     | -94   |
| Total                  | N/R   | 11    | 11      | 11    | 9     | 7       | 8     | -16                         | -32     | -26   |

First Capital Realty:  
Employee Training and Education

Our First Capital Realty (FCR) subsidiary encourages its employees to advance in their careers. Managers are required to conduct annual formal performance appraisals of their employees to ensure that expectations are understood and performance is acknowledged and rewarded. Employees are encouraged to take professional development courses and seminars. FCR also provides internal training related to company programs and process changes (e.g., new computer software, employee benefit programs).

In 2012 FCR introduced a number of new training and communication programs. Five programs from

HarvardManageMentor®: Career Management, Difficult Interactions, Feedback Essentials, Goal Setting, and New Manager Transitions were made available to employees. A management training program for new and mid-level managers was launched to enhance the skills of its managers. The program focused on the role of the manager, recruitment and performance management. FCR also hosted lunch and learn sessions on well-being, personal safety, stress management, seasonal stress and gardening with native plants. In addition, monthly newsletters from its Employee Assistance Program were posted on its portal.

As a result of FCR's significant growth, many employees have enjoyed opportunities to expand their skills and expertise. FCR offers a generous employee training and assistance program to its full-time permanent employees. Employees can receive up to a maximum of \$1,500 annually towards tuition reimbursement providing the area of study is relevant to his or her current role or will develop new skills of mutual benefit to the subsidiary. and the individual. Costs that are eligible for reimbursement include tuition for in-class, on-line/distance learning courses, exams and books.

Performance Reviews

Our managers are required to conduct annual performance appraisals of their employees to ensure that expectations are understood, and performance acknowledged and rewarded. Appraisals are a key element in our strategy to analyze employee skill levels and performance on a regular basis and to encourage bilateral constructive communication and both

formal and informal feedback. They include providing the employee with feedback for the previous period, establishing targets for the coming period and tailoring a personal short- and long term development plan. At Gazit-Globe, the CEO personally meets with all employees on an annual basis.

Citycon:

At Citycon, employee performance review is an essential tool for managing target-oriented activity and employee skills. In 2012 62.9% of employees were reviewed once, while 26.7% were reviewed twice.

First Capital Realty:

PERCENTAGE OF EMPLOYEES WHO RECEIVED FORMAL PERFORMANCE REVIEWS BY GENDER AND EMPLOYMENT CATEGORY

| Employment Category    | 2010  | 2011  |         |       | 2012  |         |       |
|------------------------|-------|-------|---------|-------|-------|---------|-------|
|                        | Total | Males | Females | Total | Males | Females | Total |
| Senior Management      | 100   | 100   | 100     | 100   | 100   | 100     | 100   |
| Middle Management      | 91    | 97    | 97      | 97    | 100   | 100     | 100   |
| Professional/Technical | 97    | 97    | 94      | 95    | 100   | 100     | 100   |
| Administrative         | 88    | 100   | 95      | 96    | 75    | 98      | 97    |
| Building Support       | 83    | 95    | N/A     | 95    | 92    | N/A     | 92    |
| Total                  | N/R   | 97    | 95      | 96    | 97    | 99      | 98    |

# Transitioning to Retirement



## First Capital Realty:

FCR provides transition assistance for retiring and terminated employees. Its HR Department and RRSP service provider offer assistance to employees with pre-retirement planning. The service provider supplies investment information, regulatory expertise and guidance to employees. When a decision is made to terminate an employee, FCR uses a third-party provider to support the employee in this transition. Services include skills assessment and employment counseling. Individual employment contracts and HR expertise define the basis of the severance pay.

## Diversity and Equal Opportunity

Our recruitment, employment, training, promotion, transfer and termination of employees are based solely on the employee and his/her ability, achievements, experience, conduct and other reasonable business considerations. We conduct our business without discrimination based on race, origin, religion, gender, sexual preferences, age or disability. **GC6**

While we and our subsidiaries do everything possible to prevent cases of discrimination in the workplace we understand that there is a need to establish suitable mechanisms for handling them, if and when they occur. **GC6**

The following graph illustrates the composition of our governance bodies according to their gender, age group and minority group membership (as of December 31, 2012):

| Gazit-Globe            | Gender  |       | Age Group |       |         |
|------------------------|---------|-------|-----------|-------|---------|
|                        | % Women | % Men | Under 30  | 30-50 | Over 50 |
| Board of Directors     | 20%     | 80%   | 0         | 1     | 9       |
| Management             | 20%     | 80%   | 0         | 4     | 1       |
| Professional Employees | 45.5%   | 54.6% | 2         | 19    | 1       |
| Administration         | 88.9%   | 11.1% | 3         | 5     | 1       |
| Maintenance            | 0%      | 0%    | 0         | 0     | 0       |

| Gazit-Globe Israel     | Gender  |       | Age Group |       |         |
|------------------------|---------|-------|-----------|-------|---------|
|                        | % Women | % Men | Under 30  | 30-50 | Over 50 |
| Board of Directors     | 0       | 100%  | 0         | 0     | 1       |
| Management             | 33%     | 66%   | 0         | 9     | 0       |
| Professional Employees | 60%     | 40%   | 1         | 26    | 3       |
| Administration         | 100%    | 0     | 7         | 2     | 0       |
| Maintenance            | 100%    | 0%    | 5         | 9     | 7       |

| Equity One             | Gender  |       | Age Group |       |         |
|------------------------|---------|-------|-----------|-------|---------|
|                        | % Women | % Men | Under 30  | 30-50 | Over 50 |
| Board of Directors     | 28.6%   | 71.4% | 0         | 1     | 8       |
| Management             | 35.7%   | 64.3% | 0         | 32    | 10      |
| Professional Employees | 64.5%   | 35.5% | 16        | 37    | 9       |
| Administration         | 91.7%   | 8.3%  | 4         | 50    | 18      |
| Maintenance            | 0%      | 100%  | 0         | 0     | 1       |

| First Capital Reality  | Gender  |       | Age Group |       |         |
|------------------------|---------|-------|-----------|-------|---------|
|                        | % Women | % Men | Under 30  | 30-50 | Over 50 |
| Board of Directors     | 22%     | 78%   | 0         | 3     | 6       |
| Senior Management      | 39%     | 61%   | 0         | 10    | 12      |
| Middle Management      | 44%     | 56%   | 4         | 57    | 35      |
| Professional Employees | 70%     | 30%   | 12        | 84    | 19      |
| Administration         | 95%     | 5%    | 30        | 68    | 33      |
| Maintenance            | 0%      | 100%  | 2         | 13    | 19      |

| Citycon                | Gender  |       | Age Group |       |         |
|------------------------|---------|-------|-----------|-------|---------|
|                        | % Women | % Men | Under 30  | 30-50 | Over 50 |
| Board of Directors     | 20%     | 80%   | 0         | 3     | 7       |
| Management Committee   | 20%     | 80%   | 0         | 2     | 3       |
| Professional Employees | 47.3%   | 52.7% | 6         | 45    | 23      |
| Administration         | 72.7%   | 27.3% | 6         | 34    | 4       |
| Maintenance            | 0%      | 100%  | 1         | 4     | 1       |





## LABOR PRACTICES

We are proud that during 2012 no incidences of harassment or discrimination against employees were reported at Gazit-Globe headquarters. **GC6**

In addition to our Code of Business Conduct, our subsidiaries have formulated procedures for promoting equality and protecting their employees from insult and harassment, including procedures for dealing with sexual harassment. Managers oversee the implementation of these procedures, including issuing warnings to employees regarding possible sanctions. We employ all measures required under Israel's law for preventing sexual harassment. We hold a bi annual training session focused on this subject, the statute is publicly displayed in our offices and management officers of both sexes are available in case of possible harassment, or for filing complaints.

### Citycon:

During the year 2011, there were no reports of harassment or discrimination against employees. The personnel survey is a key workplace well-being indicator at Citycon. In 2012, a personnel survey was not conducted due to organizational changes. The next survey will be conducted in spring 2013.

### First Capital Realty:

Our FCR subsidiary has clearly defined its expectations of employees, officers and directors in its Code of Conduct and Ethics, Anti-Corruption Compliance Policy and Whistleblower Policy. Employees, officers and directors are required to acknowledge having read these documents and agree to comply with these policies upon joining FCR. Employees are required to re-acknowledge these documents annually thereafter. The employee's manager is responsible for ensuring that he/she completes this acknowledgement. FCR's VP, Business Process & Risk Management tracks and reports compliance with this directive which was 98% for 2012 to the EVP and CFO. During the reporting period there were no reported incidents of harassment or discrimination.

### Equity One:

During 2012, OSHA did not perform any inspections at our EQY subsidiary; therefore, EQY did not receive any notices of non-compliance or related fines. The subsidiary is continually evaluating ways to improve health and safety in the workplace and continues to pursue the necessary means to keep its health and safety rating at "best-in-class".

Aerial View:  
Serramonte Shopping Center, Daly City, California,  
USA



# HUMAN RIGHTS

Upholding human rights is one of the core values at Gazit-Globe and our commitment to support and protect human rights is an inherent part of Gazit-Globe's multinational business practices. Our respect for humanity is a top priority. Employees working for the Company are granted basic rights as mandated by law such as fair wages, rest times, annual leave, convalescence, etc., as well as additional benefits such as social activities, holiday gifts and families gatherings. **GC1 GC2**

## Global Compact

In 2010, we adopted the principles of the United Nation's Global Compact initiative and incorporated them as part of our business practices. The Global Compact is an initiative to motivate businesses to align their operations and strategies with ten fundamental principles in the areas of human rights, as well as labor, environment and anti-corruption. A summary of the Global Compact principles, and how we align our business practices with them, can be found on page 21. **GC1 GC2 GC3 GC4 GC5 GC6 GC7 GC8 GC9 GC10**

We also respect and support the principles of the United Nations' Universal Declaration of Human Rights, which, in addition to equality, include civil and political rights as well as economic, social and cultural rights. **GC1 GC2**

## Forced and Compulsory Labor

All of the companies in the Gazit-Globe Group strongly oppose the violation of basic human rights. The Group's companies employ adults who work of their own free will and who receive appropriate pay and decent work conditions. In all of our years of operations, there has never been a single complaint, investigation or action pertaining to forced labor. **GC4**

## Child Labor

Gazit-Globe is strongly committed to the effective abolition of child labor. The Company doesn't employ underage minors and follows all rules and regulations regarding this issue in the countries where it operates. We have never been the subject of a complaint, investigation or action pertaining to child labor. **GC5**

All of the companies in the Gazit-Globe Group strongly oppose basic human rights violations. The Group's companies employ adults who work of their own free will and who receive appropriate pay and decent work conditions.

## Freedom of Association

Gazit-Globe highly respects the freedom of association of its employees and the right to join labor unions as mandated by laws and regulations. Currently, there are no labor unions at Gazit-Globe. **GC3**

Citycon:

## Respect for Human Rights and Labor Rights

Within its sphere of influence and legal requirements in the countries where our Citycon subsidiary operates, Citycon respects and supports internationally acknowledged human rights as expressed in the United Nations Universal Declaration of Human Rights and the basic labor rights stated in the ILO Declaration on Fundamental Principles and Rights at Work. Citycon will not employ forced labor or child labor and respects the right of all personnel to decide on joining trade unions and other associations.





ETHICAL. HELPFUL. CAREFUL.  
THESE ARE OUR GUIDE  
STARS IN OPERATING A  
GLOBAL BUSINESS WITH A  
CONSCIENCE.



San Pelegrino Shopping Mall, Caxias do Sul, Brazil

SOCIAL  
PERFORMANCE

Section

4.

# INTRODUCTION

We are committed to acting as a model corporate citizen. We express this through our daily business activities and by making substantial contributions to numerous charitable organizations and initiatives in the areas of education, health, welfare, the arts and culture.

We firmly believe that our business of developing, managing and operating shopping centers and medical office buildings has a strong positive effect on the communities in which our businesses operate.

We also appreciate that through our financial support and the volunteer activities of our employees, we can make a difference in the lives of at-risk populations, in educating future generations and in advancing culture.

During the reporting period, we were not subject to any legal action for anti-competitive behavior, anti-trust, or monopoly practices.



# BENEFITING THE COMMUNITY

Our shopping centers are predominantly anchored by supermarket or drug stores, and also include discount retailers, restaurants, banks, medical clinics as well as smaller local businesses. They provide a variety of basic necessities, products and services that are typically required on a regular basis and offer a diversity of shopping experiences for consumers in one easily accessible location. Our medical offices platform, which is engaged in acquiring and managing medical office buildings adjacent to best-in-class teaching hospitals and research institutions in urban neighborhoods with growing populations, provide attractive, convenient premises for the medical profession and patient populations.

## Citycon:

**Citycon strives to support the local communities in which it operates. They call it “Citycommunity.”**

Citycon’s centers are located close to where the people live and work, so they can be a part of their society and everyday life. There is a natural role in social interaction, which is more than only shopping. CityCon sells more than space; their operations are driven by the fact that they are in a hospitality business, where they want to attract and bring people together in their shopping centers, because they need or want to be there. One concrete way to create a positive customer experience and enhance communality is through focusing on digital marketing like Facebook. At the end of the year, Citycon invited consumers on Facebook to take part in shopping center development activities. This involves four groups of different-age consumers discussing various ways of developing the local shopping center. In Finland, CityCon increased its number of ‘fans’ on Facebook by a factor of six during the year.

## First Capital Realty:

FCR renovated an abandoned contaminated industrial property transforming it into an attractive neighbourhood community shopping center. A historic building in the Leaside community was preserved and repurposed and more importantly, re-established its historic prominence in the community. The improvements incorporated strong environmental and sustainable attributes.

## First Capital Realty:

FCR annually sponsors a competition for wall art with the Ontario College of Art and Design University (OCADU) in Toronto, Ontario. With this art program, FCR provides an opportunity at selected properties for students to exhibit their creativity in a public space while elevating the aesthetics of its properties.



## Citycon:

Citycon is implementing several value-added initiatives at its Kista Galleria shopping center in Stockholm with the addition of "Kista Idea City", an extensive, state-of-the-art digital library scheduled to open in August 2014. The library is a key element of Citycon's on-going program to nurture stronger community ties, apply principles of sustainability, and further strengthen the financial performance of its largest shopping center. A joint investment with the City of Stockholm, the 2,400-square-meter library will feature the latest digital technology in addition to traditional books, offering its visitors access to various tablet and other computers, interactive services, and a café.

## First Capital Realty:

FCR understands that when it acquires a shopping center, constructs a new development or redevelops an existing property, it creates an impact on people in their neighborhoods. It therefore strives to create environments and amenities at its shopping centers to enhance the communities' experience of "Shopping for Everyday Life." One example is FCR's creation of the Vaughan Imagination Zone in the atrium of a new development, Rutherford Marketplace in Vaughan, Ontario.

## Equity One:

EQY is proud to provide annual continual support to many charitable organizations and events and to regularly grow that level of support whenever possible. As EQY has expanded into different regions, it has also been given the opportunity to make an impact in new areas and to come up with fresh ideas for how it can enhance the lives of others. These include The Bowery Mission to which EQY contributed \$15,000 towards its efforts to aid the homeless; serving food at Camillus House, a Miami-based, full-service homeless shelter; contributing to the March of Dimes in Miami, Florida, to garner support for research related to treating and preventing medical issues that threaten the health of newborns and babies; and contributing to OneBlood in North Miami Beach, Florida, which collects blood donations and provides them to hospitals.

## Citycon:

Citycon's Kista Galleria in Stockholm boasts a wet-waste conversion system to collect wet waste from its food court and process it into biogas. Each month it produces sufficient fuel to power about 12,000 km of the local bus system's operations. Working in close collaboration with the City of Stockholm and Stockholm Water, this environmentally and financially beneficial project is one means by which Citycon is improving its sustainability performance.

# SUPPORT THE COMMUNITY

Above and beyond our business activities, we believe that it is both a duty and a privilege to contribute to the community. Several years ago, we formulated a Social Investment Policy which outlines our Group's commitment to contribute, invest and assist the community, as well as our philanthropic activities and opportunities for employees who wish to volunteer their time to various organizations. The policy is established by our Corporate Responsibility Committee which is comprised of Gazit-Globe board members and management. The committee determines the guidelines of contributions, monitors their effectiveness and the influence of sponsored projects, as well as employee volunteerism.

