

GAZIT-GLOBE

URBANIZATION · QUALITY · GROWTH

“ With hundreds of shopping centers visited by millions of consumers, our business affects not only our stakeholders, but communities worldwide. ”

CORPORATE RESPONSIBILITY REPORT 2013-2014



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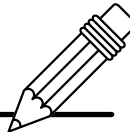
TABLE OF CONTENTS

A Message From Our President

About This Report

8

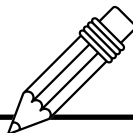
Section 1 About Gazit-Globe



- A Message from our President
- Our Vision
- Global Presence
- Binding Values
 - Code of Conduct & Ethics
 - Global Compact
 - Maala
 - FTSE4GOOD Index
 - Green Building
- Corporate Governance
 - Board of Directors
 - Executive Management
 - Compensation of Senior Employees
- Stakeholders
 - Shareholders
 - Board of Directors
 - Subsidiaries
 - Employees
 - Customers: Tenants and Consumers
 - Suppliers
 - Regulatory Authorities
 - Analysts & Institutional Investors
 - Media
 - Community
 - Environment
- Membership in Associations

28

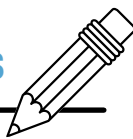
Section 2 Economic Performance



- Direct Economic Value
- Indirect Economic Influence
- Community – Charitable Investment
- Financial Implications & Risks and Opportunities Due to Climate Change

36

Section 3 Labor Practices & Human Rights



- Labor Practices
 - HR Programs
 - Recruitment
 - Job Training and Career Development
 - Performance Reviews
 - Transitioning to Retirement
 - Diversity and Equal Opportunity
- Human Rights
 - Global Compact
 - Forced and Compulsory Labor
 - Child Labor
 - Freedom of Association

48

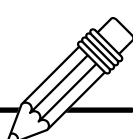
Section 4 Social Performance



- Benefiting the community
- Support the community
- Customer satisfaction
- Anti-Corruption
- Risk management
- Anti-competitive behavior
- Health and safety

60

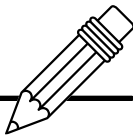
Section 5 Environmental Performance



- Green Building
- Conservation & Recycling
- Energy
- Energy conservation
- Water
- Emissions Sewage & Waste

92

Section 6 Global Reporting Initiative (GRI) Information



A MESSAGE FROM OUR PRESIDENT

Dear Stakeholder,



It is with pride that we present Gazit-Globe’s Corporate Responsibility Report for the years 2013-2014. Gazit-Globe has for some years endeavored to establish, maintain and expand its position as a responsible corporate citizen in all of the regions and communities in which our businesses operate.

Gazit-Globe is dedicated to minimizing the environmental impact of its activities, with particular emphasis on sustainability. Our shopping centers are deliberately located in high density urban areas in all our regions of activity, with the intention that they become the ‘main streets’ of the modern era. Our malls are designed to facilitate a strong sense of community, and to invite people to meet, socialize and spend time with friends and family. Gazit-Globe feels a heightened sense of responsibility to improve the individual and collective experiences of all our customers, tenants and employees by upholding the highest social and environmental standards in these vital common spaces. This policy manifests itself in our many efforts to embrace the

most exacting models of environmental performance through initiatives such as building or renovating our shopping centers by applying Leadership in Energy and Designs (LEED) protocols, and aligning our group operations with up-to-date energy conservation and consumption standards or methods.

Furthermore, Gazit-Globe strives to rigorously implement robust corporate governance standards that advocate a relentless commitment to complete transparency, as well as a stringent code of conduct that mandates the highest ethical standards in the conduct of our businesses. We continually monitor the conduct of our businesses, managers and employees so as to ensure that our goals are accomplished without compromising our ethical standards.

Finally, we firmly believe in the promotion of academic achievement and donate generously to charitable and social programs in several countries as part of our ongoing commitment to support the wellbeing of the communities in which our businesses operate.



Gazit-Globe aims to continue applying its policies of social responsibility so as to foster higher standards of living and enhance the quality of life in the communities in which we are active. We are motivated by a sincere desire to aspire to model corporate citizenship in the global community of which we form an inseparable part, while forever mindful of the obligation to diligently and relentlessly pursue growth and profitability for our stakeholders.

Rachel Lavine, CEO



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ABOUT THIS REPORT

This report covers Gazit-Globe’s Corporate Responsibility activities during 2013-2014 and follows our three previous reports for the years 2011-2012, 2009-2010 and 2007-2008. In this report, we describe our business approach, our operations and how they affect the communities, which we serve and operate in, the environment, our employees and other stakeholders, as well as 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 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 in the reporting period.

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 Inc.:** 2014 Corporate Responsibility and Sustainability Report
- **First Capital Realty Inc.:** 2014 Corporate and Sustainability (CRS) Report
- **Citycon Corporation:** 2014 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

GC1

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

GC5

the effective abolition of child labor; and

GC2

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

GC6

the elimination of discrimination in respect of employment and occupation.

GC3

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

GC7

Businesses should support a precautionary approach to environmental challenges;

GC4

the elimination of all forms of forced and compulsory labor;

GC8

undertake initiatives to promote greater environmental responsibility; and

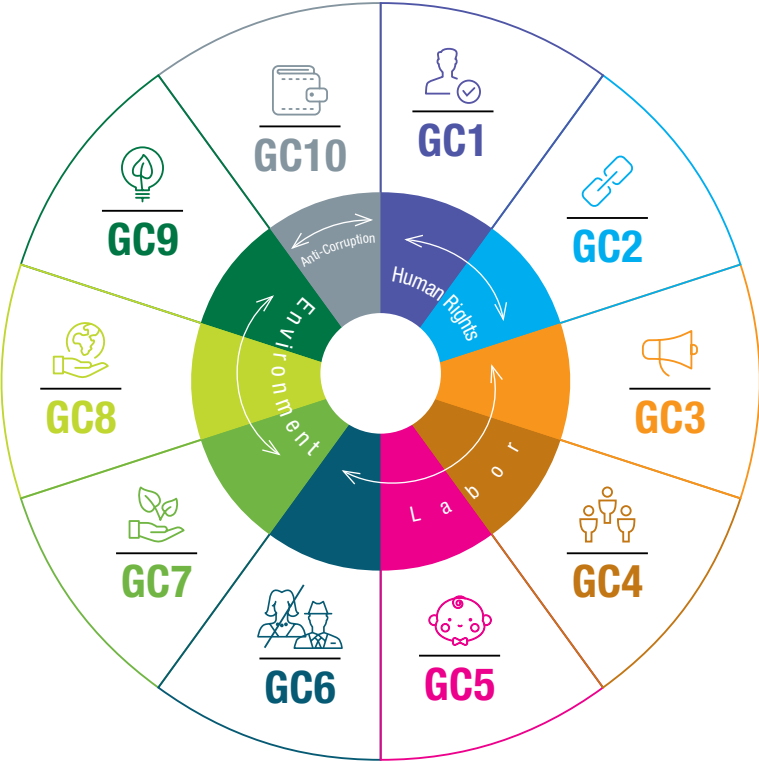
GC9

encourage the development and diffusion of environmentally friendly technologies.

GC10

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

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.



Section 1.

ABOUT GAZIT-GLOBE

Shoppes at Dundas, Ontario, Canada



[Click back to content](#)

“ In our business, good corporate citizenship is not an option, it is a must. ”

INTRODUCTION

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As of December 31, 2014, with 524 properties in over 20 countries, Gazit-Globe is one of the largest owners and operators of supermarket-anchored shopping centers in the world. We own and operate assets valued at approximately US\$21 billion, representing a gross leasable area of approximately 6.3 million square meters and a gross annualized income of approximately US\$1.8 billion.

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As of December 31, 2014, with 524 properties in over 20 countries, Gazit-Globe is one of the largest owners and operators of supermarket-anchored shopping centers in the world. We own and operate assets valued at approximately US\$21 billion, representing a gross leasable area of approximately 6.3 million square meters and a gross annualized income of approximately US\$1.8 billion. We engage in the acquisition, development and management of quality income-producing supermarket-anchored shopping centers in growing, high-density urban markets in North America, Europe, Israel and Brazil.

Our primary objective is to create value through long-term maximization of cash flow and capital appreciation while increasing our dividends over time. We do this by investing in quality, necessity-driven retail assets in key locations in primary cities with high urban densities and above average income levels. This sector has consistently demonstrated an ability to generate strong and sustainable cash flow through different economic cycles. Our properties are typically located in countries characterized by stable economies and strong credit ratings. With the goal of achieving a leading

position in each of our markets, we work to extend our presence in all of our focus areas while also expanding into new markets.

Our shares are listed on the New York Stock Exchange (NYSE: GZT), the Toronto Stock Exchange (TSX: GZT) and the Tel Aviv Stock Exchange (TASE: GZT). In addition, the shares of our public subsidiaries are traded on a variety of international exchanges, including the New York Stock Exchange, the Toronto Stock Exchange, the Helsinki Stock Exchange, Euronext Amsterdam and the Vienna Stock Exchange.

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.
- **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.
- **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.
- **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.
- **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.

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Creation of value for shareholders

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Expanded global presence and market dominance

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Think Global, Act Local

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Micro focus in our macro operations

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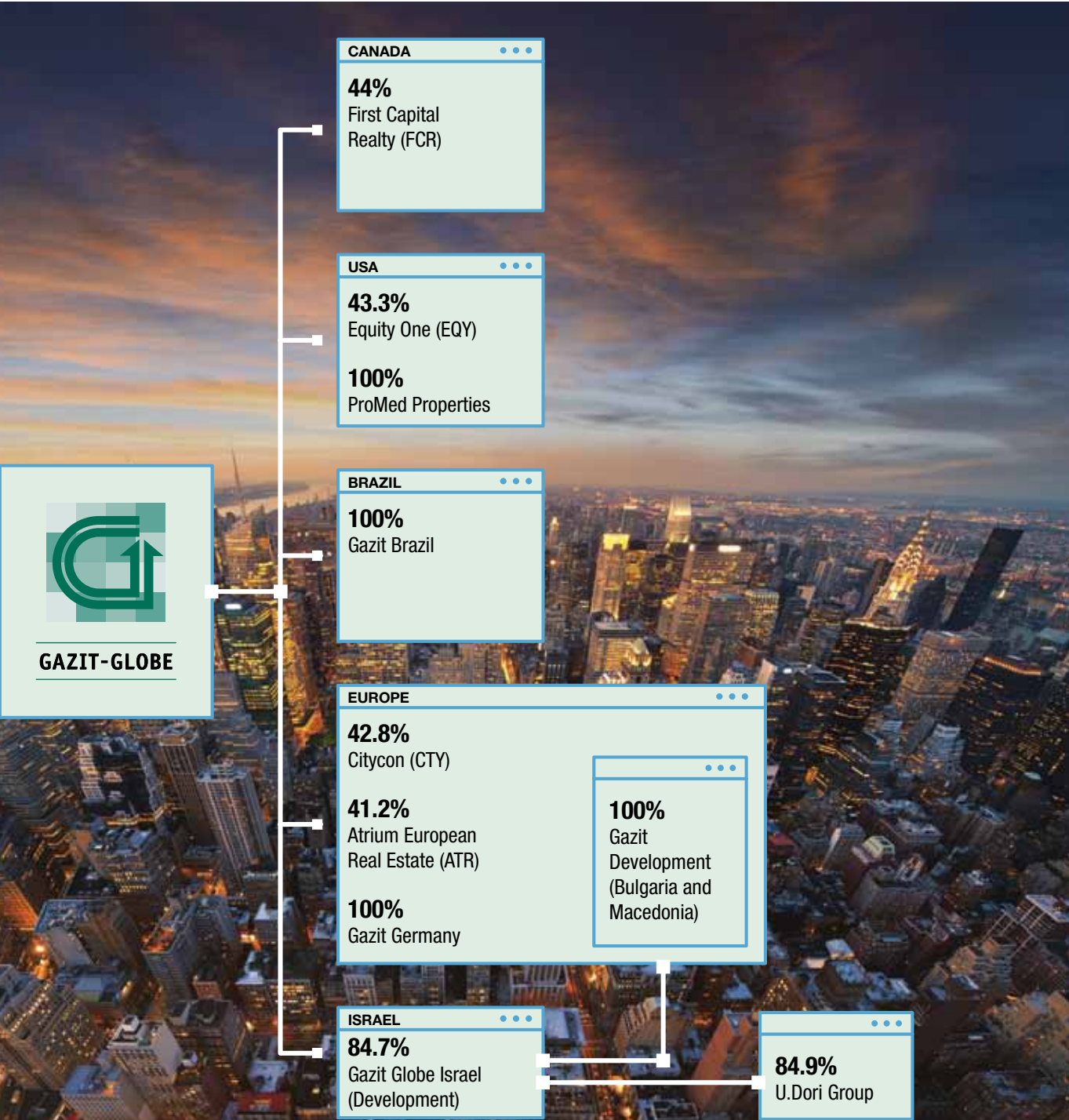
Enhanced corporate responsibility

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GLOBAL PRESENCE



ORGANIZATION CHART



SUBSIDIARIES

UNITED STATES

Equity One ("EQY") is a publicly traded company that owns, develops and operates shopping centers located in strategic metropolitan areas across the US. These properties are anchored by leading supermarkets, pharmacies and retailstore chains.

ProMed Properties is a privately held subsidiary engaged in managing medical-related properties in the US.

CANADA

First Capital Realty ("FCR"), a publicly-traded company, is Canada's leading owner, developer and operator of supermarket and drugstore-anchored neighborhood and community shopping centers located predominantly in growing and metropolitan areas.

