



# ECI SUSTAINABILITY REPORT 2015

ARE YOU READY  
FOR THE FUTURE?





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## GREETINGS FROM OUR PRESIDENT AND CEO: DARRYL EDWARDS

I am pleased to introduce ECI's 2015 Sustainability Report. This is our fifth annual report, describing how we make a difference through the work that we do.

In this report, we focus on the future. That's where our customers are going, and we plan to help them get there using our new ELASTIC strategy and solutions, which we have been perfecting over the past few years. In doing so, we are turning on their head some long-standing myths about the way technology companies should work. Most technology companies try to tie their customers in to proprietary hardware and closed proprietary infrastructure software, making change costly and complex, and prohibiting innovation. Such companies focus on what they have to sell rather than what makes their customers more agile. At ECI, we have reconsidered our role as a technology company. As we see it, the future is more about software, not hardware; open collaboration, not programming lockdown; and meeting customers' needs for flexibility, not vendor asset protection. It's about dynamic markets, agility, knowledge-sharing, and co-creation with openness in mind. That's the radical change in our approach, reflected in our new ELASTIC enterprise. Our focus is squarely on innovation and value proposition, as we develop unique, future-critical applications on common open software platforms, such as Software Defined Networks (SDN) and Network Function Virtualization (NFV).

Our ELASTIC solutions are more power-efficient, interoperable, and integrative than ever before. They will evolve with technology and network demands to help customers protect their investments, improve returns, and reduce operational costs. With ELASTIC solutions, they can compete more effectively, reach new markets, and support greater global connectivity, while using fewer resources. ELASTICITY means simple, open, cost-effective, sustainable, fast, and innovative solutions that can help people around the world better connect to each other.

At the same time, we continue to operate in line with our values and ethics, and with a conscience

to support society and protect the environment. In the past year, we have further reduced our energy consumption, greenhouse gas emissions, and water use, all while building our business and increasing our market presence in many countries. We continue to make a contribution to society, and have advanced technological education and STEM programs for schoolchildren. We maintain a supportive workplace and invest in the continuing development and professional growth of almost 1,700 employees worldwide.

This evolution for ECI and our customers is an opportunity not without challenges. Every day, our frame of reference shifts a little as new technological innovations appear, so the speed at which we can adapt and grow is key to our success. Another main challenge is attracting, developing, and retaining the right people with the right skills or the ability to acquire them. I am sure that our corporate culture of equal opportunity, flexibility, collaboration, and respect are what makes people stay at ECI. It all comes back to doing business with integrity.

I hope you will find this report interesting. As always, we welcome your feedback.