During 2012 we donated NIS 5,220,000 million to educational and charitable organizations that share our values. Those values include promoting academic excellence, reducing societal inequality and assisting young people. Our corporate philanthropy extends to organizations and initiatives that are involved in health, education, welfare, arts and culture, primarily in Israel, the US and Canada. In 2011 we donated NIS 5,790,000 million.

The primary focus of our communal investment, however, is on education with a particular emphasis on achievement, leadership and social responsibility. Nearly half of our contributions to the community - NIS 2,541,000 - supported educational initiatives in 2012, and 46% of our support - NIS 2,656,000 - was targeted for programs in education in 2011. We believe that education is a fundamental and essential element in bringing about change in society and in reducing societal and economic inequality.

Our employees are also encouraged to volunteer their time to non-profit organizations and volunteer programs.



# CUSTOMER SATISFACTION

We regard client satisfaction as a top priority. Clients of Gazit-Globe's subsidiaries can be divided into two groups: tenants, who rent stores in our shopping centers, and consumers who use the facilities and stores in the shopping centers. We check the satisfaction level of these two client groups through surveys at our shopping centers. These surveys enable management to understand the needs of our clients and consumers and result in improved service and greater satisfaction on their part. In consumer surveys, participants are asked to rate their overall satisfaction with the shopping center and specific issues such as store variety, their shopping experience, and café and restaurant diversity.

## Citycon:

Citycon's Swedish portfolio comprises shopping centers in locations with steady traffic and a strong base in grocery and fashion. The centers are designed to meet the needs of consumers and are conveniently located between their work and residences. Citycon conducts customized market surveys at all of its Swedish shopping centers. The surveys help to pinpoint targets for improvements in the company's operations. These included issues related to engaging the customer. As a result of the surveys, several shopping centers established measurable goals relating to offers, loyalty, goodwill, etc. and steps have been taken to implement them throughout the organization. Citycon shopping centers hold team meetings to improve the customer's retail experience. Management also communicates with tenants through monthly meetings, newsletters and on Facebook. Suppliers are also actively selected who support hospitality.

In addition, each shopping center has a local public relations plan which is updated monthly and implemented.



# ANTI-CORRUPTION

Our Code of Business Conduct states that Gazit-Globe and its employees must maintain high ethical and professional standards in dealing with government officials and the private sector. In addition, Gazit-Globe property or services must not be given, either directly or indirectly, to anyone in an improper effort to obtain or retain business or to obtain special or unusual treatment in connection with any business transaction. The Code also states that employees must not engage in unfair, deceptive or misleading practices, and that employees must always represent the company in an honest and forthright manner. Employees must also not take unfair advantage of any person by manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice. We also retain an internal controller and external accountant to facilitate anti-corruption throughout the Group.

**GC10**

Most of our employees receive training in our Code of Business Conduct, which includes information about our anti-corruption policies.

Within the framework of our multi-year audit plan, we carried out a survey related to embezzlement and fraud

at our company and those of our subsidiaries. The survey's findings were examined and discussed by the managements of our companies and they also come under discussion by our Board's Audit Committee. We are strictly implementing its recommendations and decisions, and, over time, examining its implementation according to the recommendations and our discussions of the subject. Our company implements work procedures and controls, as well as various internal control activities including questionnaires and disclosure committees, and also established a reporting hot line in order to minimize our exposure. We have also further strengthened our internal control systems by complying with provisions of the U.S. Sarbanes-Oxley Act which establishes standards, among other things, for the prevention of fraud. The Company also conducts anti-corruption tests following its auditor's report. Within this framework, a survey was conducted among our subsidiaries.

Following our public offering of securities in the US in 2011, we are also committed to complying with laws and to the highest ethical standards in all of our business conduct, including strict compliance with the letter and spirit of the U.S. Foreign Corrupt

Practices Act of 1977, as amended ("FCPA"). The FCPA's anti-bribery provisions prohibit making payments, promises or offers of anything of value to foreign government officials or employees (at any level), political candidates, or political party officials, to obtain or retain business or to secure an improper advantage.

The jurisdictional reach of the FCPA can be broad and we require full compliance with the FCPA and all other applicable anti-corruption laws by all of our employees, officers and representatives, regardless of citizenship or work location. Violations of such laws can carry severe civil and criminal penalties for the Company and its employees and representatives personally. Violations of company policies can have severe employment consequences, up to and including termination.

All employees are required to comply with the policies and guidelines set forth in our Anti-Corruption Compliance Policy. The Policy applies to our Company, our privately-held subsidiaries, as well as to those acting on behalf of the Company, including officers, directors, employees, stockholders, dealers and other agents of the Company.



## First Capital Reality:

Our FCR subsidiary has clearly defined its expectations of employees, officers and directors in its Code of Conduct and Ethics, Anti-Corruption Compliance Policy and Whistleblower Policy. Employees, officers and directors are required to acknowledge having read these documents and agree to comply with these policies upon joining the organization. Employees are required to re-acknowledge these documents annually thereafter. The employee's manager is responsible for ensuring that he/she completes this acknowledgement. The VP, Business Process & Risk Management tracks and reports compliance with this directive which was 98% for 2012 to the EVP and CFO. During the reporting period there were no reported incidents of harassment or discrimination. **GC10**

## FCR's Principles to Work by:

- Conduct ourselves in a forthright and honest manner
- Be fair and considerate in all dealings
- Maintain professional behaviour in all relationships
- Make only commitments we believe that we can keep - and keep them
- Respect the rights and dignity of all individuals
- Obey the law

## Values to live by:

- Equity
- Fairness
- Dignity

## Equity One:

Our subsidiary, EQY's Code of Conduct and Ethics document is provided to each of its employees at the commencement of their employment. It is also posted on its corporate website. The Code introduces each employee to EQY's expectations regarding its ethics and anticorruption policies and sets the stage for proper conduct. It is important to EQY to provide a workplace conducive to open discussion regarding its business practices. As part of the Code, EQY employs an independent contractor (Ethics Point, Inc.) to administer an unbiased and confidential reporting mechanism by which employees and members of the public can report any suspicious or potentially unethical dealings. This hotline is available 24/7, does not trace or record calls and allows reporting individuals to remain anonymous. During 2011, no calls or complaints were reported to Ethics Point. **GC10**

## Citycon

Citycon's Code of Conduct lays down the ethical principles and business standards that the company adheres to in its operations.

The Code of Conduct lays the foundation for its business operations. It guides Citycon's management and personnel regarding ethical business practices and compliance with laws and regulations in effect in each country. As stated in the Code, Citycon assumes responsibility for all issues it has the authority to control within the scope of its operations. Citycon adheres to the Code of Conduct in all of its operating countries without exception. Internal communication and training is provided to help employees adopt and comply with the principles specified in the Code. Citycon's employees are continuously encouraged to raise issues related to the Code and to report on any possible compliance problems. A separate reporting procedure has been established for bribery, corruption or fraud; this procedure is described in Citycon's Whistleblowing Policy.

In addition, Citycon and its stakeholders engage in dialogue on the principles underlying ethical operations. Within its sphere of influence, Citycon aims to ensure that its partners and subcontractors also adhere to Citycon's to ensure that its partners and foundation of all our new and existing business relationships. The ground rules based on Citycon's business relationships are:

- Openness and integrity in all operations.
- Adherence to statutory rules and regulations.
- Zero tolerance of corruption and bribery.
- Adherence to the principles of sustainable development.
- Taking environmental issues into account in daily operations.
- Respecting human right.
- Recognizing the right to assembly and the right to collective bargaining.
- Banning the use of child and forced labor.

- Removing discrimination from workplaces and professional life.
- Offering a safe and healthy working environment for employees.

Read more at: [www.citycon.com/sustainability/code\\_of\\_conduct/](http://www.citycon.com/sustainability/code_of_conduct/)

Citycon does not support the activities of any political parties or political groups. However, Citycon wants to engage in open dialogue with regional officials and political decision-makers in its operating areas. In 2012, in connection with the zoning or planning of its development projects, Citycon's representatives participated in the meetings of municipal political bodies. The objective of participation was to increase interaction and to learn more about municipal decision-makers' local community development ideas.

# RISK MANAGEMENT

Risk Management includes our ability to identify, assess and treat deliberate, systematic and consistent risks that threaten our achievement of goals and objectives, as well as the ability to analyze events, draw conclusions and take actions to reduce damage and prevent future recurrences.

Our approach is that risk assessment is not a separate process or operation, but an integral part of our routine daily operations and management. Hence, the responsibility for risk

management applies to each and every one from our Board of Directors to management and down to the last employee – everyone in their area of responsibility and activity as a part of our organizational culture.

We engage in risk mapping, and it specifies specific activities for managing the material risks inherent in our operations and in corporate control, including financial risk management (such as making hedging transactions), operational

risk management (e.g. implementing activities to secure data and acquiring insurance policies), and managing legal risks (for example, through the use of enforcement programs). We also adopted the familiar and accepted COSO model to manage this subject.

In addition, we implement a series of audit and internal control activities that are aimed at strengthening our internal structures and systematic risk management of our various activities and those of the companies we control. We also comply with Israel's 'Goshen' ISOX Committee requirements, and subsequent to our IPO in the United States and the listing of our shares on the NYSE during 2011 we are further strengthening our internal control systems and our compliance with U.S. law (Sarbanes Oxley).

We are working systematically and consistently to strengthen our corporate governance as well as our risk management. In 2011, (in recognition of the importance of this issue, we appointed a manager that specializes in this area, given that this is not a one-time project, but an area that requires professional oversight over the long term as an integral part of our ongoing activities and management.



# ANTI-COMPETITIVE BEHAVIOR



The Group meets all statutory requirements and avoids any practices intended to subvert or eliminate competition and refrains from price-fixing contracts and price

discrimination. During the reporting period, the Company was not subject to any legal action for anti-competitive behavior, anti-trust, or monopoly practices.



# HEALTH & SAFETY

## Introduction

We regard the health and safety of our employees, tenants and customers with the utmost importance and take all possible measures to ensure conformity with the strictest standards. Our subsidiaries arrange training for security personnel, develop crisis management protocols and implement comprehensive health and safety policies for the optimal operation of their properties and the safety of employees and customers.

## First Capital Realty:

FCR's employee benefits include health care and life insurance. Its Employee Assistance Program is a voluntary and confidential support service that helps employees and their immediate family members with everyday work, health and life issues, as well as major life challenges.

## Citycon:

In occupational health activities, Citycon's main focus is on preventive action, for example ergonomics and ways of maintaining work capacity. Citycon also offers an extensive range of health care services. Other ways of promoting employees range of health care included exercise vouchers, which employees can use to pay for their fitness activities. Citycon also paid its employees' participation fees in various sporting events.

The theme of its 2012 Citycon Days, an annual event that brings the entire personnel together for a few days, was stress management and mental well-being. Due to the nature of work carried out by Citycon personnel, work-related accidents are infrequent.

During 2012, there were no accidents resulting in absence.

To ensure the safety of shopping center personnel and customers, Citycon acquires the services of security guards and security officers from its partners. In all of Citycon's operating countries, the security guards must complete a training program where issues such as risky situations and liaising with minority groups are discussed.

In Finland a crisis management simulation training is arranged every two years (the training was last held in 2012). In Sweden a crisis management simulation training was arranged in 2012.

There were no incidents of Citycon's non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services.

## Equity One:

The health and safety of the employees, tenants, patrons and other stakeholders present within the offices and operating properties are a high priority for EQY. They administer safety protocols through regular internal communication channels such as supervisor/employee meetings, security services at certain properties, bulletin board postings, memos and other written communications. In addition, EQY continues to monitor their crisis management plans to ensure that all pertinent personnel are fully trained on potential man-made and natural disaster responses.

In 2012, there were no work-related injuries or illnesses. In 2011, there were two reported work-related injuries that were very minor in nature and did not cause any related absenteeism. During 2011 and 2012, OSHA did not perform any inspections; therefore, the company did not receive any notices of non-compliance or related fines. EQY is always evaluating ways to improve health and safety in the workplace. We will continue to pursue any avenues necessary to keep our health and safety rating at best-in-class.

In 2012, the company consolidated employee benefits under one carrier, United Healthcare. The move to United from Oxford, Humana, Blue Shield of California and Lincoln Financial provided the employees with a richer network of doctors and hospitals as well as deeper discounts on medical services requiring a coinsurance payment. EQY offers full medical, dental and vision health plan coverage to all full-time employees after they have completed 30 days of service.

EQY administers safety protocols through regular internal communication channels such as supervisor/employee meetings, security services at certain properties, bulletin board postings, memos and other written communications. EQY continues to monitor crisis management plans to ensure that all pertinent personnel are fully trained on potential man-made and natural disaster responses.

In 2012, there were no work-related injuries or illnesses.

## First Capital Realty:

FCR's health and safety policy also fosters a safe and healthy work environment. Employees must comply strictly with the letter and spirit of applicable occupational, health and safety laws and the public policies they represent. They must not engage in illegal or dangerous behavior and are required to report promptly any accident, injury or unsafe equipment, practices or conditions or violent behavior. FCR has zero tolerance for acts of violence, threats of violence, acts of intimidation and hostility towards another person or group of persons.

In addition, the Company has a practice to evaluate the health and safety impacts of its buildings and shopping centers at certain life cycle stages. When designing a new shopping center, the design team is responsible for ensuring that buildings and properties comply with regulatory requirements related to health and safety. When demolishing buildings, the contractor responsible for demolishing the structure is responsible for ensuring that the demolition is conducted in a safe manner.

FOR US, ENVIRONMENTALISM  
STARTS WITH THE FIRST  
SHOVEL IN THE GROUND.



Galeria Dominikanska, Wrocław, Poland

ENVIRONMENTAL  
PERFORMANCE

Section

5.



# INTRODUCTION

We believe that protecting the environment is important from both an environmental and a long-term economic point of view. This belief translates into action: We adhere to innovative green-construction principles and building standards in a growing number of our projects throughout the world. Our overriding goal is to improve the environmental footprint of our operations, become more energy efficient and minimize environmental damage associated with our activities. **GC7 GC8 GC9**

An integral part of our strategy for minimizing our environmental footprint is to decrease our use of natural resources, energy and non-perishable materials, while increasing our use of recycled materials. For instance, we promote responsible

use and conservation of water in all of our operations. We are sensitive to protecting the biodiversity of species in their natural habitats, examining biodiversity issues in our efforts to obtain LEED certification for our projects, as well as building permits and zoning variances. Several of our subsidiaries have implemented a variety of waste, emissions and sewage management policies. In general, we strive to carry out the activities that have an environmental impact, such as the construction and maintenance of our commercial buildings in an environmentally responsible manner. **GC7 GC8 GC9**

## Citycon:



In March 2012, Citycon created a Green campaign for its shopping centers. In addition, almost all of Citycon's shopping centers participated in Earth Hour.

## Citycon:



The following graph illustrates the strategic objectives for environmental responsibility that have been established by Citycon, as well as new annual objectives:

|   | Targets for 2012   | Results for 2012                         |   | Targets for 2013   |
|---|--|--|---|--|
| <b>Climate Change</b>   |  |  |   |  |
| Reduction of greenhouse gas emission by 20% by year 2020 from the 2009 level                            | 2-3%   | In I-f-I shopping centers-3.3%           | ✓ | 2-3%   |
| <b>Energy</b>   |  |  |   |  |
| Reduction of energy consumption (electricity, heating and cooling) by 9% by 2016 from 2009 level        | 2-3%   | In I-f-I shopping centers-1.7%           | ○ | 2-3%   |
| Identifying solution that utilise renewable energy  | —  | In progress                              | ✓ | feasibility study in (re) development projects             |
| <b>Water</b>  |  |  |   |  |
| Lowering water consumption to an average level of less than 3.5 liters                                  | 4.0 l / visitor  | In I-f-I shopping centers-3.9l / visitor | ✓ | 3.9l / visitor   |
| <b>Waste</b>  |  |  |   |  |
| Shopping centre waste recycling rate to be raised to at least 80% by 2015                               | 78%  | 83%                                      | ✓ | 80%  |
| Reduction of landfill waste to a maximum of 20% of total waste by 2015                                  | 22%  | 17%                                      | ✓ | 20%  |
| <b>Land Use and Sustainable Construction</b>  |  |  |   |  |
| All development projects to be implemented in accordance with environmental classification principles   | All Projects ongoing in 2012 as sessed with LEAD criterias | Achieved                                 | ✓ | All Projects ongoing in 2012 as sessed with LEAD criterias |
| Development projects are located in built-up enviroments witin reach of good public tranport connection | 100%   | Achieved                                 | ✓ | 100%   |

✓ Achieved      ○ Nearly Achieved

# GREEN BUILDING

Over the past few years, we have made major strides forward in our efforts to incorporate green building practices. According to the US Environmental Protection Agency, green building is defined as “the practice of creating structures and using processes that are environmentally responsible and resource-efficient throughout a building’s life-cycle from siting to design, construction, operation, maintenance, renovation and deconstruction. This practice expands and complements the classical building design concerns of economy, utility, durability, and comfort. Green building is also known as a ‘sustainable’ or ‘high performance building’.” **GC7 GC8 GC9**

Green building often includes taking measures to reduce energy consumption – both the energy required to extract, process, transport and install building materials, as well as operating energy required to provide services such as heating and power for equipment. To reduce operating energy use, high-efficiency windows and insulation in walls, ceilings, and floors increase the efficiency of the building envelope and solar water heating further reduces energy costs. **GC7 GC8 GC9**

The energy used to heat and power buildings accounts for a substantial

amount of CO<sub>2</sub> emissions and greenhouse gas (GHG) emissions. Measures to reduce GHG emissions from buildings fall into one of three categories: reducing energy consumption and embodied energy in buildings, switching to low-carbon fuels including a higher share of renewable energy, or controlling the emissions of non-CO<sub>2</sub> GHG gases. **GC8**

Some of our achievements in green building include: FCR continues to develop its properties to LEED standards. As of December 31, 2012, 28 projects at 19 properties comprising 603,000 square feet of gross leasable area (“GLA”) were certified to LEED standards.