EUROPE

Citycon is a publicly-traded company that owns, develops and operates shopping centers and commercial properties primarily anchored by supermarkets. Citycon is the market leader in Finland, is also active in Sweden, and has a firm foothold in the Baltic countries and Denmark.

Atrium European Real Estate is a publicly-traded company that specializes in the acquisition, development and management of shopping centers in Central and Eastern Europe, with a focus on Poland.

Gazit Germany is a privately held company that is active in the shopping center sector in Germany.

ISRAEL

Gazit-Globe's headquarters are located in Israel.
Gazit-Globe Israel Development is a privately-held company that is active in the acquisition, development and management of shopping centers in Israel.

BRAZIL

Gazit Brazil, a wholly-owned subsidiary of Gazit-Globe, is active in the acquisition, development and management of shopping centers in Brazil.



CODE OF BUSINESS CONDUCT

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

Our Code of Business Conduct ("Code") outlines the Company's duties and attitudes towards our stakeholders and includes moral principles, such as avoiding conflict of interests, conducting business fairly and creating a decent work environment. This document serves as a reference for our employees regarding decisions made in the course of everyday business behavior, especially in the case of ethical dilemmas.

An Administrative Enforcement Officer responsible for the implementation of the Company's enforcement program deals with routine compliance affairs and has overall responsibility for the following:

- Resolving concerns raised by employees or others in matters described in the Code;
- Reviewing the Code in reference to developments in the law;

- 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 2009.

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 reports, for the years 2009-2010, 2011-2012 and 2013-2014 included our adoption of the principles of the United Nation's Global Compact initiative and incorporated them as part of our business practices.



MAALA

Our values are also expressed and refined through our association with Maala, an Israeli non-profit organization 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.

As part of its program, Maala ranks its member corporations according to their performance using a variety of Corporate Responsibility criteria. Gazit-Globe was awarded Maala's Platinum ranking for the past six years (from 2009-2014), and received a Platinum Plus ranking for 2014.

Our Corporate Responsibility activities have earned us additional recognition as follows:

- 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 2013 and 2014. Citycon has been awarded EPRA's gold award in the Financial Best Practices series for five consecutive years, as well as sustainability awards (gold-level) by EPRA and a 'Green Star' in the GRESB survey.



FTSE4GOOD INDEX

For the fifth 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.



LEED® BUILDING STANDARD

Several of our subsidiaries conform their building activities to LEED® (Leadership in Energy and Design), the internationally recognized green building certification system. A LEED® certification demonstrates that a construction project is eco-friendly.

CORPORATE GOVERNANCE

We are committed to sound principles of corporate governance. Our Board of Directors (see below) is responsible for outlining the policy of the Company, overseeing and monitoring the performance of our senior management team, the body that 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.

The Company also complies with rules of the NSYE, TSX and the TASE on which markets the Company's shares are traded.

As of December 31, 2014, our Board is comprised of eleven members, three of whom were appointed in 2012 and one in 2013. 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 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.

The Board currently has five standing committees: Audit and Financial Statement Review, Investment, Nominating and Corporate Governance, Compensation, and Corporate Responsibility.

The Corporate Responsibility Committee is responsible for supervising Corporate Responsibility activities of the Company, ethical 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.

In addition to approving strategic CR policies and activities of the Corporate Responsibility 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.



Board of Directors

■ **Chaim Katzman, Chairman**

Mr. Chaim Katzman is the founder, controlling shareholder and Chairman of Gazit-Globe and Norstar Holdings, the parent company of Gazit-Globe, and the Chairman of Equity One, First Capital Realty, Atrium European Real Estate and Citycon.

■ **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).

■ **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; and Director of Gazit-Globe Israel (Development), U. Dori Group and Norstar Holdings.

■ **Haim Ben Dor, Director**

Mr. Ben Dor is a corporate consultant in the field of finance and investment.

■ **Noga Knaz, External Director**

Ms. Knaz is the Vice Chairperson of the Board of Directors of Rosario Capital Ltd.

■ **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.

■ **Shaiy Pilpel, Director**

Mr. Pilpel is the CEO of Wexford Capital Israel Ltd.

■ **Gary Epstein, Director**

Mr. Epstein chairs the Global Corporate and Securities Department at Greenberg Traurig, LLP, an international law firm.

■ **Douglas Sesler, Director**

Mr. Sesler is a private real estate investor.

■ **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.

■ **Rachel Lavine, Director**

Mrs. Lavine is the Chairperson of the Board of Directors of Gazit Globe Israel (Development) Ltd., Vice Chairperson of the Board of Directors of ATR and Director of CTY.

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



Promenada, Warsaw, Poland

synergies between all the members of the Gazit-Globe Group.

The members of our Executive Management include the following individuals:

- **Rachel Lavine, CEO** - since September 1, 2015
- **Gil Kotler, Senior Executive Vice President and Chief Financial Officer**
- **Adi Jemini, CFO** - assuming his position in 2016
- **Rami Vaisenberger, Vice President and Controller**
- **Varda Zuntz, VP of Corporate Responsibility and Member of the Executive Committee**
- **Liad Barzilai, Chief Investment Officer** - since November 15, 2015
- **Shlomo Cohen, Controller**
- **Revital Cahalon, Company Secretary**
- **Itzhak Naftalin, Internal Auditor**

In 2015, Mr. Soffer stepped down as President and Rachel Lavine assumed the position of President and CEO. For further information, see our Financial Statements for the relevant period.

Compensation of Senior Employees

In September 2013, the Company's general meeting approved, after receiving the approval of the Company's Board of Directors and its Compensation Committee, the adoption of a compensation policy for the officers of the Company. For details regarding the policy, please see Regulation 21 in Chapter D of Gazit-Globe's Periodic Report for 2014.

STAKEHOLDERS



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, and groups with whom the Company holds a mutual dialogue, or wishes to engage in one.

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.

Our Corporate Responsibility reports serve as an important mechanism for informing our stakeholders of our Corporate Responsibility activities. Together with other materials, they are meant to cultivate a transparent dialogue with our stakeholders. They also include 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: Shareholders, including Institutional Investors

Shareholders in the Company participate in the management of our organization through their votes at shareholder meetings.

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.

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.

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.



Stakeholder: Board of Directors

Our Board of Directors designs Company policy and supervises its performance, business functions and operations. During 2014, the Board held 20 meetings, the Audit Committee conducted 15 meetings and the Investment Committee assembled two meeting during 2014. In 2013, the Board met 17 times, the Audit Committee met 9 times.

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: Subsidiaries

Gazit-Globe is a major shareholder in four publicly-held companies. Gazit-Globe also controls a number of privately-held companies throughout the world.

For further information, see Financial Statements for the 2014 and visit our web-site: <http://www.gazit-globe.com/>.

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: Employees

As of December 31, 2014 we have 22 employees working at our headquarters in Tel-Aviv.

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

- We conduct employee satisfaction surveys 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 and the CEO.

- 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: Customers: Tenants and Consumers Stakeholder

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 and our medical office buildings.



Stakeholder: 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 a 'tenant relations managers' whose 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.



Stakeholder: 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: 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.

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 2014, 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.



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 and our subsidiaries maintain an ongoing dialogue with the security authorities of several jurisdictions as required of publicly traded companies.
- 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, and maintain continuous contact with environmental personnel to ensure compliance with environmental standards maintained by them.



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.



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. In addition, our management is regularly requested by traditional and online media, to comment on various issues relating to our company and the commercial real estate industry.



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 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 underprivileged 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.



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

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 pollution.

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 conduct our 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.



Focus Mall in Bydgoszcz, Poland

MEMBERSHIP IN ASSOCIATIONS

Gazit-Globe and its subsidiaries maintain memberships in the following industry and other organizations:



EPRA: European Public Real Estate Association



ICSC: The International Council of Shopping Centers



GRI: Global Reporting Initiative



Israel - America Chamber of Commerce



Israel - Canada Chamber of Commerce



REALpac: Real Property Association of Canada



RAKLI: The Finnish Association of Building Owners and Construction Clients



BOMA: Building Owners and Building Council of Canada



CaGEB: Canadian Real Building Council



CREW: Corporate Real Estate Women



NAREIT: National Association of Real Estate Investment Trusts



NAIOP: Commercial Real Estate Development Association



Section 2.

ECONOMIC PERFORMANCE



“ With hundreds of shopping centers visited by millions of consumers, our business affects not only our stakeholders, but communities worldwide. ”

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.

DIRECT ECONOMIC VALUE

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.

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.

Please refer to our website for all financial disclosures, including our 2014 Annual Report, at <http://gazitglobe.com/financial-reports>.



Atrium Mosty, Plock, Poland

DIRECT ECONOMIC VALUE

KEY FIGURES

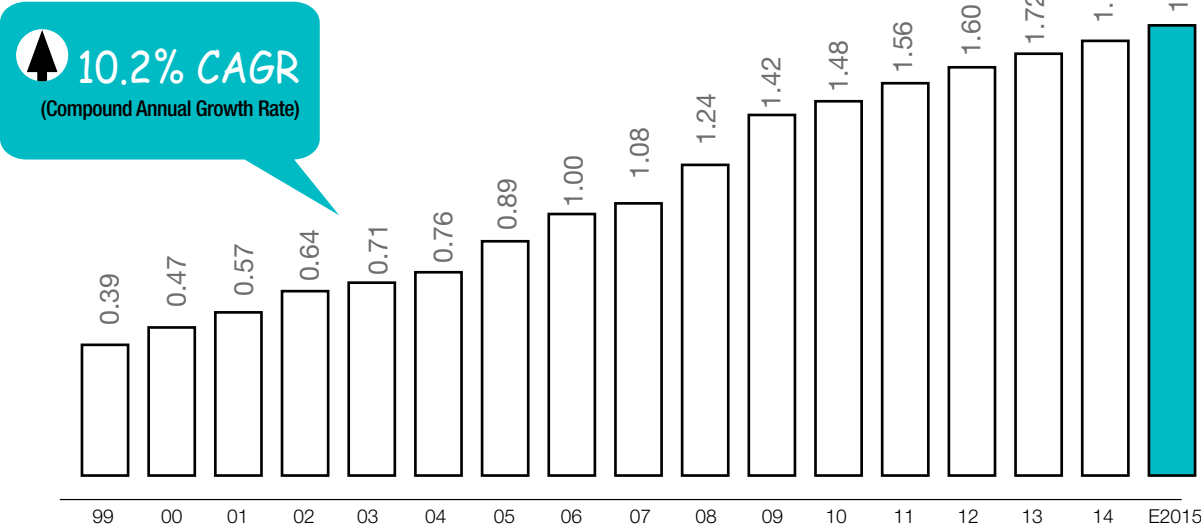
(NIS millions)

As of December 31	2014	2013	2012
Total Assets	69,984	67,927	71,034
Investment Properties	59,334	56,399	59,753
Interest Bearing Liabilities	36,359	38,167	40,834
Shareholder's Equity Including Minority	25,870	22,353	22,297
Shareholder's Equity	8,023	7,802	7,681
Net Debt to Total Assets	51.0%	55.1%	56.2%
Domestic credit rating (S&P Maalot / Midrog, Moody's subsidiary)	ilAA- / Aa3	ilAA- / Aa3	ilA+ / Aa3
Total liquidity in the company and it's subsidiaries	NIS 11.5 billion	NIS 9.6 billion	NIS 8.2 billion
Total occupancy	95.9%	95.0%	95.0%
Same property NOI*	1.7%	3.4%	3.9%

* Excluding foreign exchange fluctuation.