*Darryl Edwards*  
President and CEO



## A NOTE FROM OUR GROUP CHAIRMAN: SHAUL SHANI

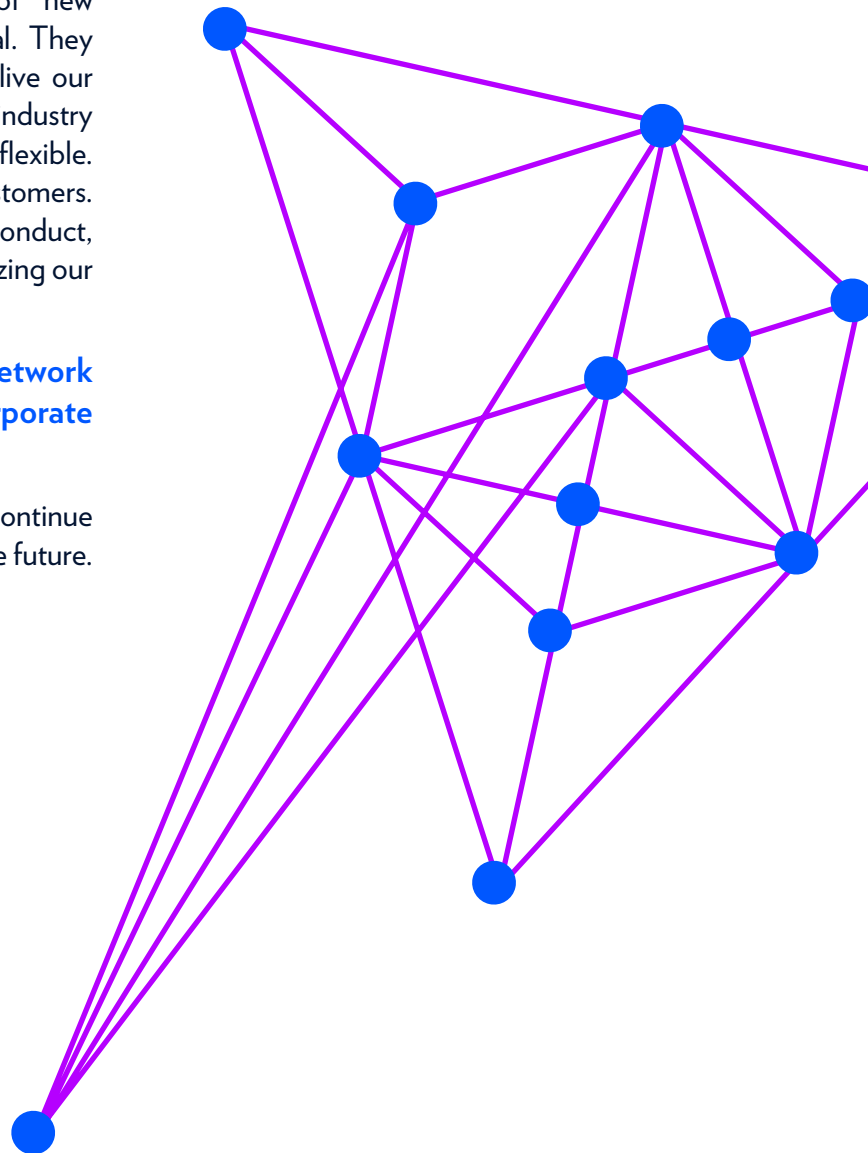
**With ECI, I think we can all be ready to take on the future with confidence.**

At the forefront of today's innovation in network solutions, ECI is driving the uptake of new technologies that are truly transformational. They change how we do business and how we live our lives. Through this, ECI is also helping the industry to evolve to be more open, efficient and flexible. This is good for ECI and it's good for our customers. It's all built on a foundation of ethical conduct, treating employees with respect and minimizing our environmental footprint.

**We want to be a recognized expert in network solutions as well as an exemplary corporate citizen in everything we do.**

I believe that our global team at ECI can continue to be both. That gives me confidence for the future.

*Shaul Shani*  
Group Chairman



## ABOUT ECI

Founded in 1961, ECI Telecom Ltd. is a privately-owned provider of ELASTIC networks that scale and operate efficiently using open, secure and vendor agnostic technology.

ECI's ELASTIC solutions ensure open, future-proof, and secure communications. With ECI, customers have the luxury of choosing a network that can be tailor-made to their needs today as well as seamlessly and cost effectively upgraded to meet future requirements.

We serve hundreds of customers, including communications service providers (CSPs), utility and critical infrastructure companies, as well as data center operators and cloud service providers worldwide, through an international sales force, local agents and resellers in nearly 30 regional sales and service centers.

ECI also maintains a network of resellers in over 70 countries. At the end of 2015, we employed over 1,600 people in 30 countries.

### OUR VALUES

- **Respect for the Individual:** We treat one another with respect and dignity, appreciating individual, cultural, and national differences. We seek to learn and therefore we listen to one another attentively and compassionately and communicate often and openly. We encourage individuals to express their views and use their talent to the fullest. All persons are treated with dignity and respect.
- **Team Spirit:** Our team spirit binds us together, transcending organizational, functional, and geographic boundaries. We work hard towards a common goal and strive to deliver beyond expectations. We cooperate, collaborate, and empower one another in recognition that a global effort translates into exceptional solutions and services.
- **Innovation:** We constantly strive to redefine the standard of excellence in everything we do. We

are open to ideas that challenge convention, seek diversity of views and drive innovation. We encourage both individuals and teams to constantly search for innovative technologies and creative business solutions and recognize their achievements.