Another 78 projects at 45 properties comprising over 2.2 million square feet of GLA are under development, in the process of construction or awaiting LEED certification. Reducing energy consumption is also key, and the Company has implemented several energy conservation measures, such as retrofitting lighting to more efficient technology.

FCR entered the Barrymore and 85 Hanna Avenue buildings into Race to Reduce, a Greening Greater Toronto initiative aimed at reducing total energy use by 10% in participating

office buildings in the Greater Toronto Area. FCR also installed geothermal technology at three properties during 2012: Broadmoor Shopping Centre in Richmond, British Columbia, Leaside Village in Toronto, Ontario and Fuzion condominium, a residential and retail property in Toronto, Ontario, Canada. Geothermal technology typically uses heat pumps to transfer heat from the ground to a building during the winter season. Conversely, in the summer season this cycle is reversed, with the heat being transferred from a building and rejected into the ground.

Finally, the Company implemented water conservation measures, such as installing sensors and retrofitting sprinklers, at several properties. All of these initiatives enhance the Company’s environmental performance, and many of them reduce operating costs, benefitting FCR’s tenants and shareholders.



Some of our achievements in green building include:

## Citycon:



During 2012, CityCon was awarded the Green Star level in the global GRESB (Global Real Estate Sustainability Benchmark) survey. It also reached the gold level in EPRA (European Public Real Estate Association) sustainability reporting. In addition to its sustainability reporting, its financial reporting also won a gold medal, making CityCon a double winner.

## Gazit Israel:



Gazit Israel constructs its new shopping centers according to Israeli standards related to preventing air and water pollution, sewage, waste, and noise. Among other things, the company places an emphasis on climate control in its structures especially in places where there are large internal spaces, and is careful to use the appropriate glass sheathing. For example, in its Ikarim House under construction, the three upper floors passed an examination for energy efficiency. **GC8**

## First Capital Realty:



In May 2006 FCR made a commitment to build all new developments to LEED standards, the first shopping center developer in Canada to make this commitment. LEED is an internationally recognized green building rating system. It uses a whole-building approach to sustainability by addressing five key areas: sustainable site development, water efficiency, energy efficiency, material selection and indoor environmental quality. The Vice-President of Construction for each region is accountable for ensuring that all new development projects comply with this company directive. Quarterly updates on the LEED certification status of these projects are submitted to the Chief Sustainability Officer and the Sustainability Council.

As of December 31, 2011, 21 projects at 15 properties comprising 330,584 square feet of GLA or 1.4% of the Company’s GLA were certified to LEED. The Company has another 62 projects at 42 properties encompassing 1,981,502 square feet of GLA under development, in the process of construction or awaiting LEED certification. These projects combined represent 8.5% of the Company’s GLA.

As of December 31, 2012, 27 projects at 18 properties comprising 548, 829 square feet of GLA or 2.2% of the Company’s GLA were certified to LEED. The Company had another 78 projects at 45 properties encompassing 2.2 million square feet of GLA under development, in the process of construction or awaiting LEED certification. These projects combined represent 9.1% of the Company’s GLA.

## BOMA BEST (Building Environmental Standards)

In 2011 FCR began the process of seeking BOMA BEST certification for existing properties. BOMA BEST is the largest environmental assessment and certification program for existing buildings in Canada. Building owners complete a questionnaire that critically evaluates six key areas of environmental performance and management: energy, water, waste and site, emissions and effluents, indoor environment, and environmental management systems. These standards address the environmental performance of existing buildings based on independently verified information. As of December 31, 2012, 20 properties comprising 1,580,169 million or 6.3% of the Company’s GLA were certified to these standards.



# CONSERVATION AND RECYCLING



Our Company and its subsidiaries use a variety of resources and materials in our commercial offices and shopping centers, ranging from energy and water to office equipment, paper, ink toner, bottles and packaging. An integral part of our strategy for minimizing our environmental footprint is to decrease our use of natural resources, energy and non-perishable materials, while increasing our use of recycled materials. We also strive to collect used products and materials for recycling and/or re-use.

In our shopping centers, we employ conservation measures wherever possible, ranging from the installation of water-saving devices in restrooms to the employment of 'dry garden' principles in landscaping, the recycling of packaging materials and the use of low energy lighting and alternative energy sources. **GC9**

## Equity One:

### Recycling Activities



Equity One, our US-based subsidiary, has launched an extensive recycling program across its entire portfolio of shopping centers and within its corporate offices. The program includes the recycling of glass, plastic, metal, wood with the goal of decreasing the generation of solid waste, encouraging recycling and creating a positive impact on natural resources and the environment. To date, the implementation of this program has saved over \$730,000 on the company's waste removal expenses, and has increased the recycling of its total waste stream from 20% to 47%. This has saved over 12,000 cubic yards of landfill space.



## First Capital Realty:



Due to varying local recycling and waste markets across the country, FCR currently does not have a national comprehensive, recycling/waste program for its properties. However, in 2012 FCR spent \$3.7 million on waste recycling/disposal costs across its entire portfolio. It also has a comprehensive waste reporting system in 40% of its portfolio representing 10.1 million square feet of GLA. For each property in these regions, a waste report is generated identifying the recycling/waste stream, quantity of recycling/waste generated and method of disposal or diversion.

### Community Waste Events

To celebrate Earth Day 2012, FCR hosted electronic waste events at several of its shopping centers collecting over 19 tons of electronic waste, 1,000 liters of unused paint and 15 kilograms of batteries.

# ENERGY

## First Capital Realty:



Energy in the form of natural gas and electricity supplies heating, cooling and power to FCR's properties. In most cases, tenants in its open air shopping centers are separately metered for natural gas and electricity consumption. They pay the utility companies directly for their energy consumption.

Due to the design of the mechanical and electrical systems of its enclosed shopping centers and offices, not all of FCR's tenants are separately metered for heating, cooling and power. FCR's open air shopping centers comprised 72% of FCR's GLA reporting energy

consumption and consumed 42% of its energy. Enclosed shopping centers comprised 26% of its GLA reporting energy consumption and consumed 50% of the energy. Office buildings comprised 2% of the GLA reporting energy consumption and consumed 8% of the energy.

Because FCR's portfolio comprises primarily open-air shopping centres, most of the subsidiary's energy consumption is used to power exterior common area building and parking lot lighting.



## Gazit Israel:



The Company signed a supply agreement with Dorad Energy for each of its centers, and from January 2014, about 80% of energy that will be produced for the centers will be produced by turbines powered by more environmentally-friendly natural gas.

At its Yavne center, Gazit Israel avoided installing a central air conditioning system that consumes energy and water, and air conditioning systems of the tenants will be cost-effective VRF systems.

### 2009 - 2012 ENERGY CONSUMPTION FOR GAZIT-GLOBE'S HEADQUARTERS:

| 2009        | 2010        | 2011*       | 2012*       |
|-------------|-------------|-------------|-------------|
| kWh 201,317 | kWh 261,761 | kWh 142,420 | kWh 183,072 |

\* This data relates to Gazit House in Tel Aviv, Israel. [HSA -T1]

## ENERGY

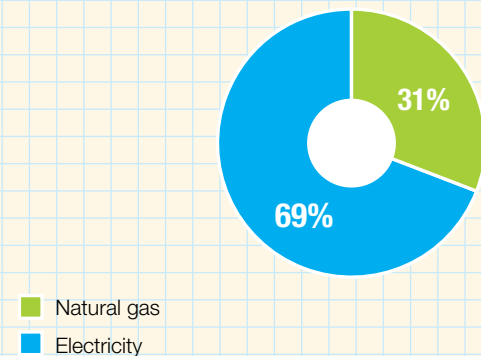
## First Capital Realty:



### FIRST CAPITAL REALTY'S 2012 ENERGY CONSUMPTION AND COSTS BY ENERGY SOURCE IN OPEN-AIR SHOPPING CENTERS

| Source      | Consumption (kWh) |
|-------------|-------------------|
| Natural Gas | 21,972,000        |
| Electricity | 49,882,000        |
| Total       | 71,854,000        |

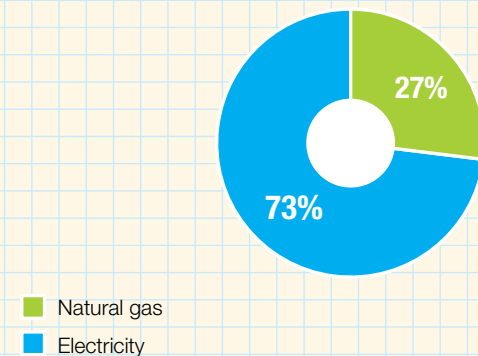
#### FIRST CAPITAL REALTY'S ENERGY CONSUMPTION (kWh) IN OPEN-AIR SHOPPING CENTERS



### FIRST CAPITAL REALTY'S 2012 ENERGY CONSUMPTION AND COSTS BY ENERGY SOURCE IN ENCLOSED SHOPPING CENTERS

| Source      | Consumption (kWh) |
|-------------|-------------------|
| Natural Gas | 13,910,000        |
| Electricity | 37,542,000        |
| Total       | 51,452,000        |

#### FIRST CAPITAL REALTY'S ENERGY CONSUMPTION (kWh) IN ENCLOSED SHOPPING CENTERS



## Citycon: Energy



In 2012, CityCon's total energy consumption was 2,718 Mwh. It procured a total of 183.4 gigawatt hours of electricity in 2012. The annual target for reduction in energy consumption was achieved. The total consumption of primary energy in Citycon was 1,956 terajoules.

### ENERGY CONSUMPTION BY PROPERTY TYPE

| Type of Waste Stream        | Electricity Consumption in Common Areas | Heat Consumption | Total Energy Consumption* |
|-----------------------------|---|------------------|---------------------------|
| <b>2009</b>                 |   |                  |                           |
| Shopping Centers            | 92,217                                  | 108,966          | 201,378                   |
| Other Retail Properties     | 16,193                                  | 30,529           | 46,769                    |
| <b>2010</b>                 |   |                  |                           |
| Shopping Centers            | 91,596                                  | 136,142          | 229,217                   |
| Other Retail Properties     | 13,256                                  | 35,200           | 48,584                    |
| <b>2011</b>                 |   |                  |                           |
| Shopping Centers            | 92,520                                  | 109,655          | 204,862                   |
| Shopping Centers            | 21,189                                  | 28,498           | 49,746                    |
| <b>2012</b>                 |   |                  |                           |
| Shopping Centers            | 90,657                                  | 115,285          | 210,155                   |
| Shopping Centers            | 19,002                                  | 28,110           | 47,129                    |
| Change-% in SC 2012/2011    | -2.0%                                   | 5.1%             | 2.6%                      |
| Change-% in Other 2012/2011 | -10.3%                                  | -1.4%            | -5.3%                     |
| Change-% in SC 2012/2009    | -1.7%                                   | 5.8%             | 4.4%                      |
| Change-% in Other 2012/2009 | 17.3%                                   | -7.9%            | 0.8%                      |



ENERGY



ENERGY CONSUMPTION

| MWh                | Electricity Consumption in Common Areas | Heat Consumption | Total Energy Consumption* |
|--------------------|---|------------------|---------------------------|
| 2009               | 108,409                                 | 139,495          | 248,147                   |
| 2010               | 104,853                                 | 171,342          | 277,801                   |
| 2011               | 113,710                                 | 138,163          | 254,608                   |
| 2012               | 109,659                                 | 143,395          | 257,284                   |
| Change-% 2012/2011 | -3.6%                                   | 3.8%             | 1.1%                      |
| Change-% 2012/2009 | 1.2%                                    | 2.8%             | 3.7%                      |

ENERGY CONSUMPTION IN LIKE-FOR-LIKE SHOPPING CENTERS

| MWh                | Electricity Consumption in Common Areas | Heat Consumption | Total Energy Consumption* |
|--------------------|---|------------------|---------------------------|
| 2011               | 68,773                                  | 83,008           | 153,600                   |
| 2012               | 65,213                                  | 84,300           | 151,007                   |
| Change-% 2012/2011 | -5.2%                                   | 1.5%             | -1.7%                     |

\*Total energy consumption incl. electricity in common or gas heating and cooling



ENERGY CONSUMPTION

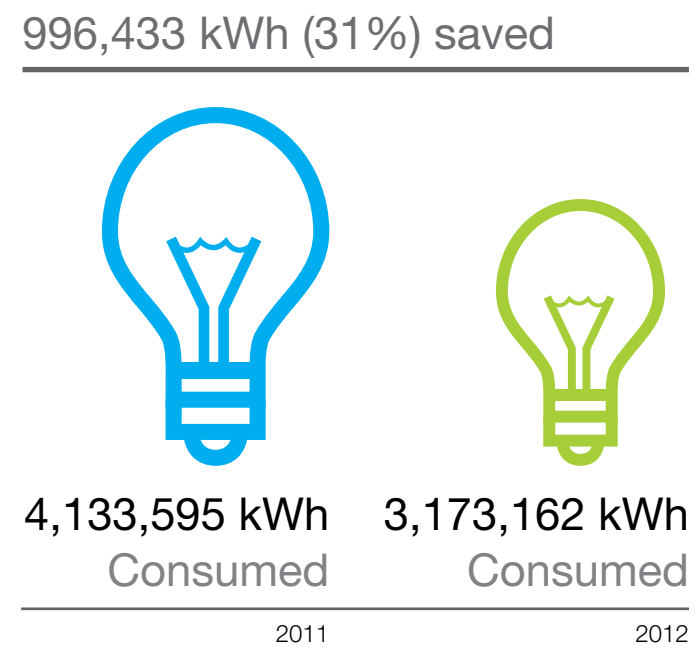
The following graph illustrates the consumption of natural gas or electricity at Citycon’s different categories of shopping centers for the years 2010 through 2012, including the percentage change from 2011 to 2012.

| Asset Class               | 2010 (MWh) | 2011 (MWh) | 2012 (MWh) | Change (%) 2011 Versus 2012 |
|---------------------------|------------|------------|------------|-----------------------------|
| Open-air Shopping Centers |            |            |            |                             |
| Natural Gas               | 19,452     | 20,029     | 15,338     | -23                         |
| Electricity               | 47,802     | 47,010     | 44,535     | -5                          |
| Total for Asset Class     | 67,254     | 67,038     | 59,874     | -11                         |
| Enclosed Shopping Centers |            |            |            |                             |
| Natural Gas               | 23,991     | 28,693     | 26,261     | -8                          |
| Electricity               | 48,387     | 46,574     | 45,504     | -2                          |
| Total for Asset Class     | 72,377     | 75,226     | 71,765     | -5                          |
| Office Buildings          |            |            |            |                             |
| Natural Gas               | 5,136      | 4,734      | 4,239      | -10                         |
| Electricity               | 7,540      | 7,561      | 7,649      | 1                           |
| Total for Asset Class     | 12,676     | 12,295     | 11,888     | -3                          |
| Entire Portfolio          | 152,307    | 154,599    | 143,527    | -7                          |