CONSISTENT DIVIDEND GROWTH FOR 16 YEARS

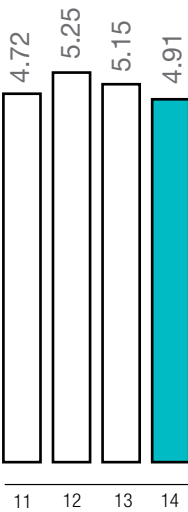
(NIS per share)



16.7% average total annual return to our shareholders from 2000 to 2014

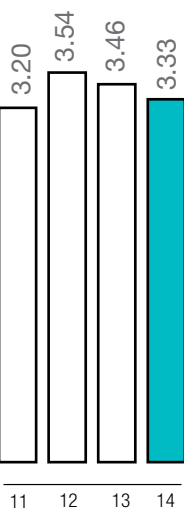
RENTAL REVENUE

(NIS billions)



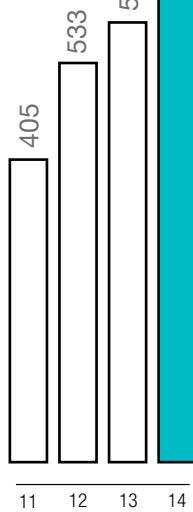
NOI

(NIS billions)

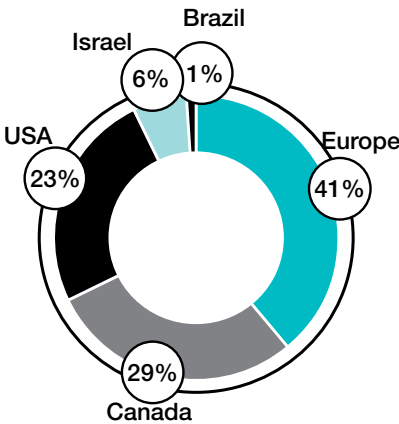


FFO

(NIS millions)

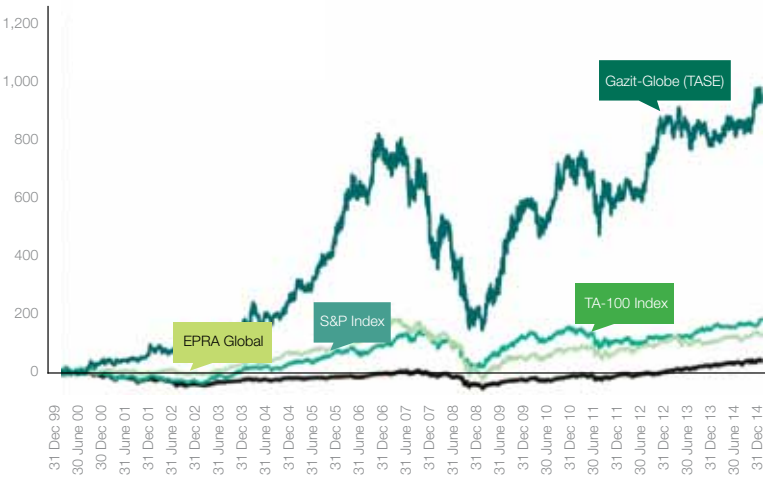


NOI DIVERSIFICATION 2014



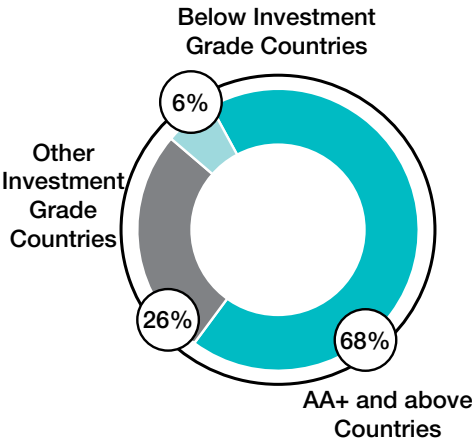
* Based on proportionally consolidated NOI

DEMONSTRATED LONG-TERM VALUE CREATION



NOI BREAKDOWN BY CREDIT RATING

94% from Investment Grade Countries



* Based on proportionally consolidated NOI



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 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.



FINANCIAL IMPLICATIONS & RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE



SPOTLIGHT: CITYCON

Risks associated with climate change may affect Citycon's business environment in the long term. For example, extreme weather conditions could increase maintenance costs and erode profitability. Also, biodiversity could become a topic of legislation that may well address the threat that land use and construction may disrupt ecosystems. In connection with risks related to land use, an environmental impact assessment is conducted in connection with most zoning work and major projects.

Section 3.

LABOR PRACTICES & HUMAN RIGHTS



“ Who is Gazit-Globe?
It's our people and the
experience, talent and
commitment they bring to
building our business and
making a difference. ”

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**

The following table illustrates the number of employees working at Gazit-Globe corporate headquarters, as well as at several of our major subsidiaries and holdings included in the scope of this Report, as of December 31, 2014:

Company	Geographic Region	Employees	% Full-time employees	% Permanent contract employees
Gazit-Globe Headquarters	Israel	22	98%	100%
Gazit Israel	Israel	74	93%	100%
First Capital Realty	Canada	433	97%	96%
Equity One	USA	156	99%	95%
Citycon	Europe	151	96%	86%

HR PROGRAMS

The primary focus of our HR programs is to influence employee commitment, motivation and engagement through best practices, rewards and performance.

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.



CASE STUDY

CASE STUDY

SPOTLIGHT:
FCR

Employee Benefits	2012 Monetary Value of Employee Benefits Taken by Employees (\$)	2013 Monetary Value Of Employee Benefits Taken By Employees (\$)	2014 Monetary Value of Employee Benefits Taken by Employees (\$)	2014 Versus 2013 Change (%)
Vacation	\$1,586,480	\$1,976,010	\$2,240,340	13
Personal days	\$317,300	\$205,030	\$238,260	16
Life insurance	\$135,100	\$147,910	\$169,380	15
Health care	\$1,076,770	\$1,179,600	\$1,211,820	3
Maternity/paternity leave	\$0	\$0	\$39,890	N/A
Gym membership	\$70,750	\$48,090	\$18,340	-62
Tuition reimbursement	\$40,130	\$39,330	\$27,020	-31
Company's contribution to employee RRSPs	\$705,670	\$728,590	\$817,590	12
Employee assistance program	\$18,720	\$19,680	\$20,400	4
Professional development days	\$24,540	\$23,140	\$18,380	-21
Seminars/courses	\$146,670	\$301,760	\$582,460	93
TOTAL	\$4,122,130	\$4,669,140	\$5,383,880	15

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 2013 and 2014, management spent a cumulative 320 hours engaged in training programs, and professional employees spent a cumulative 230 hours on training. Administrative staff spent approximately 195 hours on training. This information relates to staff at Gazit-Globe's headquarters.



SPOTLIGHT: CITYCON

In addition to its 151 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 cooperation and interaction across both operational and geographic boundaries. During 2014, there were 419 days of training sessions during the year, the equivalent of 2.9 days per employee.

All employees have personal competence development plans which are updated every year in discussion with their supervisors. In addition, tailored development programs are planned for specific personnel groups.



SPOTLIGHT: FCR

EMPLOYMENT CATAGORY	2012			2013			2014			2014 VERSUS 2013 CHANGE (%)		
	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL	MALES	FEMALES	TOTAL
Senior Management	17	23	20	22	24	23	22	16	19	-2	-32	-15
Middle Management	16	22	18	13	16	15	18	15	16	39	-8	11
Professional/Technical	6	5	5	14	32	26	18	8	12	33	-75	-54
Administrative	0	3	3	N/A	21	21	N/A	14	14	N/A	-32	N/A
Building Support	0	N/A	0	34	N/A	34	N/A	N/A	N/A	N/A	N/A	-32
TOTAL	9	7	8	17	25	22	20	14	17	17	-46	-23



SPOTLIGHT: FCR

FCR encourages its employees to advance in their careers and they are encouraged to take professional development courses and seminars. FCR provides internal training related to its programs and process changes, and as a result of its significant growth, many FCR employees have expanded their skills and expertise. FCR also offers a generous employee training and assistance program to its full-time permanent employees in which employees can receive up to \$1,500 annually towards tuition reimbursement to advance their current work activities or to develop new skills.




SPOTLIGHT: EQY

As part of EQY's commitment to understand the needs and wants of its employees, EQY conducted an employee survey in 2014. With an 80% response rate, it identified key target areas for improvement initiatives and additional lines of communication. EQY's annual performance review process is a key element in its human resource strategy and allows it to analyze employee skill levels and performance on a regular basis. The main focus of its HR program is to influence employee commitment, motivation, and engagement through best practices, rewards, performance management, and communication as well as to develop and retain top talent.




PERFORMANCE REVIEW

Our managers are required to conduct annual performance appraisals of their employees to ensure that expectations are understood, and performance acknowledged and rewarded. 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.



SPOTLIGHT:
CITYCON

At Citycon, employee performance review is an essential tool for managing target-oriented activity and employee skills. In 2014 99% of employees were reviewed once, while 73% were reviewed twice.




SPOTLIGHT:
FCR

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

EMPLOYMENT CATAGORY	2012		2013		2014		2014 VERSUS 2013 CHANGE (%)	
	MALES	FEMALES	MALES	FEMALES	MALES	FEMALES	MALES	FEMALES
Senior Management	100	100	100	80	100	100	0	25
Middle Management	100	100	100	100	100	100	0	0
Professional/Technical	100	100	96	97	100	100	4	4
Administrative	75	98	100	97	100	100	0	3
Building Support	92	N/A	97	N/A	100	100	3	N/A

TRANSITIONING TO RETIREMENT





SPOTLIGHT:
FCR

FCR provides transition assistance for retiring and terminated employees, including the use of a third-party provider to support the employee in his/her transition, as well as to provide investment information and guidance to employees and employment counseling where appropriate.

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.

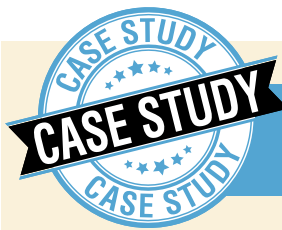
GC6

The following graph illustrates the composition of our management according to their gender (as of December 31, 2014):

Company	Geographic Region	Women	Men	Total
Gazit-Globe Headquarters	Israel	1	4	5
Gazit Israel	Israel	2	5	7
First Capital Realty	Canada	3	5	8
Equity One	USA	2	7	9
Citycon	Europe	1	4	5

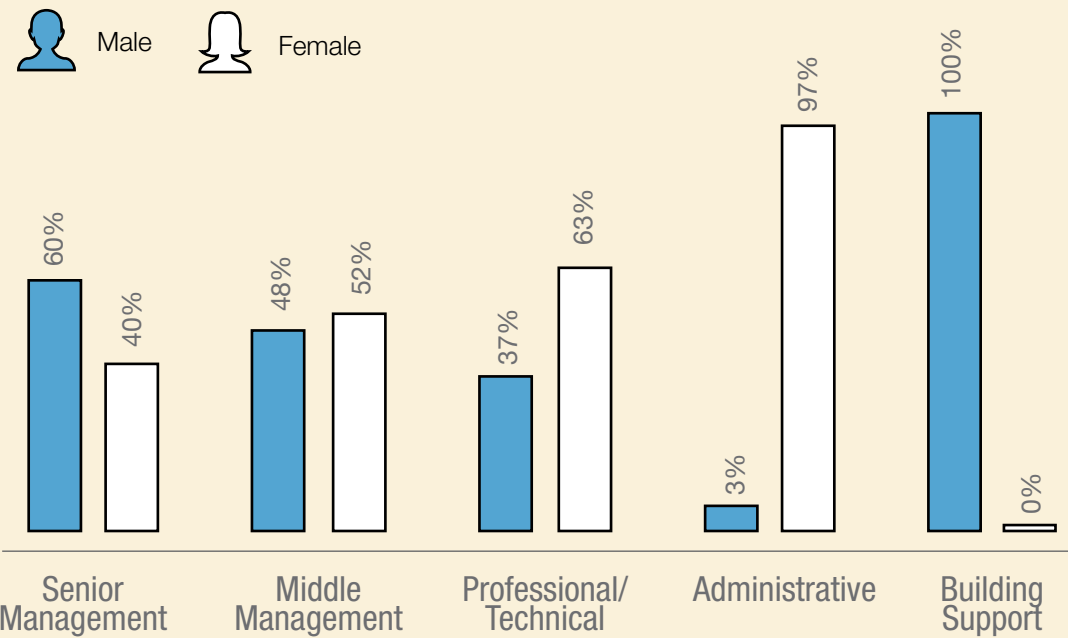


Hambertown, Toronto, Canada

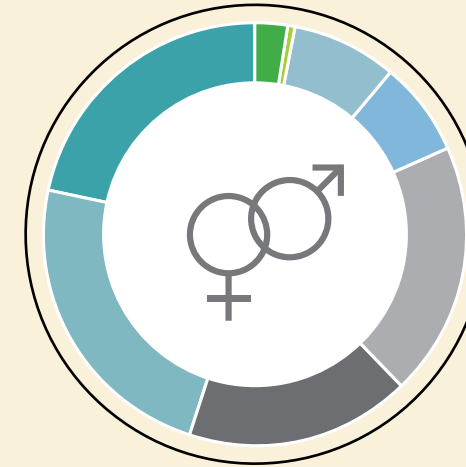


SPOTLIGHT: FCR

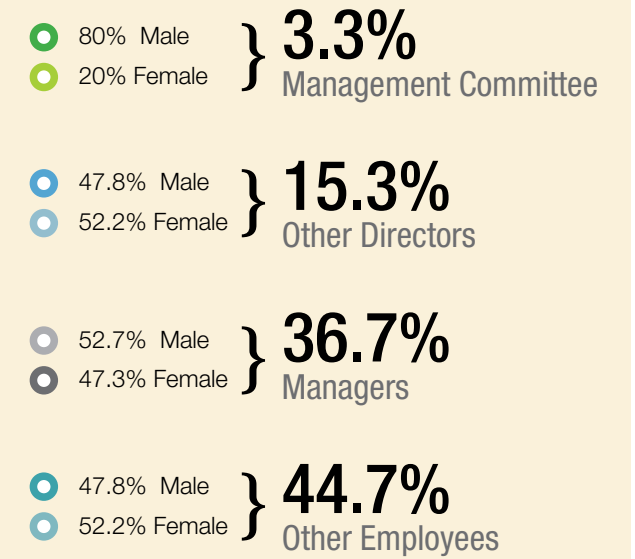
2014 EMPLOYMENT CATEGORY BY GENDER



SPOTLIGHT: CITYCON



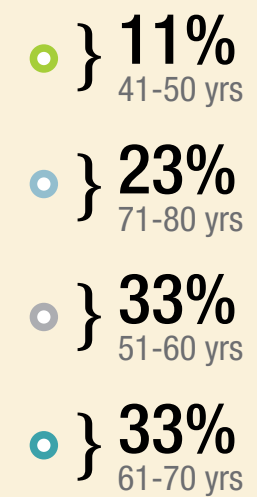
EMPLOYEE GROUP BY GENDER



SPOTLIGHT: EQY



BOARD AGE COMPOSITION



PERFORMANCE REVIEW



We are proud that during 2014 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.



SPOTLIGHT:
CITYCON

During the year 2014, there were no reports of harassment or discrimination against employees. Citycon conducts personnel surveys which are a key workplace well-being indicator.