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

### DARRYL EDWARDS HONORED WITH CEO AWARD

Darryl Edwards, ECI's President and CEO, was one of seven CEOs to be recognized by People & Computers as Best CEO for 2015 for outstanding achievements in the field of IT and technology.

# TRANSPARENT NETWORK EVOLUTION



## 2015 SUSTAINABILITY HIGHLIGHTS

1 669

employees in 30 countries



82%

of customers confirmed improvements in service from ECI



-16%

energy consumption in Israel



24%

women in management roles in Israel



65

achieved in the TL9000 telecom industry quality index, above industry average



-13%

greenhouse gas emissions in Israel



ZERO

injuries in India and China



96%-98%

of customer downtime incidents restored to full service within 4 hours



-2%

water withdrawal in Israel



0.191

injury rate per 100 employees in 2015 (6 injuries)



ZERO

Critical findings in audits: OHSAS18001, ISO14001, SA8000



-8%

total waste in Israel



78%

of employees in Israel volunteered in the community



Several contributions to ONOS Open Source community



+7%

waste recycled



4 522

total hours volunteered in the community



Darryl Edwards, President and CEO: **Best CEO** for 2015 for outstanding achievements in the field of technology



97

CDP supply chain disclosure score and GOLD EcoVadis performance rating





## 2015 SUSTAINABILITY DASHBOARD

EMPLOYEES AND COMMUNITY		2011	2012	2013	2014	2015
<b>01</b>	EMPLOYEES (WORLDWIDE)	2,671	2,062	1,730	1,644	1,669
<b>02</b>	WOMEN EMPLOYEES	23%	23%	25%	25%	24%
<b>03</b>	WOMEN MANAGERS	16%	18%	18%	19%	24%
<b>04</b>	LOST TIME INJURY RATE	0.061	0.192	0.236	0.102	0.308
<b>05</b>	LOST DAY RATE	0.052	0.032	0.067	0.026	0.023
<b>06</b>	VOLUNTEER HOURS PER EMPLOYEE (AVERAGE)	5.78	8.01	6.68	7.71	5.10

ENVIRONMENT AND SUPPLY CHAIN		2011	2012	2013	2014	2015
<b>01</b>	ENERGY CONSUMPTION	-13%	-30%	-52%	-54%	-61%
<b>02</b>	CO <sub>2</sub> E EMISSIONS (SCOPE 1 & 2)	-12%	18%	-50%	-49%	-57%
<b>03</b>	CO <sub>2</sub> E EMISSIONS (SCOPE 3)	N/A	-45%	-56%	-52%	-41%
<b>04</b>	WATER CONSUMPTION	-2%	-6%	-7%	-1%	-3%
<b>05</b>	WASTE GENERATED	-31%	-65%	-61%	-62%	-65%
<b>06</b>	WASTE TO LANDFILL	-39%	-81%	-56%	-60%	-64%
<b>07</b>	WASTE RECYCLED (AS % OF TOTAL WASTE)	31%	57%	12%	19%	21%
<b>08</b>	SUPPLY CHAIN AUDITS OF KEY SUPPLIERS	3	10	5	6	1
<b>09</b>	ECOVADIS SCORE	N/A	N/A	SILVER	GOLD	GOLD

### Notes:

- Data refers to Israel operations only unless otherwise stated
- Environmental and supply chain performance (except for waste recycled) reflects cumulative change in annual performance using 2010 as our base year
- Water consumption for 2014 was restated due to errors

# STAKEHOLDER CONSULTATION

In early 2016, in order to seek feedback from a range of stakeholders in Israel, we conducted a roundtable discussion to hear views and expectations of ECI as a global technology company based in Israel. This was our first such dedicated group discussion with stakeholders, and it was attended by 8 participants from civil society, our supplier network, academic and business subject experts. Five managers from ECI attended, including Adi Bildner, ECI's Vice President for Global Human Resources. The key insights received from the group include:

- **Increased transparency and publicity of community activities:** ECI should become more of a role model by publicizing achievements for other companies to emulate.
- **Develop more sustainable products and logistics processes:** ECI should engage employees to implement sustainable practices in product design and logistics and improve packaging sustainability.
- **Expand community impacts through collaboration:** ECI should engage with other organizations, including customers, in shared community initiatives to increase overall impact.
- **Derive greater business benefits from sustainability activities:** ECI should place more focus on creating business value through addressing social and environmental needs.
- **Continue to advance global business while retaining the core in Israel:** ECI contributes great economic value for Israel through its global activities, and this should continue, while at the same time retaining the core in Israel to drive local innovation and contribute to strong local infrastructure.

## ROLE MODEL

"ECI must act as a role model and not hide its activities to support communities."



## ENGAGEMENT

"In order to fully integrate sustainable practices into production and supply chain activities it is vital to engage employees in technical roles in the need for sustainable practices in order to ensure these are fully integrated into production and supply chain operations."



## SUSTAINABILITY

"It is important that ECI continues to be a leader in sustainability reporting in Israel and in the technology sector, as this will have a positive impact both inside and outside of the company. By reporting on sustainability activities, ECI acts as a role model which will encourage other companies to adopt sustainability practices."



## PRIORITIES

"I believe that one of the top sustainability priorities for ECI should be creating business advantage from sustainability activities. For example, production of energy efficient equipment will benefit customers which will translate to business advantage for ECI."



## VOLUNTEER

"It is a company's obligation to provide employees with an opportunity to volunteer in the community."



# SUSTAINABILITY PRIORITIES

In today's changing world, we must be flexible and innovative, creating ELASTIC networks which enable customers to succeed. In this period of increased cost cutting and challenged revenue streams, we must help our customers provide best value by continuously improving the resource efficiency of our products and services. At the same time, we aim for maximum resource efficiency in our operations to maintain a cost-efficient business and display sustainability leadership. We provide a positive, safe and inclusive workplace where employees grow and develop and are engaged with our mission and values, working together to achieve our sustainable business objectives. We must embed ethical conduct at all levels of our business and through our supply chain to maintain trust with stakeholders and safeguard against business and reputational risk. Our Sustainability Priorities are:

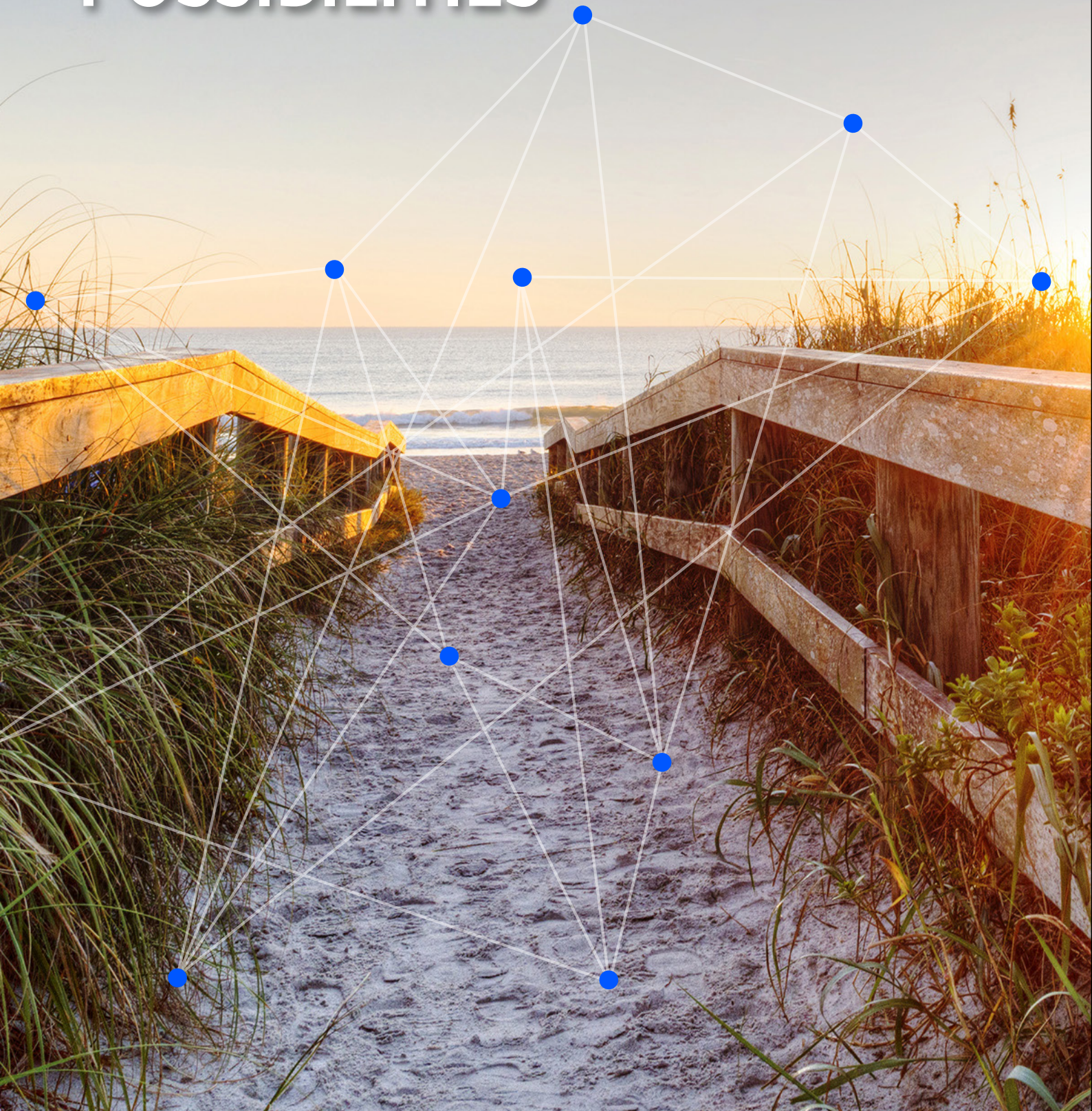
 <h2>ELASTICITY</h2> <ul style="list-style-type: none"> <li>• Meeting and anticipating customer needs</li> <li>• Partnering to deliver the best solutions</li> <li>• Providing outstanding customer service</li> </ul>	 <h2>EFFICIENCY</h2> <ul style="list-style-type: none"> <li>• Improving the resource efficiency of our products</li> <li>• Reducing our energy consumption</li> <li>• Reducing waste and increasing recycling</li> </ul>
 <h2>EMPLOYEES</h2> <ul style="list-style-type: none"> <li>• Engaging and developing employees</li> <li>• Employee health, safety and wellbeing</li> <li>• Engaging employees to support our communities</li> </ul>	 <h2>ETHICS</h2> <ul style="list-style-type: none"> <li>• Maintaining integrity and ethical conduct</li> <li>• Upholding human rights</li> <li>• Driving ethical standards throughout our supply chain</li> </ul>

We have also considered the new global Sustainable Development Goals, ratified by the UN in September 2015, setting out an ambitious agenda for global development to 2030. ECI supports this initiative and will be considering where we can further align our business operations with these global objectives in coming years. In the meantime, we believe that we make a meaningful contribution to 5 goals, while supporting many of the others in different ways.

 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	 <p><b>13</b> CLIMATE ACTION</p>	 <p><b>17</b> PARTNERSHIPS FOR THE GOALS</p>
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Throughout this report, we note where our impacts support the global Sustainable Development Goals.

# OPEN YOURSELF TO ENDLESS POSSIBILITIES



# GETTING READY FOR THE FUTURE

Helping our customers prepare for the future has always been at the heart of ECI's approach to doing business. By anticipating technology developments and understanding our customers' competitive landscapes, we are able to offer ELASTIC solutions that are resource efficient, flexible, adaptable, energy saving and offer an optimum platform for our customers' business expansion.