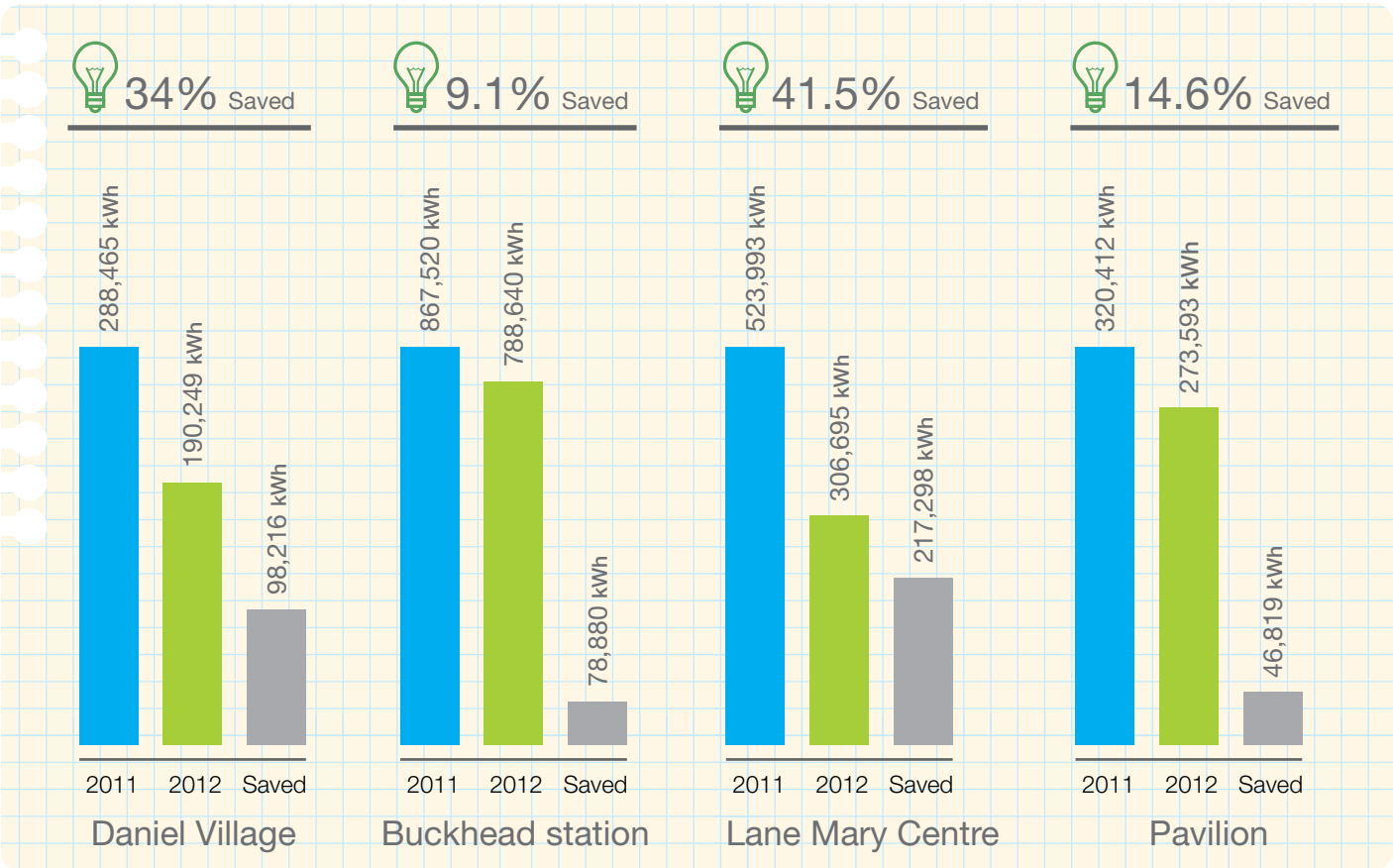
2010 and 2011 energy consumption and costs were updated to reflect Citycon’s portfolio as of December 31, 2011.

# ENERGY

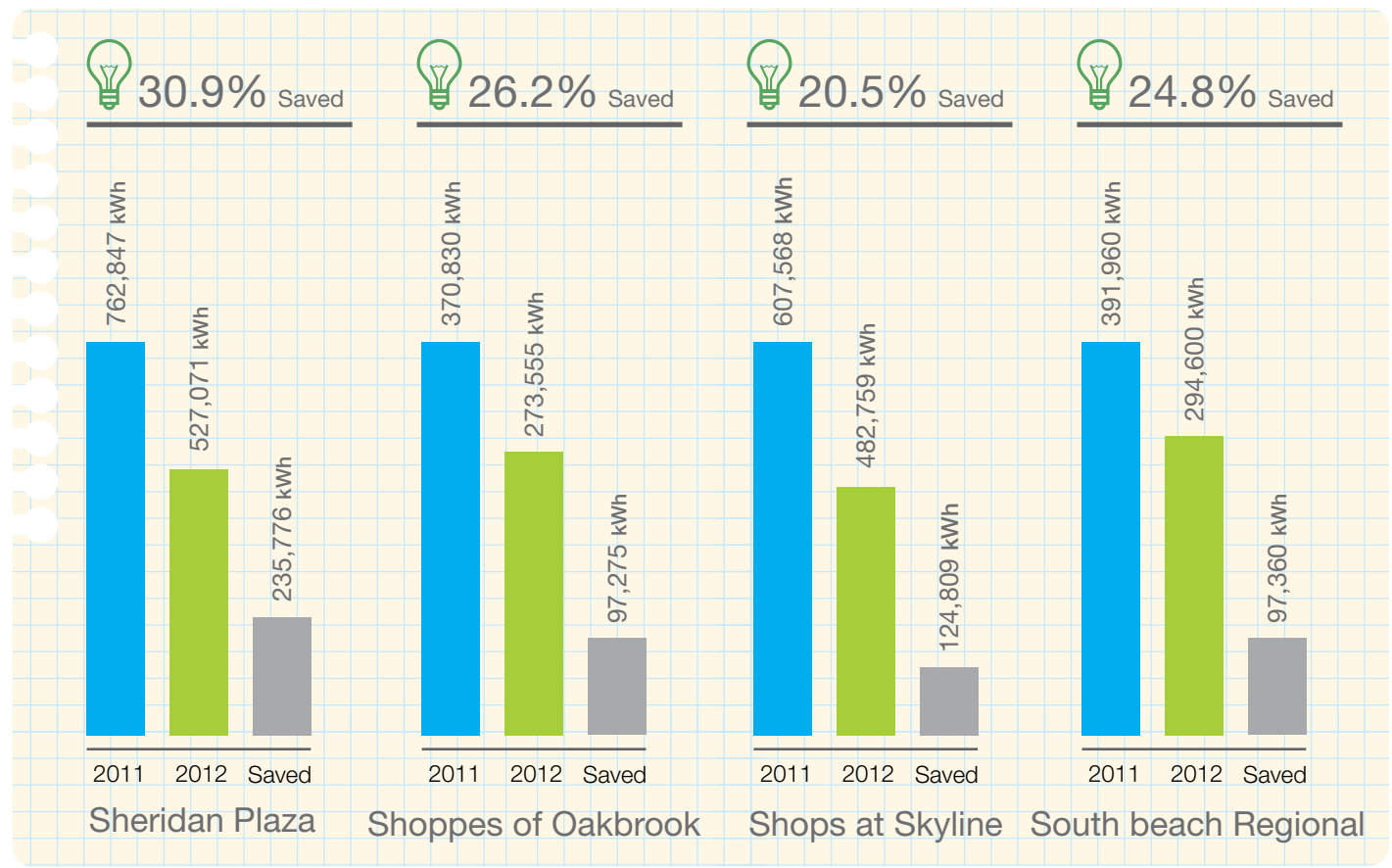
## Equity One: TOTAL LIGHTING CONSUMPTION



### TOTAL LIGHTING CONSUMPTION



## Equity One: TOTAL LIGHTING CONSUMPTION





# ENERGY CONSERVATION

We consume significant amounts of energy to light, heat and cool our properties. As such, we are increasingly focused on the conservation of energy in all of our operations, and on the utilization of alternative energy sources where possible to operate our shopping centers and other properties. This is an ongoing process which has not yet been implemented fully throughout our operations. **GC7 GC8 GC9**

## First Capital Realty:

In 2012 First Capital Realty continued to implement energy conservation measures in its portfolio. The

Company continues to upgrade lighting systems with motion sensors, photo cells and astronomical timers. First Capital Realty retrofitted existing lighting to more energy-efficient technology, such as LED, in numerous properties including Shops at King Liberty, Parkway Mall Rutherford Marketplace and Southpark. At Wellington Corners, exterior lighting was re-wired to provide flexibility to turn off zones during non-operating periods without compromising public security. Consequently, the electricity consumption in 2012 at Wellington Corners decreased by 10 percent from 2011. Working with cleaning staff to co-ordinate turning off lights manually after hours, the Tillsonburg Town Centre reduced its energy consumption by 13 percent in 2012 compared to 2011.

Race to Reduce: The Company registered 85 Hanna Avenue and the Barrymore building as participating buildings in Greening Greater Toronto's Race to Reduce, a Greater Toronto CivicAction Alliance initiative. This challenge aims to reduce energy consumption by participating office buildings by 10 percent over a four-year period.

FCR spent approximately \$5.9 million on environmental expenditures in 2012.

### FCR ENVIRONMENTAL EXPENDITURES

| Category                        | 2010 (\$)        | 2011 (\$)        | 2012 (\$)        | Change (%)<br>2011 Versus 2012 |
|---------------------------------|------------------|------------------|------------------|--------------------------------|
| Building Certifications         | 665,000          | 658,100          | 1,296,700        | 97                             |
| Consulting                      | 323,000          | 65,000           | 186,800          | 187                            |
| Legal                           | 177,000          | 183,400          | 82,000           | -55                            |
| Liability Insurance             | 110,000          | 143,000          | 182,600          | 28                             |
| Site Assessment and Remediation | 1,766,000        | 3,439,500        | 4,168,400        | 21                             |
| <b>Total</b>                    | <b>3,041,000</b> | <b>4,489,000</b> | <b>5,916,500</b> | <b>32</b>                      |

## Equity One: Lighting/Energy Management

EQY has initiated a pilot program on eight of its properties in Florida and Georgia to install energy management systems on common area parking lot lighting. The systems were installed to reduce or eliminate unnecessary lighting after operating hours. As a result, EQY reduced the overall landlord-controlled energy consumption of this group of properties by nearly a million kWh. EQY expects to deploy additional systems strategically across its portfolio. It also deployed a pilot for LED parking lot lighting at one shopping center in Florida to replace inefficient lighting, and EQY anticipates that the new LED fixtures will reduce overall consumption by 67%.

## Citycon: Ecology and Economy

At Citycon, ecology and economy go hand in hand. To achieve its environmental targets, Citycon applies the following principles:

- Taking the environment into account in all operative functions.
- Complying with statutory rules and regulations, and preparing in advance for future legislative changes through active monitoring of transformations in society.
- Continuously developing the management, steering and reporting of environmental practices.
- Expecting partners to operate in a way that supports the fulfillment of Citycon's agenda.
- Ensuring that the company rate in a way that supports the fulfillment to all stakeholders.
- Guiding personnel towards sustainability in environmental issues through goal setting, training and internal communications.

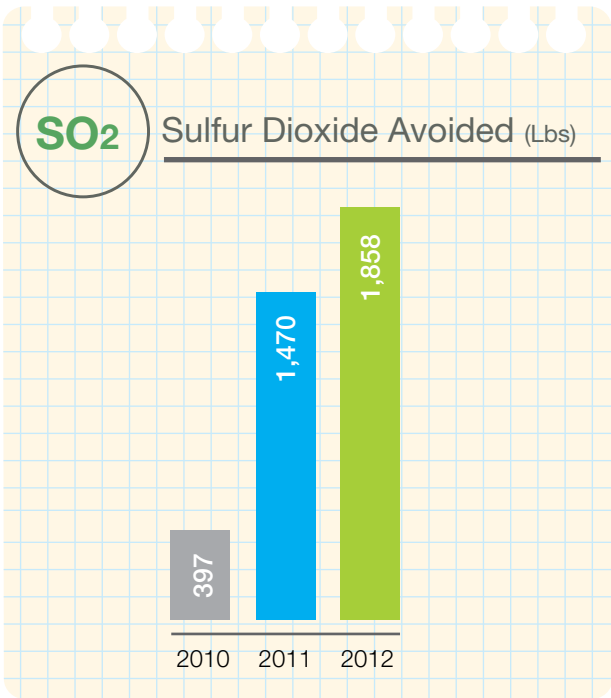
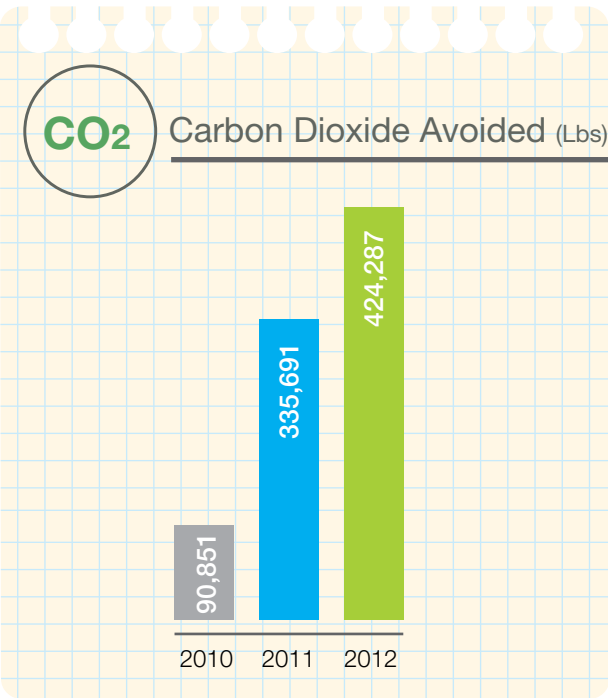
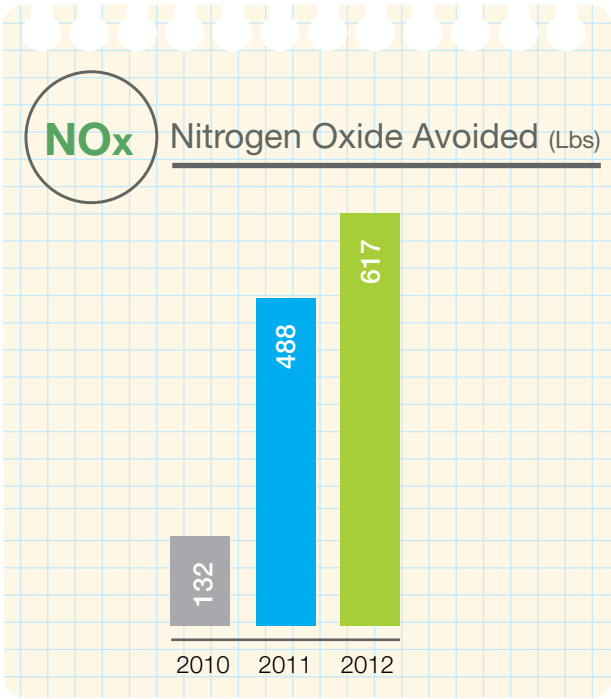
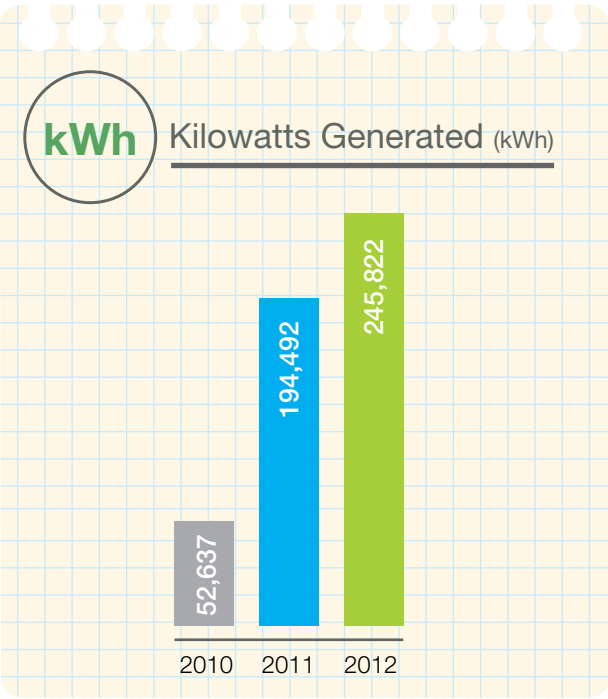
Through its environmental program, Citycon aims to curb climate change, improve energy efficiency, reduce water consumption, enhance waste management and promote sustainable construction and land use.