SPOTLIGHT:
FCR

During the reporting year, there were no reported incidents of harassment or discrimination.

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. A summary of the Global Compact principles, and how we align our business practices with them, can be found on page 5.

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**

In all of our years of operations, there has never been a single complaint, investigation or action pertaining to forced, compulsory or child labor at Gazit-Globe. **GC4 GC5**

There are no labor unions at Gazit-Globe. **GC3**



SPOTLIGHT:
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. Citycon’s Code of Conduct lays the foundation for employee relations and human rights-related matters. Citycon’s supply chain includes low-wage tasks, and the hiring people for these jobs may involve risk factors related to work conditions and human rights.

Section 4.

SOCIAL PERFORMANCE

“ Ethical. Helpful. Careful. These are our guide stars in operating a global business with a conscience. ”

Shpping Mais, Sau Paulo, Brazil



Buckhead Station, Atlanta, Georgia, USA



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 anticompetitive 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.



SPOTLIGHT: FCR

In 2014 FCR provided \$402,000 to sponsor numerous initiatives, including real estate industry events and organizations, children’s community sports teams, underprivileged school programs and cultural events.

CHARITABLE ORGANIZATIONS SUPPORTED

Type of Charity	2012 (\$)	2013 (\$)	2014 (\$)	2014 Versus 2013 Change (%)
Community	71,900	131,000	86,800	-34
Cultural	0	10,000	1,000	-90
Health	41,000	32,400	11,000	-66
Miscellaneous	19,800	19,400	27,000	39
Total	132,800	192,800	125,800	-35



SPOTLIGHT: CITYCON

In 2014 Citycon’s shopping centers continued to cooperate with a Finnish national youth service organization to increase its tenants’ understanding of young people, for which Citycon was granted the ‘Shopping Center Act of the Year’ award by the Finnish Council of Shopping Centers. Citycon also launched a unique ‘Citycontest’ program to enable students to try their business ideas in a real shopping center

environment. The winner will be awarded with business premises in one of Citycon’s shopping centers for three months and will receive support and guidance in starting up a business. Citycon also operates a digital library at its Kista Galleria, and launched a welfare program to recycle used children shoes which are sent to people in need in Africa and Eastern Europe.

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. For more information, see “Supporting the Community” in Section 4 – Social Performance below.

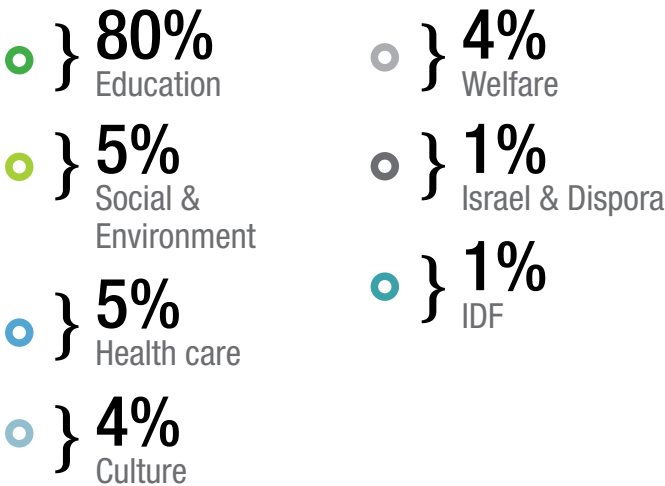
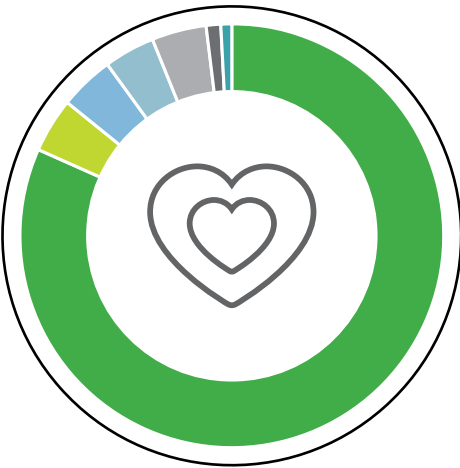
In the health field, for over 10 years we have been a major supporter of organization whose goal is to improve the quality of life and well-being of children with cancer and their families. We also support hospitals and other organizations providing medical care. In the field of arts and culture, we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

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 2013-2014, the annual volunteer time of Gazit-Globe employees was higher in comparison to the average volunteer time of other companies. Our manager of Corporate Responsibility activities is responsible for day-to-day activities supported by Company employees.

DONATIONS BY THE GROUP 2014

A total of NIS 10,901,000 was donated by the Group during 2014. The breakdown of donations per sector was as follows:

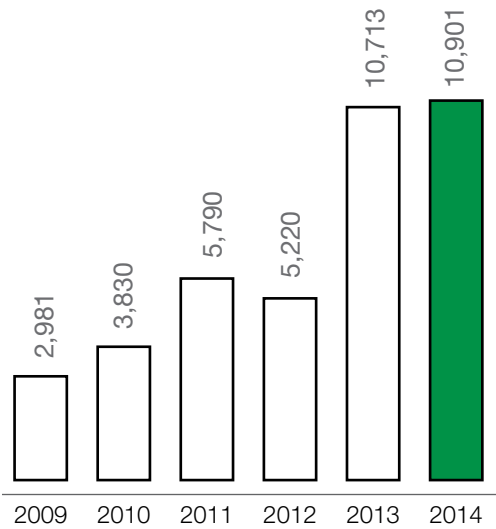


SUPPORTING THE COMMUNITY



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.

DONATIONS OF GAZIT-GLOBE



AMONG GAZIT-GLOBE’S COMMUNITY INITIATIVES IN ISRAEL DURING 2014 WERE THE FOLLOWING:

“Supporting the South” – the Company invested NIS 7 million to support educational systems in towns in Israel’s Negev region, assisting in funding the operation of youth centers, awarding scholarships to 115 students and providing financial support to 10 primary schools and 10 high schools;

“Yeruham - City of Education” initiative designed to create a quantum, sustainable leap in the city’s educational system;

Gazit-Globe Real Estate Institute at the Interdisciplinary Center (IDC) in Herzlia, Israel, which supports research on real estate issues, including academic conferences on housing, housing prices and financing, among others;

Financial support of social welfare, health and cultural organizations, as well as assistance to soldiers, Diaspora Jews and the environment.



SPOTLIGHT:
FCR

FCR donated approximately \$193,000 to charitable organizations in 2013, including \$100,000 to Calgary flood relief efforts. It also provided in-kind donations valued at \$368,000. FCR 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.



SPOTLIGHT:
CITYCON

In 2014 Citycon conducted tenant satisfaction surveys at all of its shopping centers in order to receive ideas for further development of its centers. 350 tenants responded to the survey.

ANTI-CORRUPTION



For a discussion of our Anti-Corruption policy, please see our website: <http://www.gazit-globe.com/>. **GC10**



SPOTLIGHT: FCR

FCR 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 and annually thereafter. FCR's VP, Business Process and Risk Management, tracks and reports to the EVP and CFO compliance with this directive, which was 97 percent for 2014. During the reporting period there were no reported incidents of harassment or discrimination.



SPOTLIGHT: CITYCON

In line with its ethical business principles, Citycon is explicitly opposed to corruption and bribery. Apart from gifts of only token monetary value or reasonable hospitality, Citycon or persons acting on its behalf must not offer or accept any benefits, gifts or hospitality that could influence its ability to make objective and honest decisions. Similarly, it refrains from trying to affect objective and honest decision-making by a public authority, client, partner or any other party. Appropriate travel and representation practices are specified in Citycon's Travel and Representation Policy which was updated in 2014. No corruption, fraud or bribery cases were brought to Citycon's attention in 2014.



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.

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. In addition, we implement internal audits and control activities, and comply with Israel's 'Goshen' ISOX Committee requirements, as well as Sarbanes Oxley laws in the US.

We are working systematically and consistently to strengthen our corporate governance as well as our risk 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

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.



SPOTLIGHT: FCR

In addition to providing health care and life insurance, FCR provides an Employee Assistance Program to help employees and their immediate family members deal with everyday work, health and life issues, as well as with major life challenges.



SPOTLIGHT: CITYCON

Citycon's centers offer a wide variety of well-being and health services: medical centers, dentists, eye specialists, maternity clinics, gyms and pharmacies. Its Liljeholmstorget Galleria houses the largest municipal health center in Stockholm. To ensure the safety of its shopping center personnel and customers, Citycon uses the services of security guards and security officers from its partners and it organized a number of different training events during 2014, ranging from crisis education to fire drills. Participants included Citycon's personnel, as well as those of its tenants and partners.



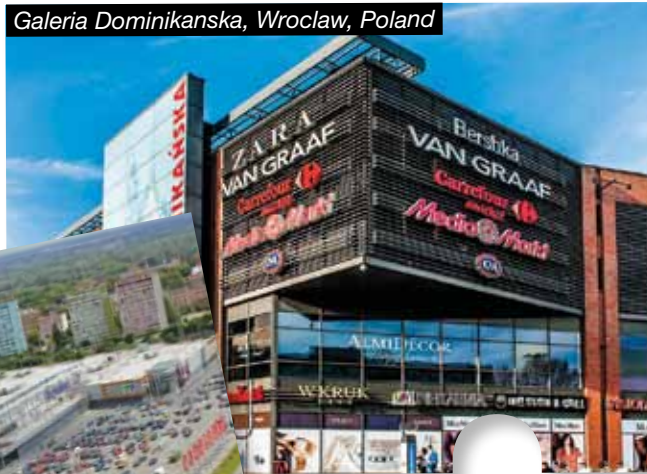
SPOTLIGHT: EQY

EQY's wellness program is an integral part of our ongoing efforts to aid in the positive health and wellbeing of its employees, and includes tools for stress management, interactive lunch-and-learn lessons and other helpful information. EQY administers safety protocols through regular internal communication channels and maintains a crisis management plan to ensure that all pertinent personnel are fully trained to respond to potential man-made and natural disasters.

Section 5.

ENVIRONMENTAL PERFORMANCE

Galeria Dominikanska, Wrocław, Poland



Molo Shopping Center, Szczecin, Poland



“ For us, environmentalism starts with the first shovel in the ground. ”

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 nonperishable 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**



SPOTLIGHT: 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 2014	Performance for 2014	
Yearly reduction of greenhouse gas emission by 2-3%	In I-f-I shopping centers-2.1%	✓
Yearly reduction of energy consumptin (electricity, heating and cooling) by 2-3%	In I-f-I shopping centers-5.7%	✓
Carrying out a renewable energy feasibility study in (re)development projects	Achieved	✓
An average level of water consumption less than 3.7 litres per visitor	In I-f-I shopping centers-3.3l / visitor	✓
Shopping centre waste recycling rate at least 80%	89%	✓
Landfill waste a maximum of 20% of total waste	11%	✓
All major projects ongoing un 2014 assessed with LEED criteria	Achieved	✓
Development projects located in built-up enviroments, witin reach of good public tranport connection	100%	✓

✓ Achieved

The yearly targets of 2014 are based on the strategic targets set in 2010. In 2014 we renewed our long-term goal setting.

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 CO2 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-CO2 GHG gases. **GC8**

Some of our achievements in green building include:



SPOTLIGHT: CITYCON

Citycon has LEED certificates for four of its properties representing approximately 18% of the total fair value of its property portfolio. During 2014, Citycon was awarded the Green Star status in the global GRESB (Global Real Estate Sustainability Benchmark) assessment for the third year in a row. 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.



SPOTLIGHT: 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. **GC8**



SPOTLIGHT: FCR

In 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 which uses a whole-building approach to sustainability by addressing five key areas: sustainable site development, water and energy efficiency, material selection and indoor environmental quality. As of December 31, 2014, 62 projects comprising 1.4 million square feet of GLA, or 5.6% of FCR’s GLA, were certified to LEED, and FCR has another 84 projects comprising 2.8 million square feet of GLA registered to obtain LEED certification.



Hambertown, Toronto, Canada

BOMA BEST (BUILDING ENVIRONMENTAL STANDARDS)



SPOTLIGHT: FCR

In 2011, FCR began a process to seek BOMA BEST certification for its 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, emissions and effluents, indoor environment and environmental management systems. In 2014, 34 of FRC's properties comprising 2.9 million square feet received BOMA BEST certification. As of December 31, 2014, 87 properties comprising over 7.6 million square feet or 31% of the Company's GLA were certified to these standards.



SPOTLIGHT: EQY

During 2014, EQY continued to evaluate ways to maximize responsible office supply purchasing by creating a list of acceptable office purchases that are both cost-efficient and reduce overall impact on the environment. The preferred product list currently includes 37 general office supply and cleaning products that contain post-consumer recycled fiber.



SPOTLIGHT: FCR

In 2014 FCR spent \$4.1 million on waste recycling/disposal costs across its entire portfolio. It also has a comprehensive waste reporting system in 49% of its portfolio representing 11.4 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.