## The ELASTIC Network

ELASTICITY expresses our sustainable approach to doing business because it's how we help our customers achieve their objectives in the marketplace. Taking advantage of the newest, fastest, most efficient technologies, while retaining compatibility with old ones, means that we deliver the best capability for the long term, requiring minimal changes as our customers adapt. The sustainability impacts we achieve through our ELASTIC solutions encompass customer needs in the area of networks, cloud-based services, utilities infrastructure and cyber protection, all supported by uncompromising customer service. In this section we describe how we anticipate and meet our customer needs by delivering future-ready technology and partnering for innovation.

**GRI - DMA | INDIRECT ECONOMIC IMPACTS**

**MATERIAL IMPACT**  
MEETING AND ANTICIPATING CUSTOMER NEEDS G4-EC8

## Step change in strategy for innovation

Our focus is squarely on innovation as the key to future proofing our business and supporting our customers doing the same for theirs. Our business and innovation strategy uses our knowledge and aspirations regarding ELASTIC networks and feedback from our customer satisfaction survey. It represents a real step-change in our thinking and planning. The core concepts in our strategy support the move of our customers from closed systems to open systems, from vendor lock-in to vendor agnostic, from proprietary IP to open source innovation and from physical hardware to cloud-based software.

**MATERIAL IMPACT**  
PARTNERING TO DELIVER THE BEST SOLUTIONS G4-EC8

**INNOVATION STRATEGY BUILDING BLOCKS**

- Open source innovation
- Vendor agnostic
- Software centric
- Partnerships

*“Open-sourced, vendor-agnostic, software-centric may not roll off the tongue so easily, but it means a world of difference for our customers. We believe that an open, competitive system is good for business – both for ECI and for our customers and for their customers. It’s quite a departure from our traditional focus on hardware development. Instead of developing hardware and then writing programs to support it, we first develop the software that solves complex technology needs and then we define the hardware needed to support it.” Hayim Porat, CTO*

## Opening up Open Source

In line with our new strategic framework for innovation in a competitive environment, we have wholeheartedly adopted an open source approach and have become active members of the open source community. This is entirely in line with the principles and concepts of ELASTIC Networks and we believe, creates new possibilities for advancement with benefits all along the technology development chain. We are one of only a few technology companies to uphold the four principles of open innovation initiatives.

**FOUR PRINCIPLES OF OPEN INNOVATION**

- **Open Source:**
- **Open Application Programming Interfaces:** can interface with HW/SW of various vendors
- **Open Ecosystem:** ecosystem partnership will ensure needs are filled
- **Open Architecture:** includes access points

**ECI'S SUPPORT FOR OPEN INITIATIVES ADVANCES THE UN SUSTAINABLE DEVELOPMENT GOALS**

**17 PARTNERSHIPS FOR THE GOALS**



A major advantage for us in contributing to the open source community is that cooperating with other companies on development frees up resources to invest in creating advanced applications which offer differentiating added value for our customers. Ultimately, this leads to a more dynamic and more competitive marketplace which supports further innovation and benefits users everywhere.

In 2015, we made several contributions to the open source community, including writing an extension for multilayer software-defined control of optical layer networks for the ONOS community. ONOS is one of the open source SDN networking developers for service provider networks architected for high performance, scale and availability.

*“While many companies use open source, not all companies understand the value of giving back to the open source community. We believe that if we cooperate with other companies and give code to the community, we will help create a vibrant community and everyone will benefit.”*  
Tali Rosenwaks, Executive Vice President of Strategy and Technology

*“As part of the ONOS consortium we intend to actively contribute, and hopefully, take a thought leadership role. At the base of our ELASTIC network strategy we have sworn to provide our customers with an ecosystem which is open, vendor agnostic and secure. In doing so, we believe we can offer the customer the greatest flexibility in choosing what is best for them. As we have great confidence in the value and the superiority of ECI’s technology, it is also our belief that ECI will not only help to create a best in breed, universal standard within the consortium but will also be the ultimate choice of customers based on merit.”* Hayim Porat, CTO

## A strategic approach for collaboration

A key element of our open and flexible strategy is the development of business partners, value-added resellers and technology partnerships which help expand our advanced solutions and bring them to a broader range of users. This has become especially relevant in our new market focus in the areas of utilities, mission critical networks, cloud and data center connectivity and cyber security solutions, as part of our ELASTIC networks strategy.