## Equity One: Solar Power Generation

EQY installed a 200kW solar array at its Webster, Massachusetts property which provides benefits to its grocery tenant. The system generated nearly a quarter of a million kWh during 2012 bringing lifetime production to nearly half a million kWhs since inception in 2010. EQY is continuing to evaluate further opportunities for renewable energy sources at its properties.

The following graphs illustrate the nitrogen oxide, carbon dioxide and sulfur dioxide avoided by Equity One during the years 2010, 2011 and 2012, as well as kilowatts generated during those years:

# Equity One:



# Citycon:



Citycon aims to increase its energy-efficiency at each of its properties using consumption data, energy audits and equipment life cycle analyses. Total energy consumption in like-for-like shopping centre properties decreased by 1.7 per cent in 2012 compared to the previous year. Energy consumption in properties constitutes 99.2 per cent of Citycon's carbon footprint.

hours. Each fixture within the parking lot is fitted with an individual controller so that the kWh reduction on the lighting system is maximized and we are able to optimize scheduling around tenant operations. During the reporting period, EQY was able to reduce the overall landlord-controlled energy consumption over this group of properties by 996,433 kWh. They expect to deploy additional systems strategically across the portfolio in future reporting periods. In addition, there is a pilot for LED parking lot

lighting at one shopping center in Florida. This property previously utilized incandescent light fixtures for the under-canopy lighting and high-pressure sodium fixtures for the pole lighting in the parking lot areas. These antiquated fixtures were not only inefficient, but they also did not provide optimal lighting for the shopping center. EQY anticipates these new LED fixtures will reduce the overall consumption at this center by 67%. **GC8**

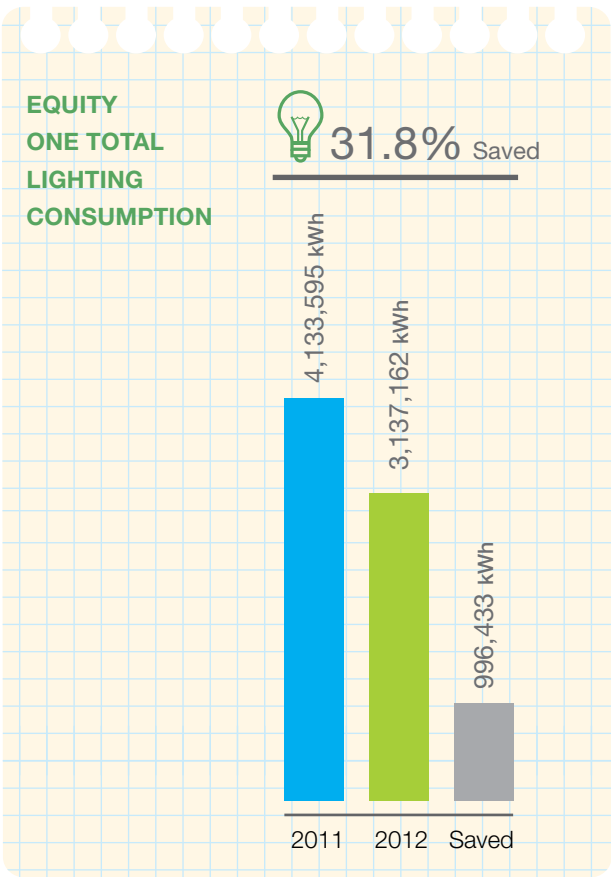
# Equity One:



EQY is increasingly focused on the conservation of energy on all of our operations, and on the utilization of alternative energy sources where possible to operate our shopping centers and other properties.

## Focused on LEED developments

EQY's development team finalized its LEED certification during the 2013 reporting period. A LEED Silver certification for this EQY Initiated a pilot program on eight properties in Florida and Georgia to install energy management systems on common area parking lot lighting. These systems were installed to reduce or eliminate unnecessary lighting after operating





# WATER

Our properties use water to support cleaning activities, supply landscape irrigation and to provide sewage conveyance, as well as for consumption by our employees, tenants and their customers. In most cases, municipal water treatment plants provide our properties with potable water, and our wastewater is sent to municipal treatment plants. We recognize the vital importance of promoting the responsible use and conservation of water in all of our operations. **GC7**

## First Capital Realty:

FCR's properties use water to supply drinking water, support maintenance cleaning activities, supply landscape irrigation and provide sewage conveyance. Municipal water treatment plants provide potable water to its portfolio, and municipal waste water treatment plants treat its waste water. Typically, there is one water meter installed by the utility at each property. The Province of Quebec is an exception. Typically, water consumption is not metered in Quebec, and water costs are

included in the municipal property tax assessment.

In most cases, tenants in FCR's open-air and enclosed shopping centers and offices are not separately metered for their water consumption. FCR charges back the costs of water consumption proportionately to the tenants based on their square footage.

Open-air shopping centers comprised 71% of the GLA reporting water consumption and consumed 73% of the water consumption. Enclosed shopping centres comprised 26% of the GLA reporting water consumption and consumed 22% of the water consumption. Office buildings comprised 3% of the GLA reporting water consumption and consumed 4% of the water consumption.

**Great Canadian Shoreline Cleanup:** In 2012 FCR employees participated nationally for the fourth year in the Great Canadian Shoreline Cleanup. This national program is Canada's largest contributor to the International Coastal Cleanup, a global initiative to remove litter and aquatic debris from shorelines. In 2012, 136,036 kilograms of litter was removed from 3,102 kilometers of Canadian shoreline by all program participants combined.

## First Capital Realty:

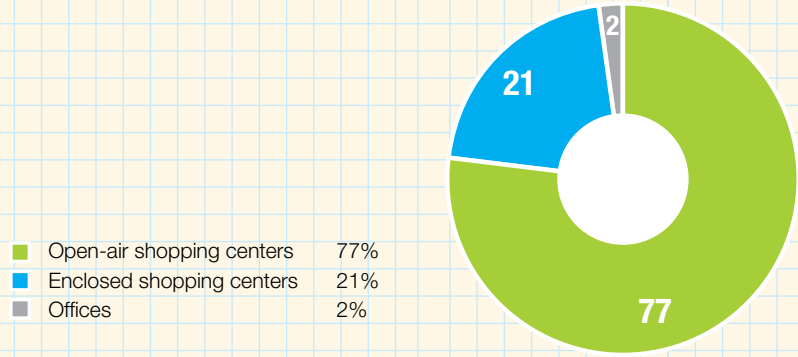


### FIRST CAPITAL REALTY WATER CONSUMPTION<sup>1</sup>

| Asset Class               | 2010 (10 <sup>6</sup> L) | 2011 (10 <sup>6</sup> L) | 2012 (10 <sup>6</sup> L) | Change (%)<br>2011 Versus 2012 |
|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------------|
| Open-air shopping centers | 999                      | 974                      | 993                      | 2                              |
| Enclosed shopping centers | 318                      | 302                      | 305                      | 1                              |
| Offices                   | 64                       | 55                       | 59                       | 7                              |
| <b>Entire Portfolio</b>   | <b>1,381</b>             | <b>1,331</b>             | <b>1,357</b>             | <b>2</b>                       |

<sup>1</sup>2010 and 2011 water consumption and costs were updated to reflect FCR's portfolio as of December 31, 2011.

### FIRST CAPITAL REALTY 2011 WATER CONSUMPTION IN FCR'S ENTIRE PORTFOLIO



## WATER

### Citycon: Water Consumption



Citycon's water consumption decreased by 2% in 2012 compared to the previous year and water consumption by like-for-like shopping

center properties declined by 10%. Water consumption proportionate to sales decreased by 9% compared to the previous year resulting from changes in the property portfolio in Sweden, where apartments were sold during the year. In 2012, water consumption per visitor in Citycon's

shopping centers was 4.2 liters, and 3.9 liters in like-for-like shopping centers, meeting Citycon's target for reducing water consumption per visitor in 2012. **GC8**

#### TOTAL WATER CONSUMPTION

| M <sup>3</sup>     | Total water consumption | Total water consumption in shopping centers | Total water consumption in like-for-like shopping centers | Water intensity in shopping centers liter/visitor | Water intensity in like-for-like shopping centers liter/visitor |
|--------------------|-------------------------|---|---|---|---|
| 2009               | 541,130                 | 484,583                                     | 373,559   | 4.2   | 4.2   |
| 2010               | 562,604                 | 487,275                                     | 392,711   | 4.0   | 4.1   |
| 2011               | 639,457                 | 573,626                                     | 425,060   | 4.3   | 4.4   |
| 2012               | 626,953                 | 576,637                                     | 382,533   | 4.2   | 3.9   |
| Change-% 2012/2011 | -2.0%                   | 0.5%  | -10.0%  |   |   |
| Change-% 2012/2009 | 15.9%                   | 19.0%                                       | 2.4%  |   |   |

### First Capital Realty: Water Conservation and Management Measures:



FCR completed water audits on the irrigation systems of several of its properties during 2012, and awarded a contract for the management of water invoices to a third-party provider

in order to improve its operational efficiencies and develop a cohesive data collection and reporting system for water consumption and costs. **GC8**

### Equity One: Responsible Corporate Operations



As part of its corporate initiatives and IT infrastructure upgrades, our EQY subsidiary implemented an automated utility data collection system that tracks all electric, gas and water consumption under EQY's control. The system will allow EQY to analyze energy consumption data across its property portfolio to better discover inefficiencies and provide opportunities for capital improvements for long-term reductions in utility expenditures for savings and enhancement of value. The automated process will further drive internal efficiencies through streamlining processes that were previously accomplished manually. The system became fully operational at the end of the reporting period.

An illustration of EQYs focus on its ecological footprint is its implementation of a more effective pesticide management system.

### Gazit Israel:



Our Israeli subsidiary is building its new center in Yavne according to a new Israeli standard that calls for surface runoff water to drain into aquifers. To meet this standard, the company is creating a complex drainage system which includes drilling a hole into the subsurface. **GC8 GC9**

Our subsidiaries vary in their levels of implementation of water conservation measures. For example, First Capital Realty awarded a contract for the management of water invoices to a third-party provider in order to improve its operational efficiencies and develop a cohesive data collection and reporting system for water consumption and costs. **GC8**



G Kfar Saba, Israel

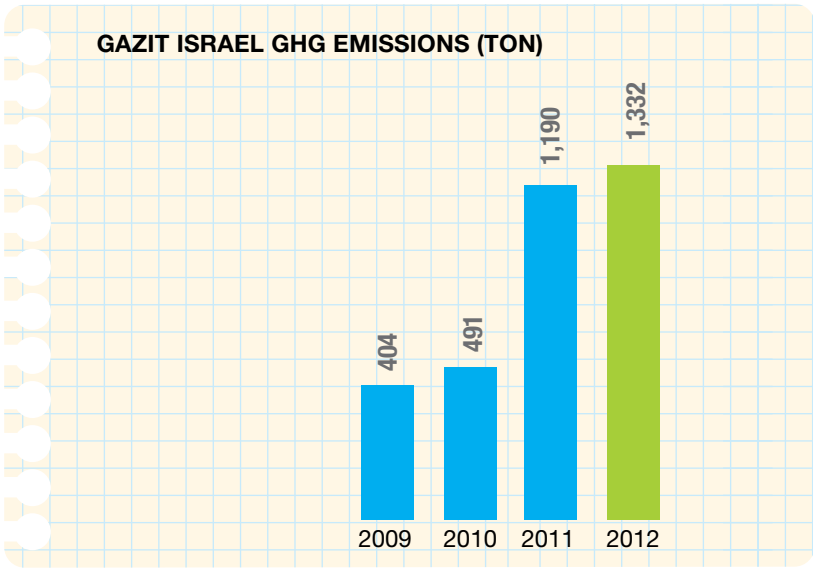


# EMISSIONS, EFFLUENTS & WASTE

## Gazit-Globe Israel



The following graph illustrates Gazit Israel's GHG emissions for the period:



## First Capital Realty: GHG Emissions



GHG emissions result from the burning of fossil fuels to provide power, heating and cooling to FCR's properties. The majority of tenants in its open-air retail shopping centers are separately metered for natural gas and electricity consumption and pay the utility

companies directly for their energy consumption. Therefore, the GHG emissions from these energy sources are not included in its CR reporting. However, GHG emissions from energy sources used to provide power, heat and cooling in enclosed shopping centers or office buildings which are not separately metered were included in its report.

Open-air shopping centers comprised 72% of the GLA reporting GHG emissions and generated 34% of the

emissions. Enclosed shopping centers comprised 26% of the GLA reporting GHG emissions and generated 58% of the emissions generated. Offices comprised 2% of the GLA reporting GHG emissions and generated 8% of the emissions.

## First Capital Realty:



### GHG EMISSIONS<sup>1</sup>

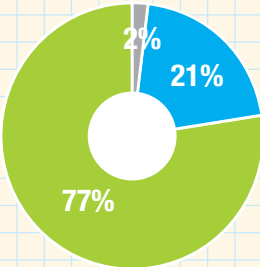
| Asset Class                      | 2010<br>(CO <sub>2</sub> e Tonnes) | 2011<br>(CO <sub>2</sub> e Tonnes) | 2012<br>(CO <sub>2</sub> e Tonnes) | Change (%)<br>2011 Versus 2012 |
|----------------------------------|------------------------------------|------------------------------------|------------------------------------|--------------------------------|
| <b>Open-air Shopping Centers</b> |                                    |                                    |                                    |                                |
| Scoop 1                          | 3,530                              | 3,636                              | 2,791                              | -23                            |
| Scoop 2                          | 11,352                             | 11,018                             | 10,143                             | -8                             |
| Scoop 3                          | 331                                | 308                                | 298                                | -3                             |
| <b>Total for Asset Class</b>     | <b>15,213</b>                      | <b>14,962</b>                      | <b>13,232</b>                      | <b>-12</b>                     |
| <b>Enclosed Shopping Centers</b> |                                    |                                    |                                    |                                |
| Scoop 1                          | 4,380                              | 5,235                              | 4,794                              | -8                             |
| Scoop 2                          | 17,945                             | 17,495                             | 17,584                             | -1                             |
| Scoop 3                          | 119                                | 117                                | 114                                | -3                             |
| <b>Total for Asset Class</b>     | <b>22,444</b>                      | <b>22,847</b>                      | <b>22,492</b>                      | <b>-2</b>                      |
| <b>Office Buildings</b>          |                                    |                                    |                                    |                                |
| Scoop 1                          | 930                                | 858                                | 769                                | -10                            |
| Scoop 2                          | 2,428                              | 2,431                              | 2,442                              | 0                              |
| Scoop 3                          | 20                                 | 18                                 | 18                                 | 0                              |
| <b>Total for Asset Class</b>     | <b>3,378</b>                       | <b>3,307</b>                       | <b>3,229</b>                       | <b>-2</b>                      |
| <b>Entire Portfolio</b>          | <b>41,035</b>                      | <b>41,116</b>                      | <b>38,953</b>                      | <b>-5</b>                      |

<sup>1</sup>2010 and 2011 GHG emissions were updated to reflect FCR's portfolio as of December 31, 2011.