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**

2014 WASTE PROFILE OF NON HAZARDOUS WASTE

- } **74%**
General waste
- } **15%**
Cardboard
- } **5%**
Paper/mixed fibre
- } **4%**
Organics
- } **2%**
Mixed glass/
metal/plastic



ENERGY

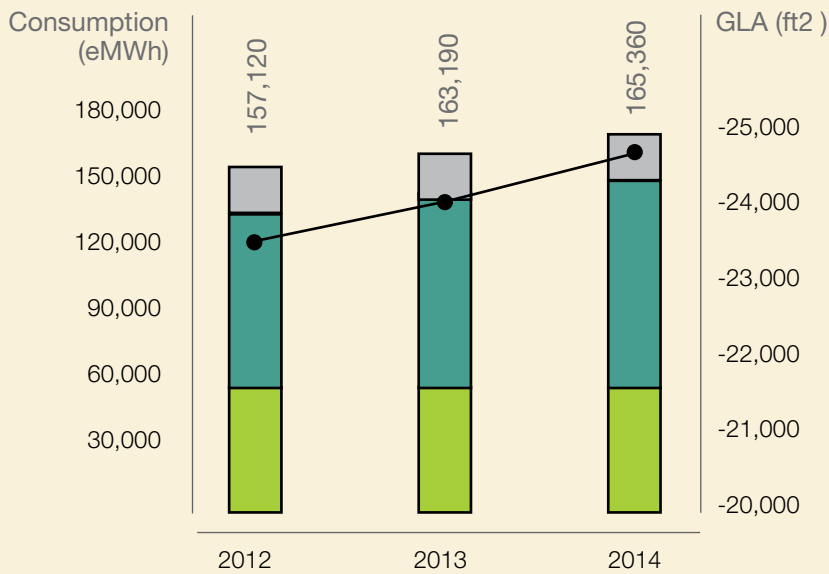


SPOTLIGHT:
FCR

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 and they pay utility companies directly for their consumption. 38% of FCR's energy consumption was sourced from renewable power, i.e., wind, solar, or hydraulic generation.

ENERGY CONSUMPTION BY ASSET CLASS AND FROM ENTIRE PORTFOLIO

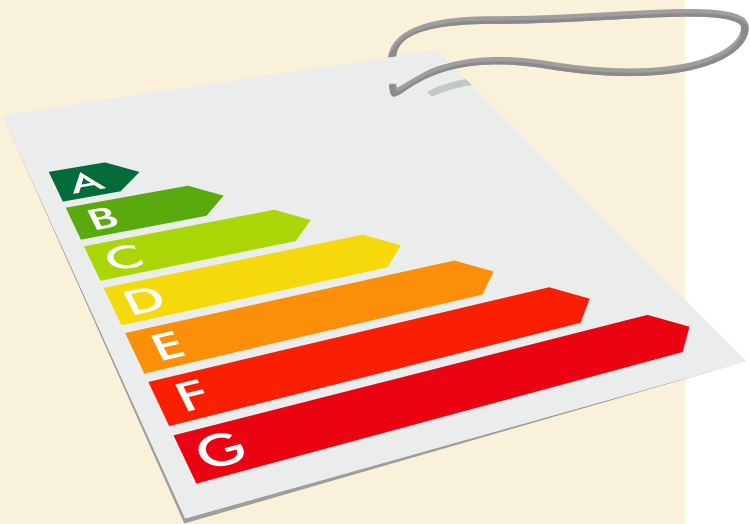
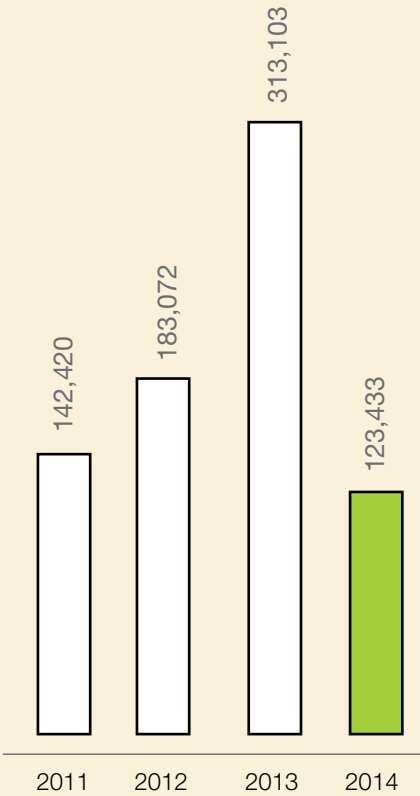
- Open air shopping centers
- Enclosed shopping centers
- Office buildings
- GLA (ft²)



SPOTLIGHT:
Gazit Globe

The Company has completed construction of a new center in Yavne, which has been opened since September 2014. The Company has avoided building a central air conditioning system, which is energy and water consuming. Instead, each store in the center has its own air condition system.

2011-2014 ENERGY CONSUMPTION FOR GAZIT-GLOBE'S HEADQUARTERS (KWH)



ENERGY CONSERVATION

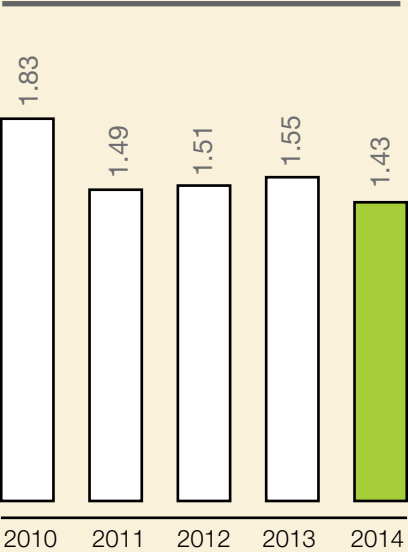
We consume significant amounts of energy to light, heat and cool our properties. As such, we are increasingly focused on the conservation of energy in all of our operations, and on the utilization of alternative energy sources where possible to operate our shopping centers and other properties. This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



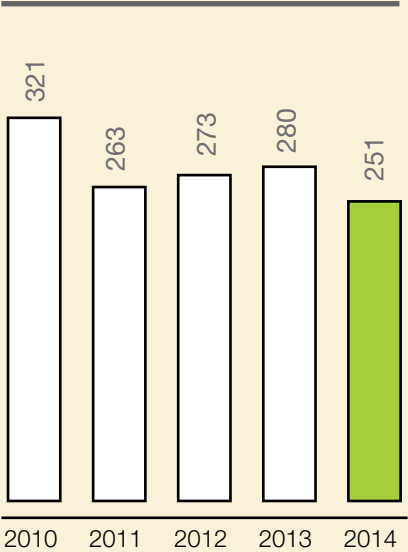
SPOTLIGHT: CITYCON

Energy consumption at Citycon’s properties is mostly indirect consumption, i.e., procured energy. Only one of its shopping centers is equipped with a heating plant, and the fuel used by it is reported as direct energy consumption. Citycon purchased 180.5 GWh of electricity in 2014, and its total energy consumption was 247.4 GWh. Its consumption decreased in like-for-like shopping centers properties by 5.7% compared to 2013.

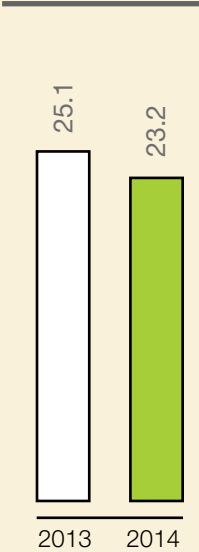
ENERGY INTENSITY OF SHOPPING CENTERS
kWh/visitor



ENERGY INTENSITY OF SHOPPING CENTERS
kWh/sq.m



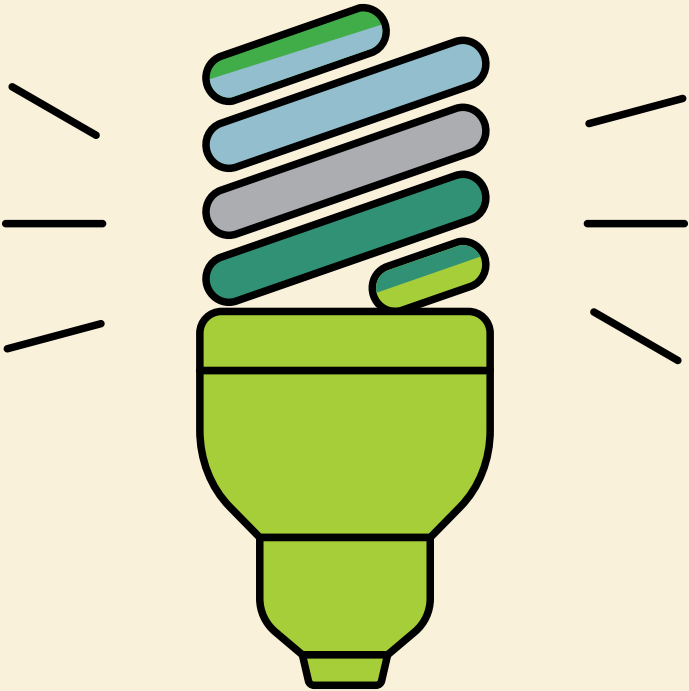
HEATING AND ELECTRICITY CHARGES
EUR million



SPOTLIGHT: EQY

ELECTRICITY (KWH)

- 272,800 High Street-Tenant
- 666,520 High Street-Retail
- 1,113,837 Healthcare
- 1,208,231 Office
- 28,397,321 Retail Shopping Center

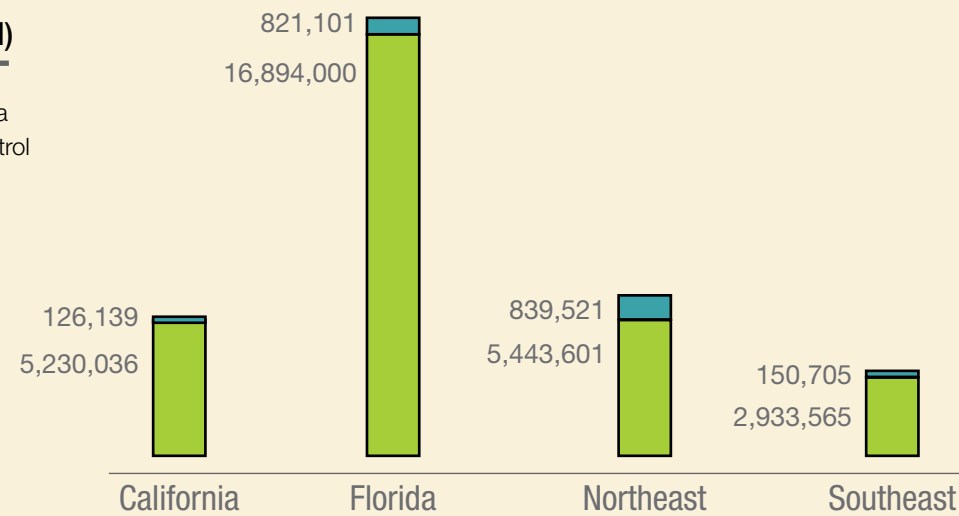




SPOTLIGHT: EQY

ELECTRICITY (KWH)

Common Area
Landlord Control



SPOTLIGHT: FRC

In 2014 FCR continued to implement energy conservation measures in its portfolio, recommissioning investigations at 11 of its properties and identifying more than 6 million ekWh of annual savings. Recommissioning is a systematic process to optimize the operation and maintenance of a building to improve occupant comfort and energy performance and enhance operational capabilities. Many recommissioning findings, including optimizing HVAC equipment, retrofitting more than 2,500 lighting fixtures with LED lighting, and installing new boilers, pumps and fans, were implemented by FCR in 2014. As a result of implementing these findings in 2014, FCR expects to realize annual cost savings of \$375,000.



SPOTLIGHT: EQY

During 2014, EQY continued its strategy to reduce its overall energy usage at its properties with LED parking lot lighting conversions and sophisticated fixture-level lighting controls that eliminate unnecessary lighting during off hours being the main focus of these efforts. Using a combination of technologies, EQY reduced its energy consumption at one center by around 200,000 kWh per year. EQY was recently recognized by LEEP (Lighting Energy Efficiency in Parking Campaign) for the best use of lighting controls in a single facility.

ECOLOGY AND ECONOMY



SPOTLIGHT: CITYCON

At Citycon, ecology and economy go hand in hand. Drivers of responsibility include Citycon's strategic choice to pursue sustainable development, stricter legislation on energy and emissions, energy prices and material costs, cost-efficiency and achieving a competitive advantage, offering attractive retail properties and improving risk management.



SPOTLIGHT: EQY

EQY began installing electric car charging stations at its shopping centers in 2012 which have been successful and provide substantial environmental benefits while providing convenience for customers at its centers. EQY is following a strategic approach to installing additional charging units throughout its portfolio and to furthering its commitment to promote alternative transportation at its centers.

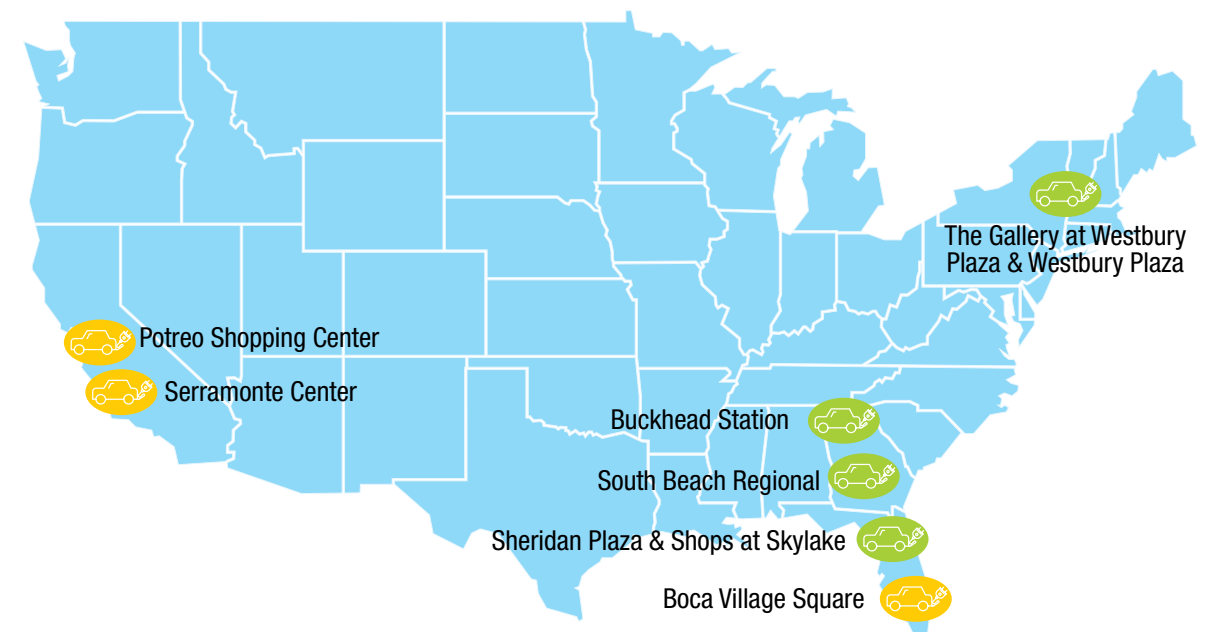
ELECTRIC CAR CHARGING STATION



Existing Sites



Future Sites



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**



SPOTLIGHT: FRC

FRC's properties use water to supply drinking water, support maintenance cleaning activities, supply landscape irrigation and provide sewage conveyance.

WATER CONSUMPTION

ASSET CLASS	2012 (m³)	2013 (m³)	2014 (m³)	2014 versus 2013 change (%)
Open-air shopping centers	936,400	945,010	893,410	-5
Enclosed shopping centers	345,860	399,880	368,670	-8
Office buildings	78,140	72,650	65,140	-10
Total	1,360,410	1,417,540	1,327,220	-6

WATER CONSERVATION AND MANAGEMENT MEASURES



SPOTLIGHT: FRC

FRC continued to implement water conservation measures in its portfolio in 2014. To minimize the use of water for irrigation, native and drought resistant plants were planted at two of its centers in British Columbia and Toronto, and irrigation systems were commissioned at another property to enhance efficiency. In addition, semi-annual inspections of common areas and tenant-leased premises at many properties were conducted for sources of leaking water. **GC8**

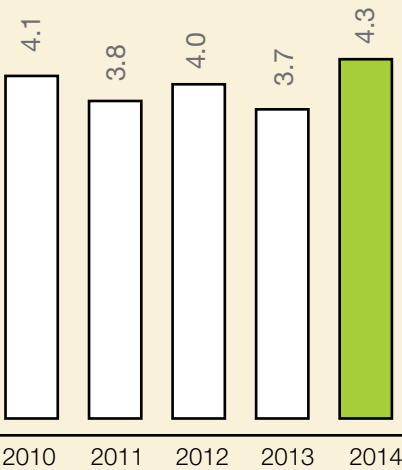


SPOTLIGHT: CITYCON

Citycon's total water consumption in 2014 was 723,423 cubic meters. Water consumption increased by 20% compared to the previous year as a result of changes in its property portfolio and in reporting coverage, however, water consumption of Citycon's like-for-like shopping centers decreased by 5.4%. Citycon undertook measures, such as the installation of user-specific water meters, to reduce its water consumption. **GC8**

ENERGY INTENSITY OF SHOPPING CENTERS

kWh/visitor

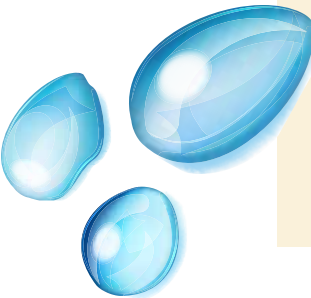


RESPONSIBLE CORPORATE OPERATIONS



SPOTLIGHT: EQY

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 allows 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.

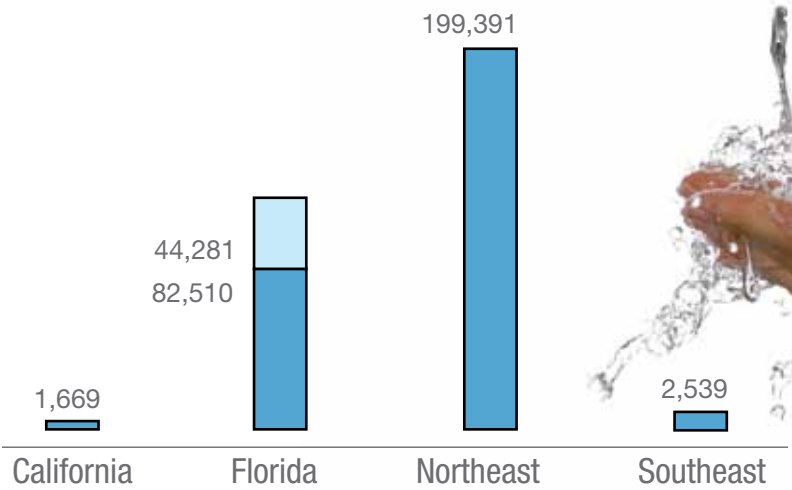


WATER CONSUMPTION

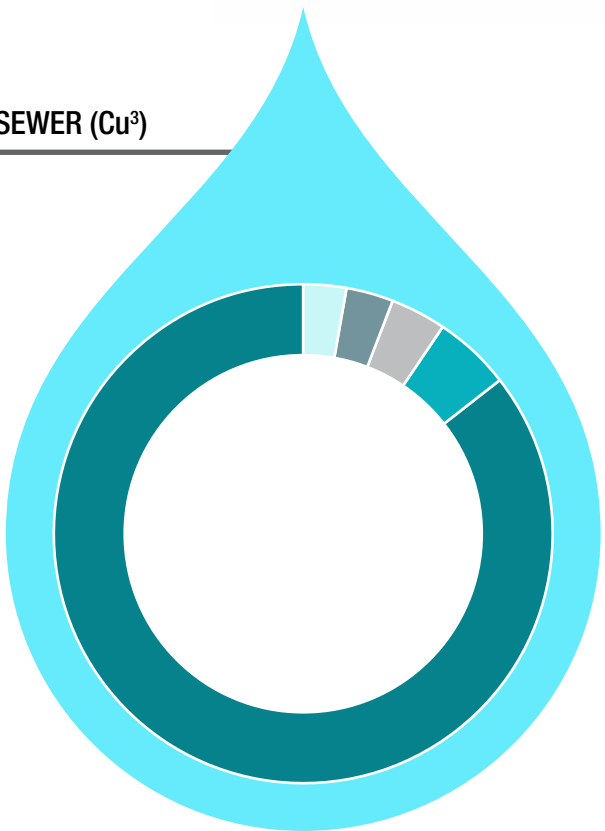
	Total water consumption (m³)	Like-for-like total water consumption (m³)	Total water consumption in shopping centers (m³)
2010	562,604		487,275
2011	639,457		573,626
2012	632,306		581,990
2013	603,014	474,415	560,464
2014	723,423	449,765	685,898
Change-% 2014/2013	20.0	-5.2	22.4
Change-% 2014/2010	28.6		40.8

WATER SEWER (Cu³)

Common Area
Landlord Control



WATER SEWER (Cu³)



- 1,306 Office
- 1,492 High Street-Tenant
- 1,670 Healthcare
- 2,413 High Street-Retail
- 404,257 Retail Shopping Center



SPOTLIGHT:
Gazit Israel

Our Israeli subsidiary has completed the construction of a new center in Yavne according to Israeli Standard that calls for surface runoff water to drain into aquifers. To meet this standard, the Company created 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. In each center in Israel, the Company used special faucets in the public lavatories which has fixed quantities of water that prevent water waste. **GC8**

EMISSIONS, EFFLUENTS & WASTE



SPOTLIGHT:
Gazit Israel

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

GAZIT ISRAEL GHG EMISSIONS (TON)

2011	2012	2013	2014
1,190	1,332	1,013	638

GHG EMISSIONS



SPOTLIGHT:
FCR

GHG emissions at FCR properties result from burning fossil fuels to provide power, heating and cooling to its properties as well as the transportation of water to and from properties. In 2014, FCR's GHG emissions decreased 3% from 2013 levels in spite of a 3% increase in GLA reporting GHG emissions, a 1% increase in energy consumption, and a 40% average increase in electricity emission factors. 2014 emissions were lower compared to the previous year because FCR consumed less electrical energy in Alberta where its electricity emission factor was the highest.

GHG EMISSIONS

Asset Class	2012 (CO ₂ e Tonnes)	2013 (CO ₂ e Tonnes)	2014 (CO ₂ e Tonnes)	2014 versus 2013 change (%)
Open-air Shopping Centers				
Scoop 1 - Natural Gas	2,860	2,840	3,300	17
Scoop 2 - Electricity	8,210	7,080	6,550	-7
Scoop 3 - Water	120	120	120	-1
Total for Asset Class	11,190	10,040	9,990	0
Enclosed Shopping Centers				
Scoop 1 - Natural Gas	4,490	5,380	5,660	5
Scoop 2 - Electricity	9,530	9,560	8,960	-6
Scoop 3 - Water	50	50	50	-1
Total for Asset Class	14,070	14,990	14,670	-2
Office Buildings				
Scoop 1 - Natural Gas	1,880	2,070	2,110	2
Scoop 2 - Electricity	2,780	2,280	1,860	-18
Scoop 3 - Water	10	10	10	-1
Total for Asset Class	4,660	4,360	3,980	-9
Entire Portfolio				
Scoop 1 - Natural Gas	9,230	10,280	11,090	8
Scoop 2 - Electricity	20,520	18,930	17,380	-8
Scoop 3 - Water	170	170	170	-1
Total	29,920	29,390	28,640	-3

GHG EMISSIONS

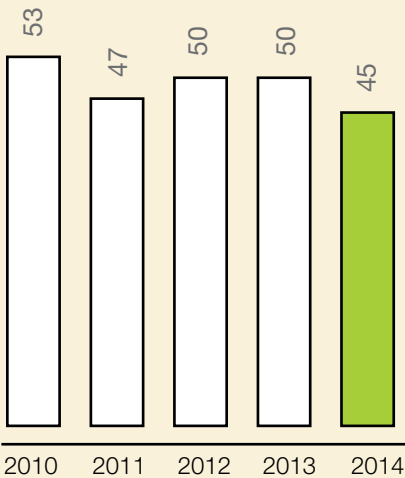


SPOTLIGHT: CITYCON

Citycon's carbon footprint increased by 8.3% in 2014 compared to the previous year as a result of changes in its property portfolio, including the inclusion of its Kista Galleria in its environmental reporting for the first time in 2014. Citycon's carbon footprint in relation to property area decreased compared to the previous year, and its carbon footprint of like-for-like shopping centers decreased by 2.1%. The carbon footprint is not entirely comparable between 2014 and earlier years because emission factors were updated in 2014.

GREENHOUSE GAS INTENSITY FROM BUILDING ENERGY CRE3

kg CO₂ e/sqm



SPOTLIGHT: Gazit Israel

The subsidiary put a lot of emphasis on the quality of the effluents, which our centers pore into the municipal sewage system. Therefore, in most centers we increased the frequency of the cleaning procedures of our septic tanks, and introduced more stringent rules for restaurants regarding their house keeping procedures. **GC8 GC9**

WASTE DISPOSAL DATA



SPOTLIGHT: FCR

TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS

TnCO ₂ e	2014	2013	2012	2011	2010
Electricity in common areas	20,880	20,850	21,112	21,079	17,180
Tenants' Electricity supplied by the landlord*	34,036	25,626	25,261	23,222	18,001
District heating and cooling in properties	23,365	26,196	27,484	25,314	32,335
Electricity and heat in office occupation	17	53	63	61	51
Wastewater in properties	762	225	234	239	210
Waste in properties	86	75	74	77	68
Business travel	300	317	303	275	473
Commuting	90	73	76	78	117
Paper consumption and mail	3	3	3	4	2
Total	79,538	73,419	74,612	70,347	68,439

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. A number of factors contribute to this situation including local market conditions and reliance on several regionally

based recycling/waste management companies to transport and to recycle/dispose FCR's property recycling/waste streams. In 2014, FCR spent \$4.1 million on recycling/waste disposal costs across its entire portfolio.

WASTE DISPOSAL DATA



SPOTLIGHT:
FCR

QUANTITY OF NON-HAZARDOUS WASTE GENERATED



Type of waste	2012 (TONNES) ¹	2013 (TONNES) ¹	2014 (TONNES) ¹	2014 VERSUS 2013 CHANGE (%)
Paper/mixed fibre	730	2,400	830	-65
Cardboard	1,660	2,040	2,350	15
Organics	430	550	550	0
Mixed glass/metal/plastic	200	230	240	4
General waste	9,070	8,350	11,190	34
TOTAL	12,080	13,570	15,150	12

¹ Data represented waste generated in 10.1 million ft² (40%) of the portfolio.
² Data represented waste generated in 116 million ft² (48%) of the portfolio.
³ Data represented waste generated in 11.4 million ft² (49%) of the portfolio. Municipal services provide waste and recycling services at 1.3 million square feet of the portfolio/



SPOTLIGHT:
FCR

2014 WASTE PROFILE OF NON HAZARDOUS WASTE



- 74%**
General waste
- 15%**
Cardboard
- 5%**
Paper/mixed fibre
- 4%**
Organics
- 2%**
Mixed glass/
metal/plastic

WASTE MANAGEMENT



SPOTLIGHT: CITYCON

Properties managed by Citycon generated 17,105 tonnes of waste, of which 16,599 tonnes were collected from shopping centers and 506 tons from other properties. The recycling rate of waste materials for Citycon's shopping centers was 88.5%, showing an increase of 3.1% compared to the previous year. The amount of waste generated by shopping centers increased by 14.9% compared to the previous year.