First Capital Realty:

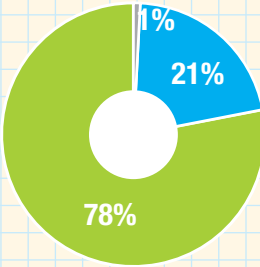


2012 GHG EMISSIONS IN OPEN-AIR SHOPPING CENTERS



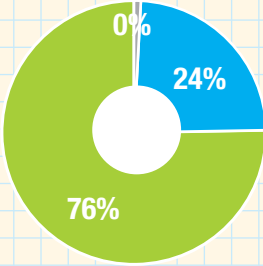
■ Scope 1  
■ Scope 2  
■ Scope 3

2012 GHG EMISSIONS IN ENCLOSED SHOPPING CENTERS



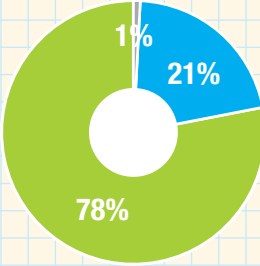
■ Scope 1  
■ Scope 2  
■ Scope 3

2012 GHG EMISSIONS IN OFFICE BUILDINGS



■ Scope 1  
■ Scope 2  
■ Scope 3

2011 GHG EMISSIONS IN ENTIRE PORTFOLIO



■ Scope 1  
■ Scope 2  
■ Scope 3

Citycon:

GHG Emissions



TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS

| Category                                       | 2012   | 2011   | 2010   | 2009   |
|--|--------|--------|--------|--------|
| Electricity in common areas                    | 20,744 | 21,079 | 17,180 | 18,106 |
| Tenants' Electricity supplied by the landlord* | 25,506 | 23,222 | 18,001 | 17,705 |
| District heating and cooling in properties     | 27,269 | 25,314 | 32,335 | 26,754 |
| Electricity and heat in office occupation      | 63     | 61     | 51     | 50     |
| Wastewater in properties                       | 234    | 239    | 210    | 202    |
| Waste in properties                            | 74     | 77     | 68     | 60     |
| Business travel                                | 239    | 275    | 473    | 282    |
| Commuting                                      | 76     | 78     | 117    | 106    |
| Paper consumption and mail                     | 3      | 4      | 2      | 3      |
| Total  | 74,208 | 70,348 | 68,438 | 63,267 |

\*Citycon also reports emissions from tenants' electricity consumption in cases where Citycon is responsible for electricity procurement. When energy procurement is on tenant's responsibility, it has been excluded from reporting

In calculating its carbon footprint, Citycon applies the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development. The emissions factors for energy are based on country-specific statistics gathered by the IEA consisting of five year

averages (2005-2009) for electricity and heat generation. In calculation of greenhouse gas intensity from building energy, the same principles are applied as in the energy intensity calculation. Used nuclear fuel is calculated on the basis of nuclear fuel use in Finnish and Swedish nuclear power plants and the total electricity

generation in the Nordic area. Nuclear fuel amounts are from the Finnish Energy Industries and total electricity generation from Nord Pool Spot AS. Acidifying emission factors (in SO2-eqv.) are based on historical estimates on country specific emissions from energy production.



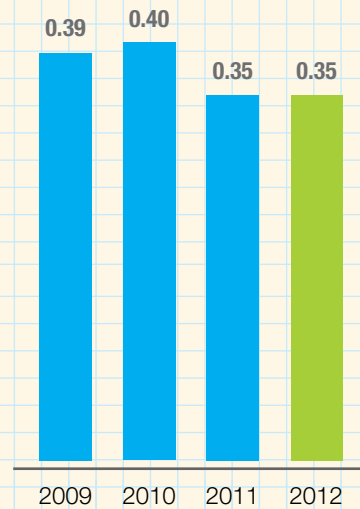
## EMISSIONS, EFFLUENTS & WASTE

### Citycon:



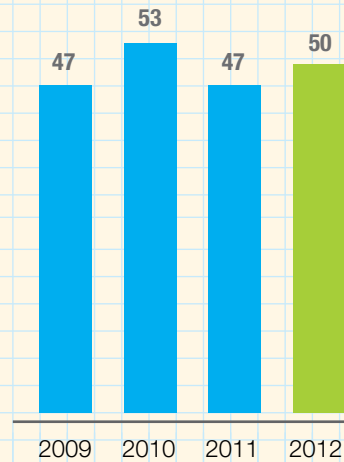
#### GREENHOUSE GAS INTENSITY FROM BUILDING ENERGY CRE3

kgCO<sub>2</sub>e/visitor



#### GREENHOUSE GAS INTENSITY FROM BUILDING ENERGY CRE3

kgCO<sub>2</sub>e/sqm



### Gazit-Israel:



In every one of our centers/properties in which restaurants, food retailers etc. operates oily sewage treatment facilities exist on the premises. The oily substances are aggregated and transferred through contained process into a designated waste management sites. As a result of the oily sewage treatment, the biological impact is being significantly reduced.

This system significantly reduces the backup of biological waste and transfers it to a wastewater treatment plant. **GC8 GC9**

Gazit-Globe's headquarters building's waste water and rain water is led to the municipal sewer system.

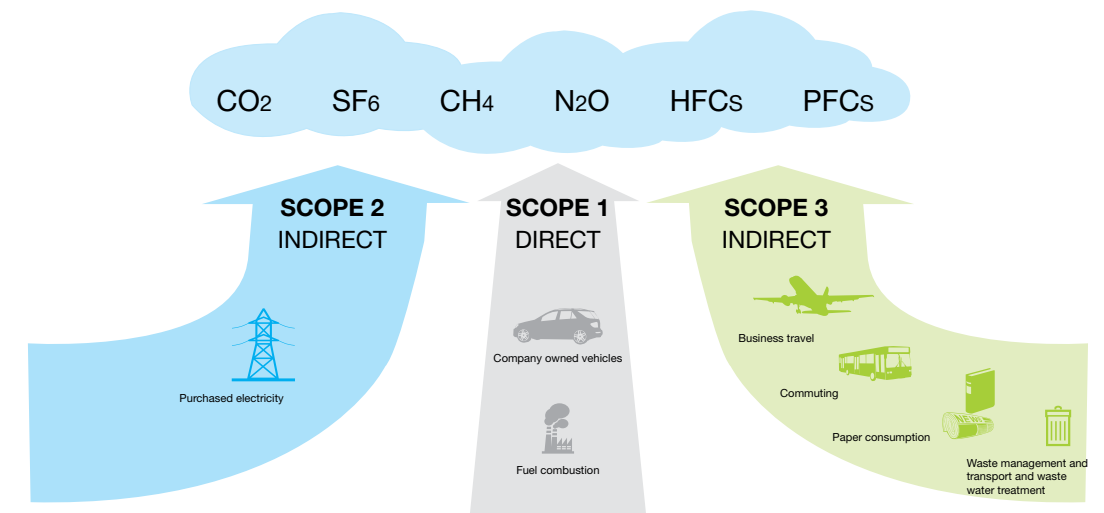
### First Capital Realty:



#### Waste Disposal

FCR does not discharge wastewater directly to a receiving water body. FCR's wastewater discharges comprise grey and blackwater from building operations. Municipal wastewater treatment plants treat these wastewaters before discharging

into water bodies. Some exceptions do apply. Wastewater from properties located in the Greater Victoria Area is discharged directly into a municipal sewer system that discharges to the Pacific Ocean. The Greater Victoria Area does not have a municipal waste water treatment plant. These properties represent 2.3% of FCR's GLA.



## EMISSIONS, EFFLUENTS & WASTE

### First Capital Realty:

#### Waste Disposal GC7 GC8

The following graph illustrates First Capital Realty's various methods for disposing of non-hazardous waste in its Ontario, Canada centers during 2010, 2011 and 2012::

| Method of Disposal      | 2010 (Tonnes) <sup>1</sup> | 2011 (Tonnes) <sup>2</sup> | 2012 (Tonnes) <sup>3</sup> | Change (%)<br>2011 Versus 2012 |
|-------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|
| Composting              | 590                        | 500                        | 425                        | -15                            |
| Recycling               | 2,440                      | 2,960                      | 2,583                      | -13                            |
| Waste to energy         | 3,750                      | 4,180                      | 2,762                      | -34                            |
| Landfill                | 2,140                      | 5,040                      | 6,307                      | 25                             |
| <b>Entire Portfolio</b> | <b>8,920</b>               | <b>12,680</b>              | <b>12,077</b>              | <b>-5</b>                      |

<sup>1</sup> 2010 data represented waste generated in 9.7 million square feet of FCR's portfolio

<sup>2</sup> 2011 data represented waste generated in 9.9 million square feet of FCR's portfolio

<sup>3</sup> 2012 data represented waste generated in 10.1 million square feet of FCR's portfolio

### Citycon: Waste Treatment



Properties managed by Citycon generated 14,896 tons of waste, of which 14,118 tons were collected from shopping centers and 778 tons from other properties. In 2012, waste volumes saw a year-on-year decrease of 3%. In addition, Citycon's waste volumes in like-for-like shopping centers decreased by 8.2% and its

waste volume proportionate to sales decreased by 12.2%.

Measures taken in 2012 to increase waste sorting included:

- Sorting instructions applicable in shopping centers were issued to all parties concerned, and were made electronically available at all times.
- Training was arranged in shopping centers as necessary to improve sorting and recycling.

### Citycon:

#### TOTAL WASTE AMOUNT BY BUSINESS UNITS

| Business Unit                     | 2012  | 2011   | 2010  | 2009  |
|-----------------------------------|-------|--------|-------|-------|
| Finland                           | 9,834 | 10,143 | 9,314 | 8,830 |
| Sweden                            | 4,067 | 4,379  | 3,734 | 2,598 |
| Baltic Countries and New Business | 994   | 839    | 596   | 491   |

#### TOTAL WASTE AMOUNT

|                    |        |
|--------------------|--------|
| 2009               | 11,920 |
| 2010               | 13,644 |
| 2011               | 15,361 |
| 2012               | 14,896 |
| Change % 2012/2011 | -3.0%  |
| Change % 2012/2009 | 25.0%  |

#### TOTAL WASTE AMOUNT IN SHOPPING CENTERS

|                    |        |
|--------------------|--------|
| 2009               | 11,382 |
| 2010               | 12,973 |
| 2011               | 14,596 |
| 2012               | 14,118 |
| Change % 2012/2011 | -3.3%  |
| Change % 2012/2009 | 24.0%  |

#### TOTAL WASTE AMOUNT IN LIKE-FOR-LIKE SHOPPING CENTERS

|                    |        |
|--------------------|--------|
| 2011               | 11,218 |
| 2012               | 10,293 |
| Change % 2012/2011 | -8.2%  |

#### RECYCLING RATE OF SHOPPING CENTERS

|      | Finland | Sweden | Baltic Countries<br>Sweden and New<br>Business | Total |
|------|---------|--------|--|-------|
| 2009 | 69.4%   | 95.7%  | 34.5%  | 73.6% |
| 2010 | 71.4%   | 98.6%  | 34.3%  | 77.1% |
| 2011 | 69.8%   | 94.8%  | 82.1%  | 77.1% |
| 2012 | 77.5%   | 95.5%  | 86.4%  | 83.2% |



TOTAL WEIGHT OF WASTE IN CITYCON SHOPPING CENTERS BY TYPES

|                      | 2012   |        | 2011   |        | 2010   |        | 2009   |        |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                      | tn     | %      | tn     | %      | tn     | %      | tn     | %      |
| Non-hazardous waste  |        |        |        |        |        |        |        |        |
| Landfill             | 2,150  | 15.2%  | 3,033  | 20.8%  | 2,917  | 22.5%  | 2,948  | 25.9%  |
| Energy               | 3,909  | 27.7%  | 3,874  | 26.5%  | 3,540  | 27.3%  | 2,588  | 22.7%  |
| Paper                | 683    | 4.8%   | 671    | 4.6%   | 440    | 3.4%   | 446    | 3.9%   |
| Plastic              | 56     | 0.4%   | 54     | 0.4%   | 44     | 0.3%   | 66     | 0.6%   |
| Cardboard            | 3,588  | 25.4%  | 3,604  | 24.7%  | 3,697  | 28.4%  | 3,318  | 29.2%  |
| Compost              | 2,711  | 19.2%  | 2,193  | 15.0%  | 1,557  | 12.0%  | 1,398  | 12.3%  |
| Metal                | 145    | 1.0%   | 159    | 1.1%   | 128    | 1.0%   | 125    | 1.1%   |
| Glass                | 287    | 2.0%   | 384    | 2.6%   | 378    | 2.9%   | 286    | 2.5%   |
| Other recycled       | 338    | 2.4%   | 370    | 2.5%   | 236    | 1.8%   | 125    | 1.1%   |
| Other unsorted waste | 225    | 1.6%   | 230    | 1.6%   | 51     | 0.4%   | 54     | 0.5%   |
| Hazardous            | 26     | 0.2%   | 24     | 0.2%   | 3      | 0.0%   | 29     | 0.3%   |
| Total                | 14,118 | 100.0% | 14,596 | 100.0% | 12,973 | 100.0% | 11,382 | 100.0% |

TOTAL WEIGHT OF WASTE IN LIKE-FOR-LIKE CITYCON SHOPPING CENTERS BY TYPES

|                      | 2012   |        | 2011   |        |
|----------------------|--------|--------|--------|--------|
|                      | tn     | %      | tn     | %      |
| Non-hazardous waste  |        |        |        |        |
| Landfill             | 1,650  | 16.0%  | 2,263  | 20.2%  |
| Energy               | 2,890  | 28.1%  | 3,150  | 28.1%  |
| Paper                | 410    | 4.0%   | 422    | 3.8%   |
| Plastic              | 46     | 0.5%   | 44     | 0.4%   |
| Cardboard            | 2,566  | 24.9%  | 2,648  | 23.6%  |
| Compost              | 2,106  | 20.5%  | 1,792  | 16.0%  |
| Metal                | 100    | 1.0%   | 117    | 1.0%   |
| Glass                | 222    | 2.2%   | 343    | 3.1%   |
| Other recycled       | 231    | 2.2%   | 263    | 2.3%   |
| Other unsorted waste | 65     | 0.6%   | 168    | 1.5%   |
| Hazardous            | 8      | 0.1%   | 8      | 0.1%   |
| Total                | 10,293 | 100.0% | 11,218 | 100.0% |

TOTAL WEIGHT OF WASTE IN CITYCON SHOPPING CENTERS BY DISPOSAL ROUTES

|                     | 2012   |        | 2011   |        | 2010   |        | 2009   |        |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                     | tn     | %      | tn     | %      | tn     | %      | tn     | %      |
| Non-hazardous waste |        |        |        |        |        |        |        |        |
| Landfill waste      | 2,375  | 16.8%  | 3,263  | 22.4%  | 2,968  | 22.9%  | 3,002  | 26.4%  |
| Incinerated waste   | 3,909  | 27.7%  | 3,874  | 26.5%  | 3,540  | 27.3%  | 2,588  | 22.7%  |
| Composted waste     | 2,711  | 19.2%  | 2,193  | 15.0%  | 1,557  | 12.0%  | 1,398  | 12.3%  |
| Recycled waste      | 4,759  | 33.7%  | 4,872  | 33.4%  | 4,669  | 36.0%  | 4,241  | 37.3%  |
| Reused waste        | 364    | 2.6%   | 394    | 2.7%   | 240    | 1.8%   | 153    | 1.3%   |
| Total               | 14,118 | 100.0% | 14,596 | 100.0% | 12,973 | 100.0% | 11,382 | 100.0% |

TOTAL WEIGHT OF WASTE IN LIKE-FOR-LIKE CITYCON SHOPPING CENTERS BY DISPOSAL ROUTES

|                     | 2012   |        | 2011   |        |
|---------------------|--------|--------|--------|--------|
|                     | tn     | %      | tn     | %      |
| Non-hazardous waste |        |        |        |        |
| Landfill waste      | 1,714  | 16.7%  | 2,432  | 21.7%  |
| Incinerated waste   | 2,890  | 28.1%  | 3,150  | 28.1%  |
| Composted waste     | 2,106  | 20.5%  | 1,792  | 16.0%  |
| Recycled waste      | 3,344  | 32.5%  | 3,574  | 31.9%  |
| Reused waste        | 238    | 2.3%   | 271    | 2.4%   |
| Total               | 10,293 | 100.0% | 11,218 | 100.0% |

PROPORTION OF WASTE BY DISPOSAL ROUTE BY CITYCON BUSINESS UNITS

| Non-hazardous waste | Finland | Sweden | Baltic Countries and New Business |
|---------------------|---------|--------|-----------------------------------|
| Landfill waste      | 22.5%   | 4.5%   | 13.6%                             |
| Incinerated waste   | 16.0%   | 51.3%  | 41.3%                             |
| Composted waste     | 24.0%   | 11.9%  | 3.8%                              |
| Recycled waste      | 34.3%   | 30.5%  | 41.1%                             |
| Reused waste        | 3.1%    | 1.9%   | 0.2%                              |
| Total               | 100%    | 100%   | 100%                              |