Measures taken in 2014 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.



TOTAL WEIGHT OF WASTE BY DISPOSAL ROUTES

Type of waste	2014		2013	
	T	%	T	%
Landfill Waste	2,091	12.2	2,410	16
Incinerated waste	4,294	25.1	4,179	27.7
Composted waste	2,628	15.4	2,724	18.0
Recycled waste	7,402	43.3	5,299	35.1
Reused waste	689	4.0	485	3.2
TOTAL	17,105	100	15,097	100



SPOTLIGHT: CITYCON

TOTAL WASTE AMOUNT

	T
2010	13,644
2011	15,361
2012	14,896
2013	15,097
2014	17,105
Change-% 2014/2013	13.3
Change-% 2014/2010	25.4

TOTAL WASTE AMOUNT IN SHOPPING CENTERS

	T
2010	12,973
2011	14,596
2012	14,118
2013	14,446
2014	16,599
Change-% 2014/2013	14.9
Change-% 2014/2010	27.9

WASTE STREAM



SPOTLIGHT: EQY

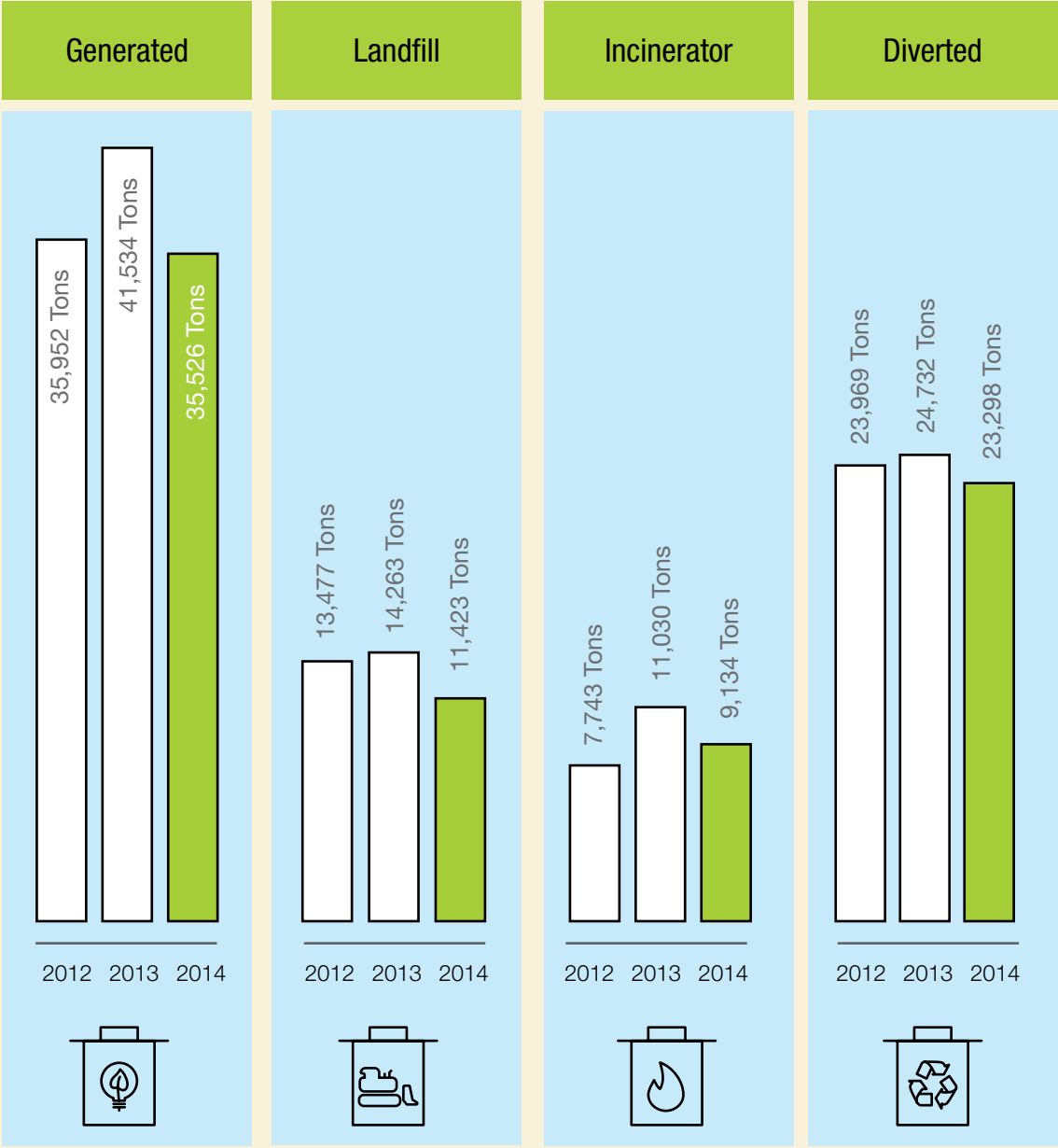
During 2014, EQY continued to focus its efforts with its waste providers to develop new strategies to minimize the total amount of waste being sent to local landfills. EQY actively audits its waste services on an annual basis to

ensure that waste removal and recycling programs are in place for each shopping center. 39% of EQY's total waste volume was made up of recyclable materials.

PROPERTY WASTE TOTALS



SPOTLIGHT:
EQY

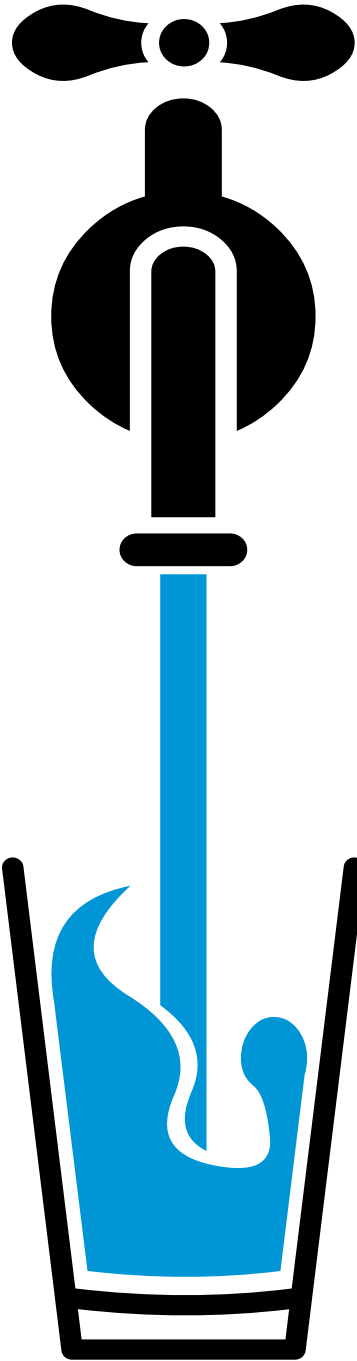
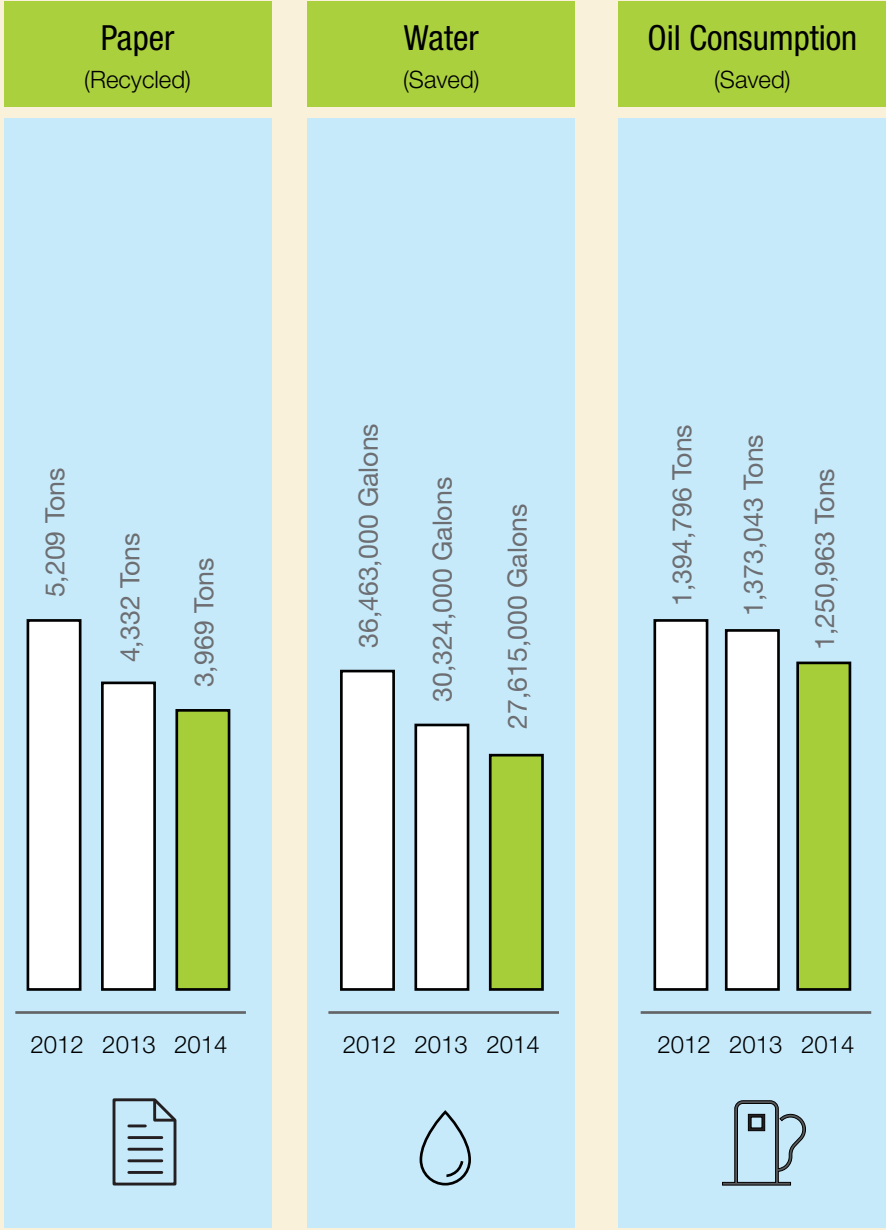