## EMISSIONS, EFFLUENTS & WASTE

### Citycon:

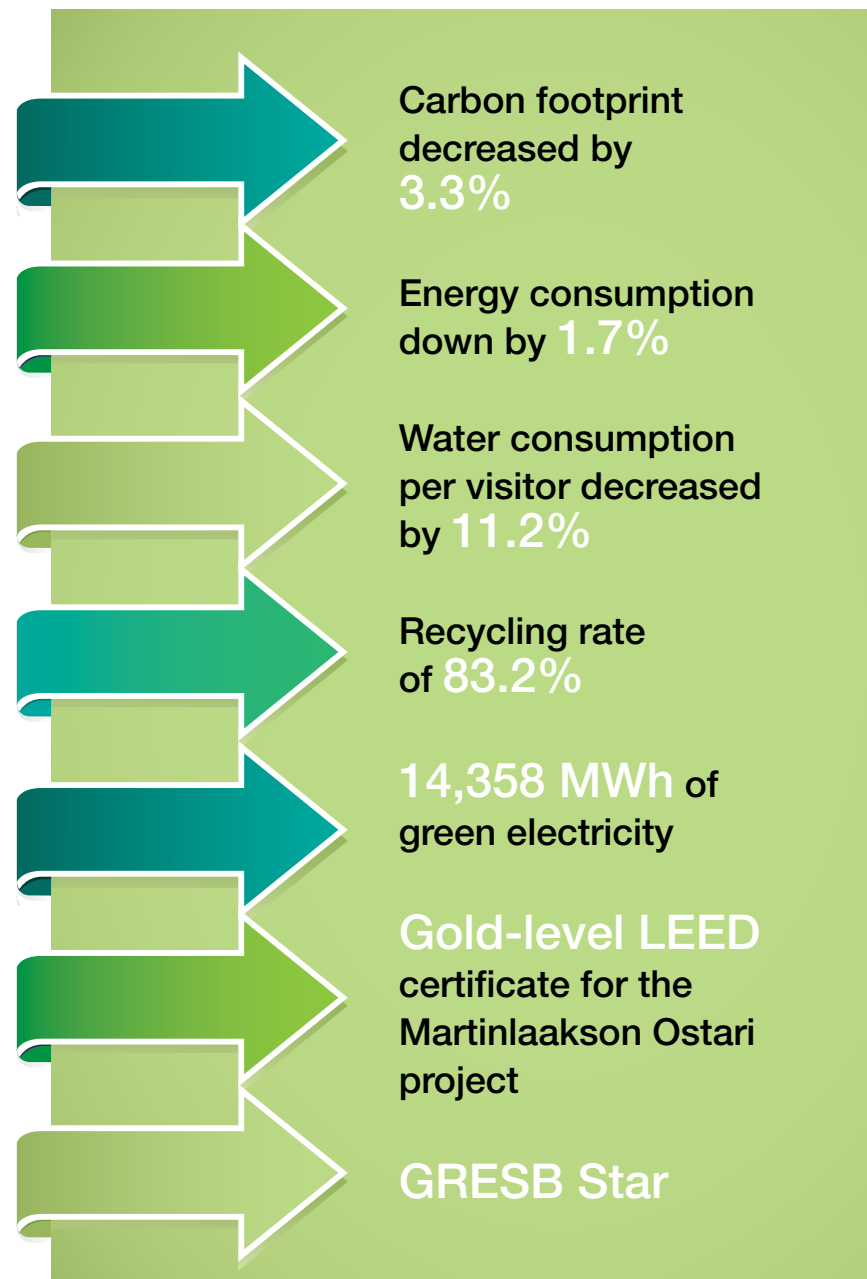
#### Environmental responsibility results for 2012

Citycon defined its long-term environmental responsibility objectives in connection with its strategic planning in 2009. It set targets for its carbon footprint, energy and water consumption, waste recycling rate as well as land use and sustainable construction. In 2012, Citycon's aim was to reduce its carbon footprint by 2-3%, energy consumption by 2-3% and water consumption in its comparable shopping centers by an average of 4 liters per visitor per year. In waste management the target for recycling rate was 78% and its annual target for its proportion of landfill waste out of total waste was 22%.

The total waste volume generated by Citycon's shopping centers amounted to 14,896 tons (15,361 tn), with landfill waste accounting for 2,375 tons (3,263 tn), or 15.9% (21.2%).

Waste volumes decreased by 3% compared to the previous year. Waste volume proportionate to sales showed a decrease of 12.2%. Waste volumes in like-for-like shopping centers, decreased by 8.2% from the previous year. The recycling rate in shopping centers improved in each business unit and was 83.2%. Citycon has improved in each business unit and waste and recycling goals were achieved.

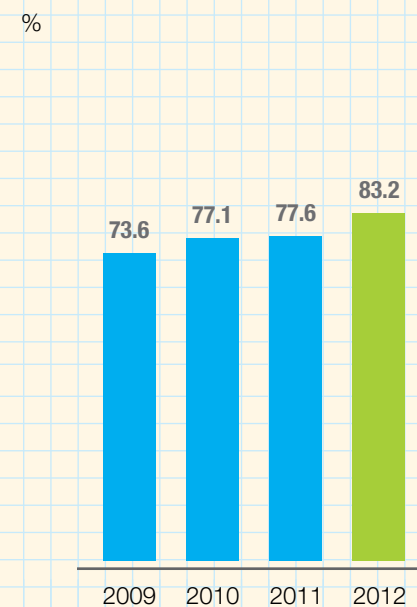
#### ENVIRONMENTAL RESPONSIBILITY



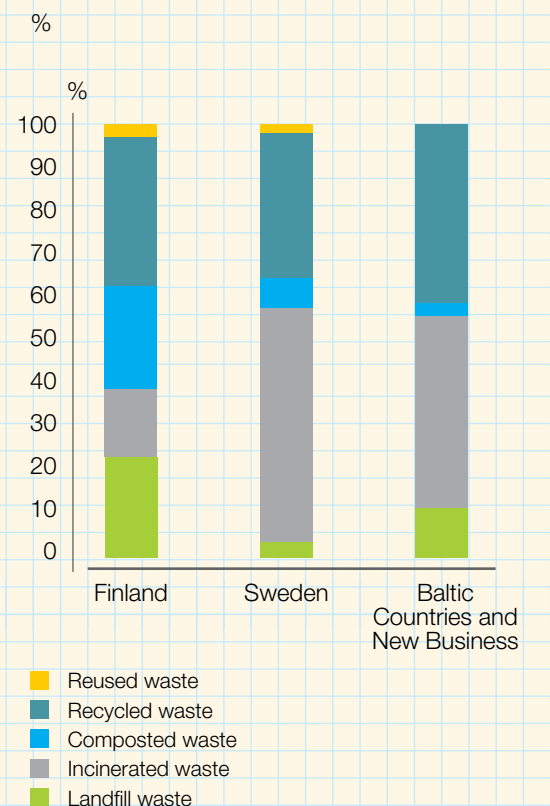
### Citycon:



#### RECYCLING RATE OF CITYCON SHOPPING CENTERS



#### PROPORTION OF WASTE BY DISPOSAL ROUTE BY CITYCON BUSINESS UNITS



#### RECYCLING RATE OF CITYCON SHOPPING CENTERS

|      | Finland | Sweden | Baltic Countries Sweden and New Business | Total |
|------|---------|--------|--|-------|
| 2009 | 69.4%   | 95.7%  | 34.5%                                    | 73.6% |
| 2010 | 71.4%   | 98.6%  | 34.3%                                    | 77.1% |
| 2011 | 69.8%   | 94.8%  | 82.1%                                    | 77.1% |
| 2012 | 77.5%   | 95.5%  | 86.4%                                    | 83.2% |



# EMISSIONS, EFFLUENTS & WASTE

## Equity One:

### Waste Stream



During 2011, EQY reduced the total number of operating properties under their waste program to 113 properties. This reduction was due to the sale of a portion of the property portfolio at the end of the reporting period.

During 2011, the operating properties in addition to the corporate and satellite offices generated a total of 399,438 yards of non-hazardous waste. Of the total waste volume,

189,043 yards or 47.3% was made up of recyclable materials. The remainder of this material, or 210,395 yards, was sent to waste disposal facilities. This waste data contains only information regarding disposal or recycling activities where EQY controls such activities.

During this reporting period, EQY generated a total of 359,518 yards of non-hazardous waste. Of the total waste volume, 162,258 yards, or 45%, was made up of recyclable materials and 77,433 yards were incinerated. The remainder of this material, or 119,827 yards, was sent to waste disposal facilities. Due to EQY's ability to identify the waste amounts sent

to incinerator facilities, it was able to achieve a total diversion rate of 66.7% (measured as the total recycled and incinerated waste divided by its total waste stream).

EQY actively audits its waste services each year to ensure that the property waste removal/recycling programs are in place for each shopping center.

The following is a snapshot of waste totals and resources saved: **GC8**

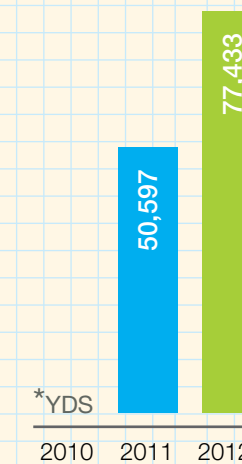
## Equity One:



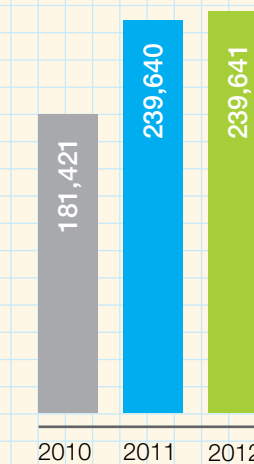
### EQUITY ONE: PROPERTY WASTE TOTALS



#### Incinerator (YDS)



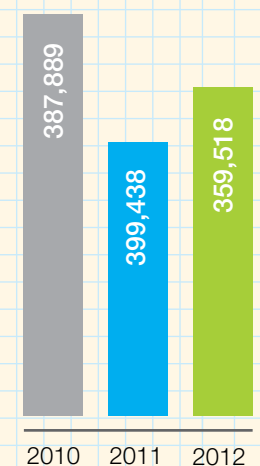
#### Diverted (YDS)



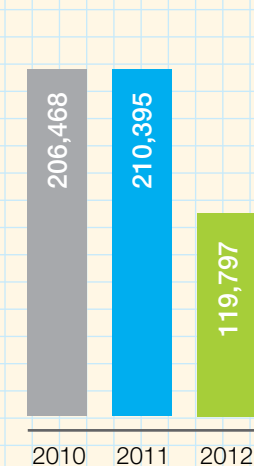
### EQUITY ONE: PROPERTY WASTE TOTALS



#### Generated (YDS)



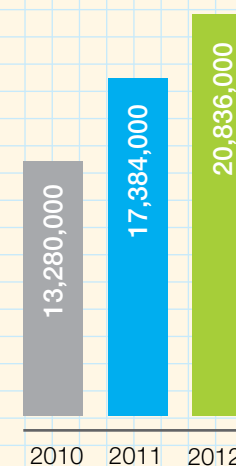
#### Landfill (YDS)



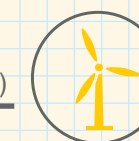
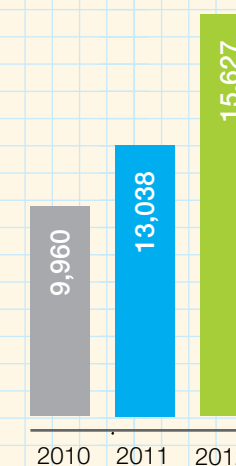
### EQUITY ONE: RESOURCES SAVED



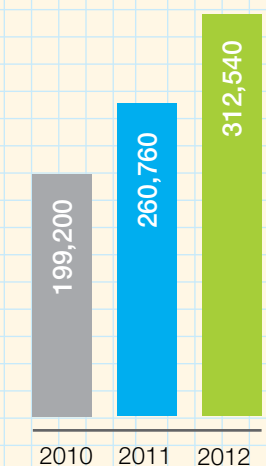
#### Energy (kW)



#### Landfill Space (Cu Yds)



#### Air Pollution Avoided (Tons)

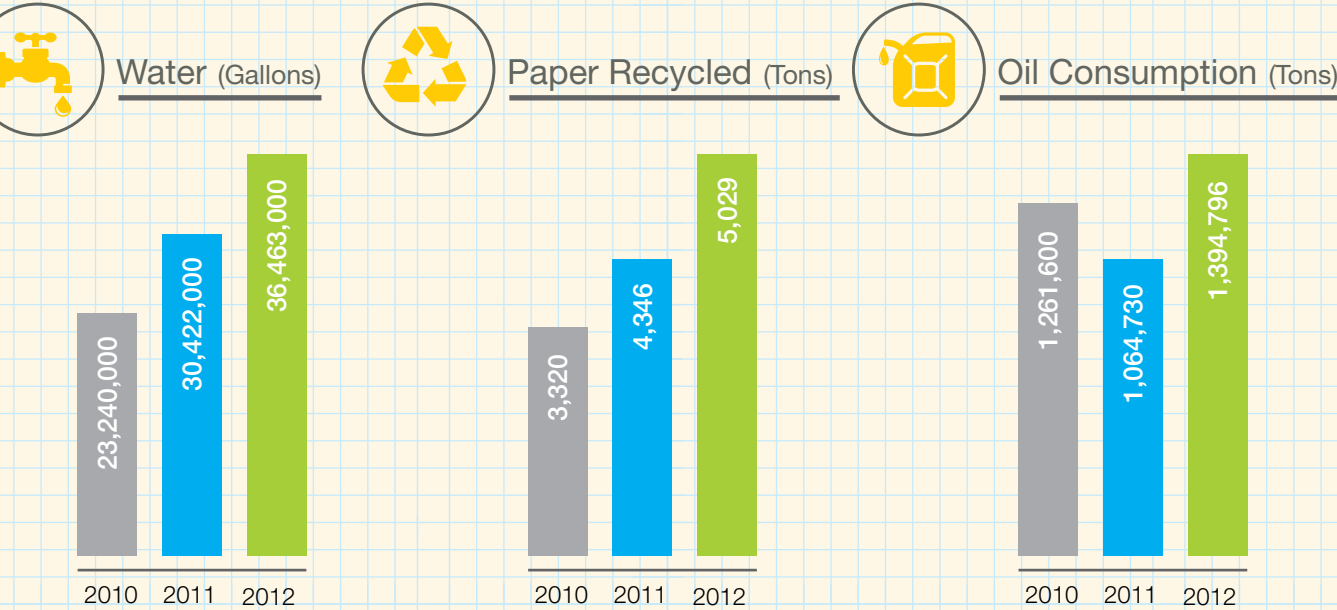


# EMISSIONS, EFFLUENTS & WASTE

## Equity One:



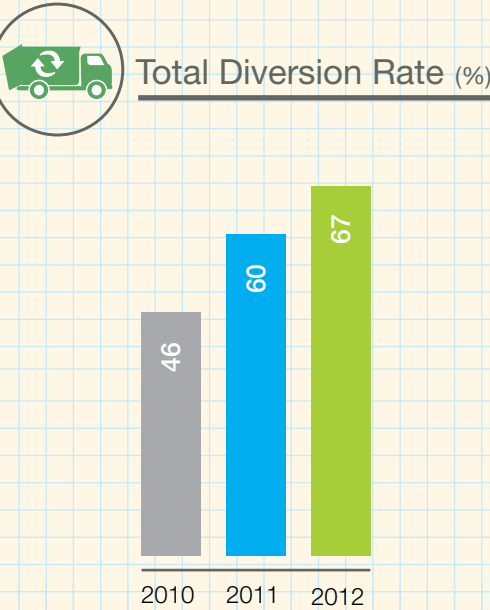
### EQUITY ONE: RESOURCES SAVED



## Equity One:



### PROPERTY WASTE DIVERSION RATE



\* 2010 does not include information regarding waste incineration due to unavailability of the information from the waste haulers at that time.



Cinema City, Rishon Lezion, Israel

EQY’s system generated a total of 245,822.56 kWh from January 1, 2012, through December 31, 2012, bringing the lifetime production to 492,951.84 kWh since inception in 2010. Production on this site was increased substantially over the previous reporting period due to less snowfall and better overall weather conditions.

## First Capital Reality:



FCR won an ICSC Silver Maple Leaf Award for its “Be Eco-Logical Annual Recycling Program” at four of its Quebec properties.