RESOURCES SAVED

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



SPOTLIGHT:
EQY

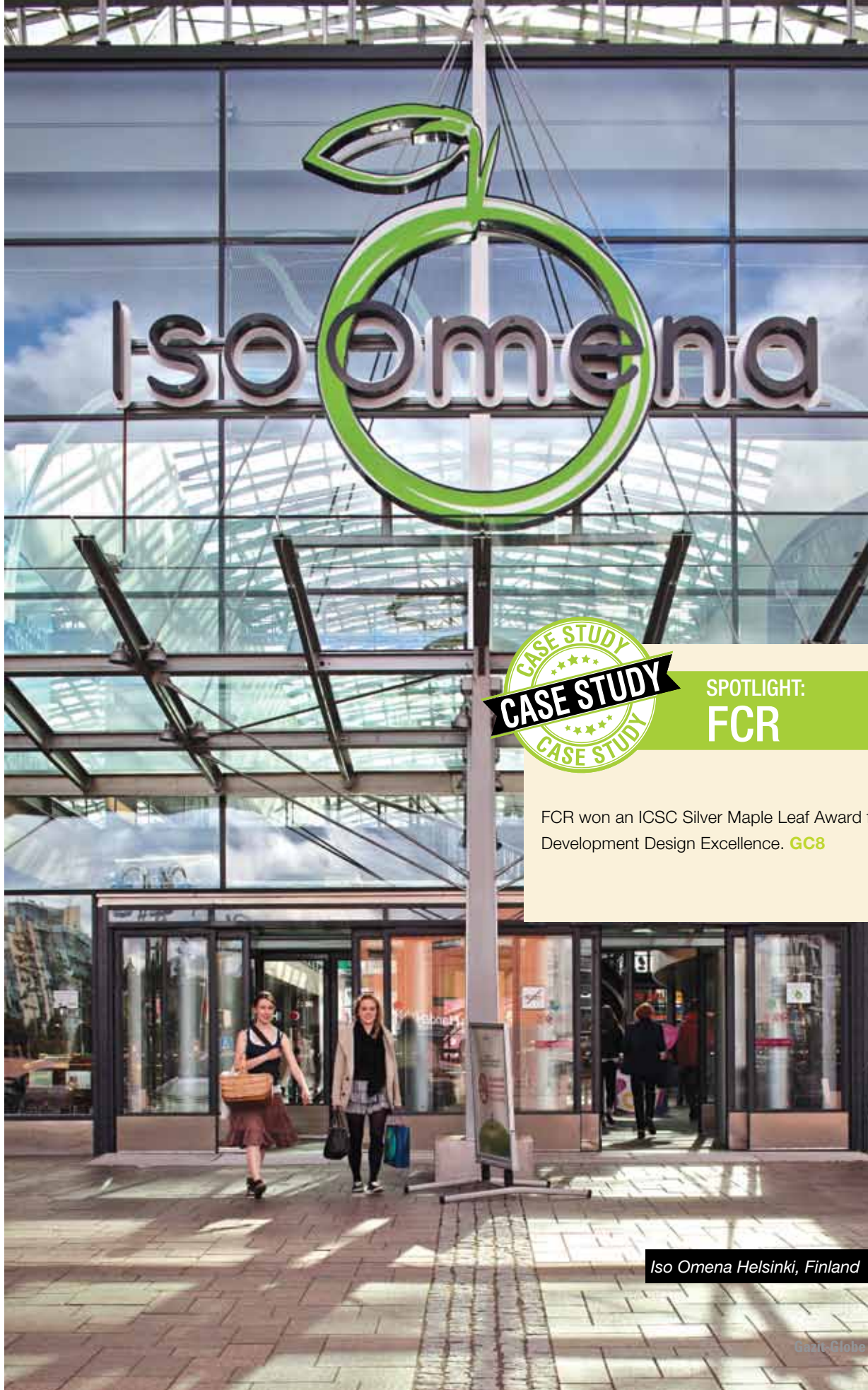
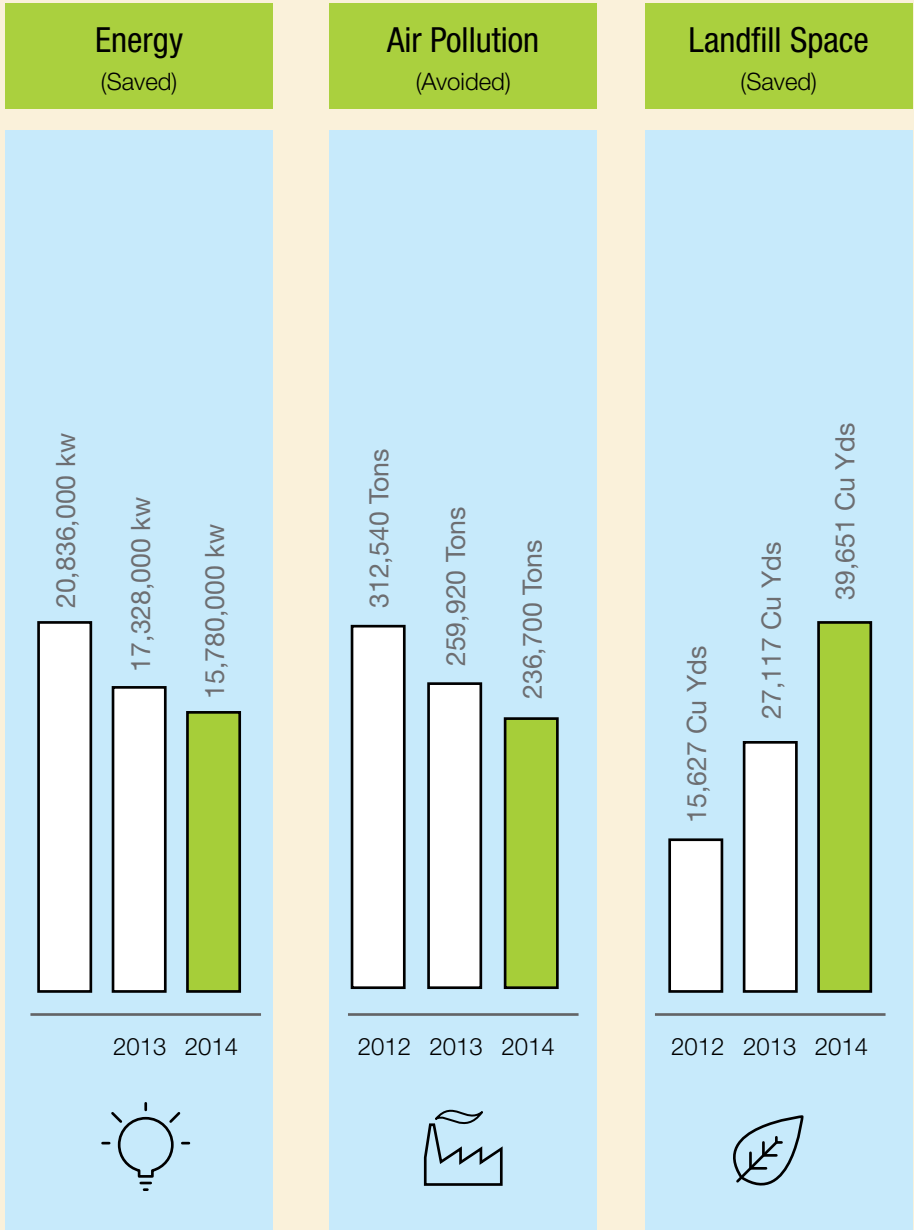


RESOURCES SAVED

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



SPOTLIGHT:
EQY



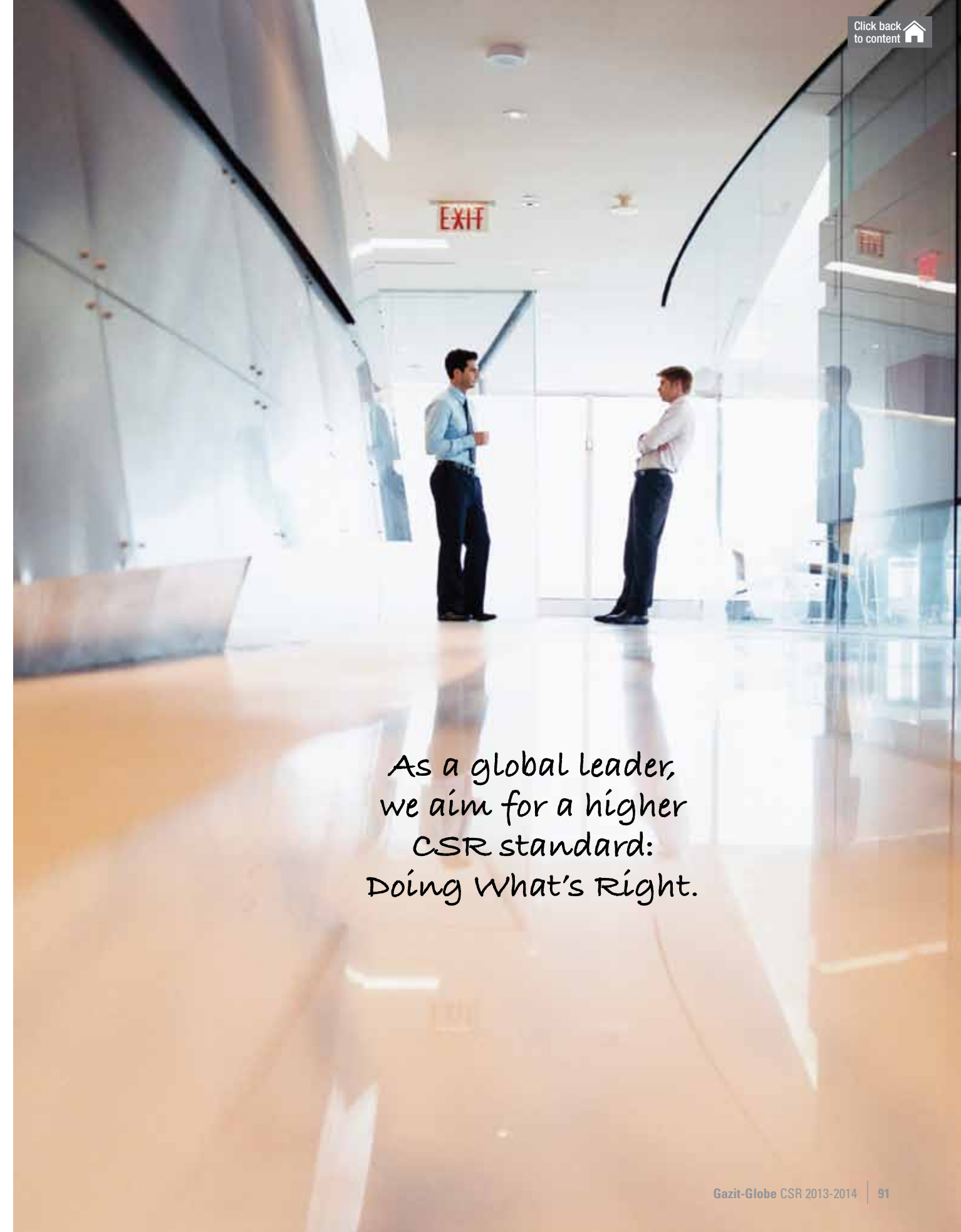
SPOTLIGHT:
FCR

FCR won an ICSC Silver Maple Leaf Award for New Development Design Excellence. **GC8**

Iso Omena Helsinki, Finland

Section 6.

GLOBAL REPORTING INITIATIVE (GRI) INFORMATION



As a global leader,
we aim for a higher
CSR standard:
Doing What's Right.

GLOBAL REPORTING INITIATIVE (GRI) INFORMATION

“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 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: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report Externally Assured	Report on all criteria listed For Level C plus: 1.2 3.9, 3.13 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, Humen 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	

✓ Fully reported ○ Partly reported — Not reported

STANDARD DISCLOSURES PART I: Profile Disclosures

1. Strategy and Analysis

Profile Disclosure	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
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	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
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.	✓	14-15		
2.4	Location of organization's headquarters.	✓	15		
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.	✓	15		
2.6	Nature of ownership and legal form.	✓	10		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	✓	15		
2.8	Scale of the reporting organization.	✓	10 As of December 31, 2014 we have 22 employees working at our Headquarters in Tel-Aviv		
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	✓	10		
2.10	Awards received in the reporting period.	✓	17		

3. Report Parameters

Profile Disclosure	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
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.	✓	106		
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).	✓	6		
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.	✓	6		
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).	✓	No Data has been restated		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	✓	32		
3.12	Table identifying the location of the Standard Disclosures in the report.	✓	94-105		
3.13	Policy and current practice with regard to seeking external assurance for the report.	✓	6		

4. Governance, Commitments, and Engagement					
Profile Disclosure	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
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.	✓	18		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	✓	18		
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.	✓	18		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	✓	16, 18, 22, 23		
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).	✓	20		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	✓	19, 20		
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.	✓	19		
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.	✓	16, 64-65		
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.	✓	18-19		
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	✓	18		

Profile Disclosure	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	✓	56, 57		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	✓	16-17		
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.	✓	16, 17, 27		
4.14	List of stakeholder groups engaged by the organization.	✓	21		
4.15	Basis for identification and selection of stakeholders with whom to engage.	✓	21		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	✓	21-23		
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.	✓	23		

STANDARD DISCLOSURES PART II: Disclosures on Management Approach					
G3 MAs	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
DMA EC	Disclosure on Management Approach EC	✓	30		
DMA EN	Disclosure on Management Approach EN	✓	62		
DMA LA	Disclosure on Management Approach LA	✓	38		
DMA HR	Disclosure on Management Approach HR	✓	46		
DMA SO	Disclosure on Management Approach SO	✓	50		
DMA PR	Disclosure on Management Approach PR	✓	50		

STANDARD DISCLOSURES PART III: Performance Indicators

Economic					
Indicator	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
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.	✓	30-33, 52-53		
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	✓	35		
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.	✓	34, 52-53		
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	✓	34, 52-53		

Environmental					
Indicator	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
Materials					
EN1	Materials used by weight or volume.	—			
EN2	Percentage of materials used that are recycled input materials.	✓	66-67		
Energy					
EN3	Direct energy consumption by primary energy source.	✓	68-70		
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.	✓	63, 68-70		
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	—			
Water					
EN8	Total water withdrawal by source.	✓	74-76		
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.	—			

GRI INDEX

✓ Fully reported ○ Partly reported — Not reported

Indicator	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
Emissions, effluents and waste					
EN16	Total direct and indirect greenhouse gas emissions by weight.	✓	78-80		
EN17	Other relevant indirect greenhouse gas emissions by weight.	—			
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	✓	63, 70-73		
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 water-house and rain-water is let to the municipal sewer system. 80		
EN22	Total weight of waste by type and disposal method.	✓	84-86		
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.	—			
Products and services					
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	✓	63-66		
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	—			
Compliance					
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					
Indicator	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
Employment					
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	✓	38		
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	—			
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	✓	39-41		
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.	○	40-41		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	—			

GRI INDEX

✓ Fully reported ○ Partly reported — Not reported

Indicator	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	✓	42		
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.	✓	43-45		
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					
Indicator	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
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.	✓	46-47		
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.	✓	46		

Indicator	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
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.	✓	46-47		
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					
Indicator	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
Local communities					
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	✓	50-53		
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.	✓	56-57		
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	✓	56-57		
SO4	Actions taken in response to incidents of corruption.	—			

GRI INDEX

✓ Fully reported ○ Partly reported — Not reported

Indicator	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
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.	✓	57		
Compliance					
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	—			

Social: Product Responsibility					
Indicator	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
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.	✓	58-59		
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.	✓	58-59		
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.	✓	55		

Indicator	Disclosure	Level of reporting	Location of Disclosure	Reason for omission	Explanation for the reason for omission
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.	—			

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

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

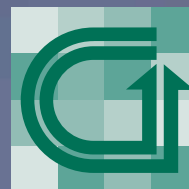
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Many thanks to everyone who contributed to the creation of this Report including **David Kahn Financial Communications** for copywriting, **Portnov-Mishan** for concept and design, and **Deloitte Brightman Almagor Zohar** for professional consultation.



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