GC8





# GAZIT-GLOBE: STRIVING TO EXCEED CORPORATE RESPONSIBILITY STANDARDS.



## GLOBAL REPORTING INITIATIVE (GRI) INFORMATION



# GAZIT-GLOBE GRI DECLARATION

“The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide.”



As part of our goal of creating a Corporate Responsibility report that meets transparency best practices, we determined that this third report will be according to the GRI – Global Reporting Initiative’s guidelines for the purpose of enhancing this report’s technical quality, credibility and relevance.

## Application Level

In order to comply with the terms of GRI’s G3.1 guidelines, Gazit-Globe was required to address the issue of selecting the Application Level most suitable for the Company. According to the GRI, CR Reports aiming to qualify for level C, C+, B, B+, A or A+ must contain each of the criteria that are presented in the column for the relevant level.

## Self-declared Application Level

Gazit-Globe established a clear target of publishing a Second Application “B” level report. We proudly present this third report which reflects our commitment to our stakeholders, including the communities in which we operate, the environment in which we live and our Company’s shareholders.

| Report Application Level |   | C  | C+                        | B  | B+                        | A  | A+                        |
|--------------------------|---|--|---------------------------|--|---------------------------|--|---------------------------|
| Standard Disclosures     | G3 Profile Disclosures Output   | Report on:<br>1.1<br>2.1-2.10<br>3.1-3.8, 3.10-3.12<br>4.1-4.4, 4.14-4.15  | Report Externally Assured | Report on all criteria listed For Level C plus:<br>1.2<br>3.9, 3.13<br>4.5-4.13, 4.16-4.17   | Report Externally Assured | Same as requirement for Level B  | Report Externally Assured |
|                          | G3 Management Approach Disclosures Output                                   | Not Required   |                           | Management Approach Disclosures for each Indicator Category  |                           | Same as requirement for Level B  |                           |
|                          | G3 Performance Indicators & Sector Supplement Performance Indicators Output | Report on minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental. |                           | Report on minimum of 10 Performance Indicators, including at least one from each of: Economic, Environmental, Human rights, Labor, Society, Product Responsibility |                           | Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either a: reporting on the Indicator or b explaining the reason for its omission |                           |



# GRI INDEX

✓ Reported    ○ Partly reported    — Not reported

## STANDARD DISCLOSURES PART I: Profile Disclosures

### 1. Strategy and Analysis

| Profile Disclosure | Description  | Reported | Reference/ Comments |
|--------------------|--|----------|---------------------|
| 1.1                | Statement from the most senior decision-maker of the organization. | ✓        | 4-5                 |
| 1.2                | Description of key impacts, risks, and opportunities.              | ✓        | 4-5                 |

### 2. Organizational Profile

| Profile Disclosure | Description  | Reported | Reference/ Comments |
|--------------------|--|----------|---------------------|
| 2.1                | Name of the organization.  | ✓        | 10                  |
| 2.2                | Primary brands, products, and/or services.   | ✓        | 10                  |
| 2.3                | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.  | ✓        | 12-17               |
| 2.4                | Location of organization’s headquarters.   | ✓        | 17                  |
| 2.5                | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | ✓        | 16-17               |
| 2.6                | Nature of ownership and legal form.  | ✓        | 10                  |
| 2.7                | Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries).  | ✓        | 16-17               |
| 2.8                | Scale of the reporting organization.   | ✓        | 10                  |
| 2.9                | Significant changes during the reporting period regarding size, structure, or ownership.   | ✓        | 10                  |
| 2.10               | Awards received in the reporting period.   | ✓        | 24                  |

### 3. Report Parameters

| Profile Disclosure | Description   | Reported | Reference/ Comments  |
|--------------------|---|----------|--|
| 3.1                | Reporting period (e.g., fiscal/calendar year) for information provided.   | ✓        | 6  |
| 3.2                | Date of most recent previous report (if any).   | ✓        | 6  |
| 3.3                | Reporting cycle (annual, biennial, etc.)  | ✓        | 6  |
| 3.4                | Contact point for questions regarding the report or its contents.   | ✓        | 143  |
| 3.5                | Process for defining report content.  | ✓        | 6  |
| 3.6                | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.  | ✓        | 6  |
| 3.7                | State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).  | —        | N / A  |
| 3.8                | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.   | —        | N / A  |
| 3.9                | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols. | ✓        | 6  |
| 3.10               | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).  | —        | The interim report of Q1-Q2/2011 was restated to reflect the remeasurement of non-controlling interests in a business combination. |
| 3.11               | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.   | ✓        | 54   |
| 3.12               | Table identifying the location of the Standard Disclosures in the report.   | ✓        | 130-141  |
| 3.13               | Policy and current practice with regard to seeking external assurance for the report.   | —        | N / A  |

| 4. Governance, Commitments, and Engagement |  |          |                     |
|--|--|----------|---------------------|
| Profile Disclosure                         | Description  | Reported | Reference/ Comments |
| 4.1  | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.   | ✓        | 26-27               |
| 4.2  | Indicate whether the Chair of the highest governance body is also an executive officer.  | ✓        | 26                  |
| 4.3  | For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.  | ✓        | 26                  |
| 4.4  | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.  | ✓        | 21, 27, 37, 39      |
| 4.5  | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).  | ✓        | 34-35               |
| 4.6  | Processes in place for the highest governance body to ensure conflicts of interest are avoided.  | ✓        | 26, 35              |
| 4.7  | Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.  | ✓        | 26                  |
| 4.8  | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.   | ✓        | 21, 92-93           |
| 4.9  | Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles. | ✓        | 27                  |
| 4.10                                       | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.  | ✓        | 26                  |

| Profile Disclosure | Description  | Reported | Reference/ Comments |
|--------------------|--|----------|---------------------|
| 4.11               | Explanation of whether and how the precautionary approach or principle is addressed by the organization.   | ✓        | 81, 84              |
| 4.12               | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.  | ✓        | 21, 24-25           |
| 4.13               | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic. | ✓        | 21, 24, 46-47       |
| 4.14               | List of stakeholder groups engaged by the organization.  | ✓        | 36                  |
| 4.15               | Basis for identification and selection of stakeholders with whom to engage.  | ✓        | 36                  |
| 4.16               | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.  | ✓        | 37-45               |
| 4.17               | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.  | ✓        | 37-45               |

| STANDARD DISCLOSURES PART II: Disclosures on management approach |                                      |          |                     |
|--|--------------------------------------|----------|---------------------|
| G3.1 DMAs  | Description                          | Reported | Reference/ Comments |
| DMA EC   | Disclosure on Management Approach EC | ✓        | 51                  |
| DMA EN   | Disclosure on Management Approach EN | ✓        | 90                  |
| DMA LA   | Disclosure on Management Approach LA | ✓        | 62                  |
| DMA HR   | Disclosure on Management Approach HR | ✓        | 72                  |
| DMA SO   | Disclosure on Management Approach SO | ✓        | 76-77               |
| DMA PR   | Disclosure on Management Approach PR | ✓        | 76-77               |

STANDARD DISCLOSURES PART III: Performance Indicators

| Economic                  |   |          |                     |
|---------------------------|---|----------|---------------------|
| Performance Indicator     | Description   | Reported | Reference/ Comments |
| Economic performance      |   |          |                     |
| EC1                       | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | ✓        | 53-55, 57-58, 79    |
| EC2                       | Financial implications and other risks and opportunities for the organization's activities due to climate change.   | ✓        | 59                  |
| EC3                       | Coverage of the organization's defined benefit plan obligations.  | —        |                     |
| EC4                       | Significant financial assistance received from government.  | —        |                     |
| Market presence           |   |          |                     |
| EC5                       | Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.  | —        |                     |
| EC6                       | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.   | —        |                     |
| EC7                       | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.   | —        |                     |
| Indirect economic impacts |   |          |                     |
| EC8                       | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.  | ✓        | 56-58               |
| EC9                       | Understanding and describing significant indirect economic impacts, including the extent of impacts.  | ✓        | 56-58               |

| Environmental         |   |          |                     |
|-----------------------|---|----------|---------------------|
| Performance Indicator | Description   | Reported | Reference/ Comments |
| Materials             |   |          |                     |
| EN1                   | Materials used by weight or volume.   | —        |                     |
| EN2                   | Percentage of materials used that are recycled input materials.   | ✓        | 94                  |
| Energy                |   |          |                     |
| EN3                   | Direct energy consumption by primary energy source.   | ✓        | 95-101              |
| EN4                   | Indirect energy consumption by primary source.  | —        |                     |
| EN5                   | Energy saved due to conservation and efficiency improvements.   | —        |                     |
| EN6                   | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.          | ✓        | 91, 97-98           |
| EN7                   | Initiatives to reduce indirect energy consumption and reductions achieved.  | —        |                     |
| Water                 |   |          |                     |
| EN8                   | Total water withdrawal by source.   | ✓        | 106-109             |
| EN9                   | Water sources significantly affected by withdrawal of water.  | —        |                     |
| EN10                  | Percentage and total volume of water recycled and reused.   | —        |                     |
| Biodiversity          |   |          |                     |
| EN11                  | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.                        | —        |                     |
| EN12                  | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | —        |                     |
| EN13                  | Habitats protected or restored.   | —        |                     |
| EN14                  | Strategies, current actions, and future plans for managing impacts on biodiversity.   | —        |                     |
| EN15                  | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.                        | —        |                     |



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✓ Reported    ○ Partly reported    — Not reported

| Performance Indicator          | Description   | Reported | Reference/ Comments  |
|--------------------------------|---|----------|--|
| Emissions, effluents and waste |   |          |  |
| EN16                           | Total direct and indirect greenhouse gas emissions by weight.   | ✓        | 110-115  |
| EN17                           | Other relevant indirect greenhouse gas emissions by weight.   | —        |  |
| EN18                           | Initiatives to reduce greenhouse gas emissions and reductions achieved.   | ✓        | 91, 102-105  |
| EN19                           | Emissions of ozone-depleting substances by weight.  | —        |  |
| EN20                           | NOx, SOx, and other significant air emissions by type and weight.   | —        |  |
| EN21                           | Total water discharge by quality and destination.   | ✓        | Gazit's waterhouse and rainwater is let to the municipal sewer system. 115 |
| EN22                           | Total weight of waste by type and disposal method.  | ✓        | 115-119, 122-125   |
| EN23                           | Total number and volume of significant spills.  | —        |  |
| EN24                           | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. | —        |  |
| EN25                           | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.                          | —        |  |
| Water                          |   |          |  |
| EN26                           | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.  | ✓        | 120-121, 102-105   |
| EN27                           | Percentage of products sold and their packaging materials that are reclaimed by category.   | —        |  |
| Products and services          |   |          |  |
| EN28                           | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.  | —        |  |
| Transport                      |   |          |  |
| EN29                           | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.                                   | —        |  |
| Overall                        |   |          |  |
| EN30                           | Total environmental protection expenditures and investments by type.  | —        |  |

| Social: Labor Practices and Decent Work |   |          |                     |
|---|---|----------|---------------------|
| Performance Indicator                   | Description   | Reported | Reference/ Comments |
| Employment                              |   |          |                     |
| LA1                                     | Total workforce by employment type, employment contract, and region, broken down by gender.   | ✓        | 63                  |
| LA2                                     | Total number and rate of new employee hires and employee turnover by age group, gender, and region.   | ✓        | 64                  |
| LA3                                     | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.  | ✓        | 63, 65-68           |
| LA15                                    | Return to work and retention rates after parental leave, by gender.   | —        |                     |
| Labor/management relations              |   |          |                     |
| LA4                                     | Percentage of employees covered by collective bargaining agreements.  | —        |                     |
| LA5                                     | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.   | —        |                     |
| Occupational health and safety          |   |          |                     |
| LA6                                     | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. | —        |                     |
| LA7                                     | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.  | —        |                     |
| LA8                                     | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.     | —        |                     |
| LA9                                     | Health and safety topics covered in formal agreements with trade unions.  | —        |                     |
| Training and education                  |   |          |                     |
| LA10                                    | Average hours of training per year per employee by gender, and by employee category.  | ○        | 65                  |
| LA11                                    | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.                            | —        |                     |

✓ Reported    ● Partly reported    — Not reported

| Performance Indicator                | Description   | Reported | Reference/ Comments |
|--------------------------------------|---|----------|---------------------|
| LA12                                 | Percentage of employees receiving regular performance and career development reviews, by gender.  | ✓        | 67                  |
| Diversity and equal opportunity      |   |          |                     |
| LA13                                 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. | ✓        | 68-69               |
| Equal remuneration for women and men |   |          |                     |
| LA14                                 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.   | —        |                     |

| Social: Human Rights                             |  |          |                     |
|--|--|----------|---------------------|
| Performance Indicator                            | Description  | Reported | Reference/ Comments |
| Investment and procurement practices             |  |          |                     |
| HR1  | Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.                            | —        |                     |
| HR2  | Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.  | —        |                     |
| HR3  | Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.                                     | —        |                     |
| Non-discrimination                               |  |          |                     |
| HR4  | Total number of incidents of discrimination and actions taken.   | ✓        | 70-71               |
| Freedom of association and collective bargaining |  |          |                     |
| HR5  | Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights. | —        |                     |
| Child labor                                      |  |          |                     |
| HR6  | Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.                               | ✓        | 72                  |

| Performance Indicator       | Description   | Reported | Reference/ Comments |
|-----------------------------|---|----------|---------------------|
| Forced and compulsory labor |   |          |                     |
| HR7                         | Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor. | ✓        | 72                  |
| Security practices          |   |          |                     |
| HR8                         | Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.   | —        |                     |
| Indigenous rights           |   |          |                     |
| HR9                         | Total number of incidents of violations involving rights of indigenous people and actions taken.  | —        |                     |
| Assessment                  |   |          |                     |
| HR10                        | Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.   | —        |                     |
| Remediation                 |   |          |                     |
| HR11                        | Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.   | —        |                     |

| Social: Society       |  |          |                     |
|-----------------------|--|----------|---------------------|
| Performance Indicator | Description  | Reported | Reference/ Comments |
| Local communities     |  |          |                     |
| SO1                   | Percentage of operations with implemented local community engagement, impact assessments, and development programs.                      | ✓        | 77-79               |
| SO9                   | Operations with significant potential or actual negative impacts on local communities.   | —        |                     |
| SO10                  | Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities. | —        |                     |
| Corruption            |  |          |                     |
| SO2                   | Percentage and total number of business units analyzed for risks related to corruption.  | ✓        | 81-84               |
| SO3                   | Percentage of employees trained in organization's anti-corruption policies and procedures.   | ✓        | 81-83               |
| SO4                   | Actions taken in response to incidents of corruption.  | —        |                     |

GRI INDEX

✓ Reported    ● Partly reported    — Not reported

| Performance Indicator     | Description  | Reported | Reference/ Comments |
|---------------------------|--|----------|---------------------|
| Public policy             |  |          |                     |
| SO5                       | Public policy positions and participation in public policy development and lobbying.   | —        |                     |
| SO6                       | Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.   | —        |                     |
| Anti-competitive behavior |  |          |                     |
| SO7                       | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.          | ✓        | 85                  |
| Compliance                |  |          |                     |
| SO8                       | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | —        |                     |

| Social: Product Responsibility |  |          |                     |
|--------------------------------|--|----------|---------------------|
| Performance Indicator          | Description  | Reported | Reference/ Comments |
| Customer health and safety     |  |          |                     |
| PR1                            | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. | ✓        | 86-87               |
| PR2                            | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.           | ✓        | 86-87               |
| Product and service labelling  |  |          |                     |
| PR3                            | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.  | —        |                     |
| PR4                            | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.   | —        |                     |
| PR5                            | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.  | ✓        | 90                  |

| Performance Indicator    | Description  | Reported | Reference/ Comments |
|--------------------------|--|----------|---------------------|
| Marketing communications |  |          |                     |
| PR6                      | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.                                       | —        |                     |
| PR7                      | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. | —        |                     |
| Customer privacy         |  |          |                     |
| PR8                      | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.   | —        |                     |
| Compliance               |  |          |                     |
| PR9                      | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.  | —        |                     |





## Statement GRI Application Level Check

GRI hereby states that **Gazit-Globe** has presented its report “Gazit-Globe Corporate Responsibility Report 2009-2010” to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 14 August 2012

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.*  
[www.globalreporting.org](http://www.globalreporting.org)

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 5 August 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

For any inquiries or comments regarding the report, please e-mail:

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