We have taken a strategic approach to developing such partnerships and established a new Partner Program for our business partners based on a commitment to mutual success. The program includes incentives and rewards for partners who demonstrate commitment and success in generating business and supporting our markets effectively. We have put in place new teams at ECI to enable business generation, and collaboration with business partners. We have formalized programs for knowledge sharing through activities such as monthly webinar sessions that are delivered (live) by our leading product and marketing teams and established a new e-learning program, which is used for commercial and technical staff by our partners. We once again held a congress event for our partners in Cyprus in 2016 with attendance by around 50 companies representing global current and potential partners. We are in the process of upgrading our partners’ portal to provide updates, marketing materials and technical information.

### MATERIAL IMPACT

#### PARTNERING TO DELIVER THE BEST SOLUTIONS G4-EC8

#### TWO PARTNERSHIP FOCUS AREAS

- Partnership with technology vendors, which expands our core solutions. The mutual objective is to deliver excellence and a ‘best of breed’ portfolio to a broader range of customers.
- Developing and enabling our business partner community ecosystem of around 100 companies worldwide. These are the system integrators and value-added resellers who help expand our market reach.

A major part of the team effort revolves around on-site activities with our partners: roadshows, onsite training and local events to improve their understanding of the ECI offering and to refine, with our partners, the go-to-market strategy and performance. An example of the value of the Partner Program is shown in a press release in early 2016, by Jasco Carrier Solutions, an African-based value-added reseller. ECI awarded “Gold Partner” status to Jasco.

*“Being awarded Gold Partner status is recognition of the consistent contribution Jasco Carrier Solutions has made to ECI’s business, serves to acknowledge our commitment to the ECI offering, and affirms our ability to implement and support ECI solutions. This accolade ensures that we have been thoroughly trained on ECI equipment, software and network management, and requires high levels of performance, which must be recognized not only by ECI, but by our customers too.”* Martin Ferreira, Executive at Jasco Carrier Solutions

## Protecting customers from cyber threats

*“We estimate that the likely annual cost to the global economy from cybercrime is more than \$400 billion. ... most countries and governments and companies underestimate how much risk they face from cybercrime and how quickly this risk can grow.... G20 nations suffer the bulk of losses and losses from cybercrime for four largest economies in the world (the US, China, Japan, and Germany) reached \$200 billion. Low-income countries have smaller losses, but this will change as these countries increase their use of the Internet and as cybercriminals move to exploit mobile platforms.”* Center for Strategic and International Studies June 2014

In response to the growing need of our customers for built-in network security and protection from cyber threats, LightSEC our new Cyber Security Suite, launched in 2014, provides a comprehensive response to network and operational security needs. Our cyber solutions are ELASTIC, offering a rich set of mature and innovative security functions developed in line with the needs of today’s industry with security functions such as encryption, DPI, SCADA protection, and more. These functions operate both with ECI technology and on other platforms that our customers deploy, offering complete flexibility and scalability together with all-round protection.

LightSEC™ includes a virtualized, comprehensive threat management system running on-top of our Mercury™ NFV hardware platform that can be deployed as a stand-alone appliance or integrated as a blade into ECI Neptune product family. LightSEC integrates seamlessly with our Neptune Transport platform, enabling customers to integrate

comprehensive security in their existing or new network infrastructure. LightSEC™ is now deployed by several European customers and helps them mitigate the risks associated with increasingly critical vulnerabilities through a comprehensive security solution spanning every network location. LightSEC™ delivers the widest set of threat detection tools available to our customers.

Each sector may have its own specific vulnerabilities. For example, the utilities sector is largely migrating from legacy network infrastructure to a modern, IP-based network, to meet new Smart Grid requirements for clean and smart energy. In doing so, this sector is exposed to a new dimension of security vulnerabilities and must protect themselves from a wide range of attacks.

### ■ DPI

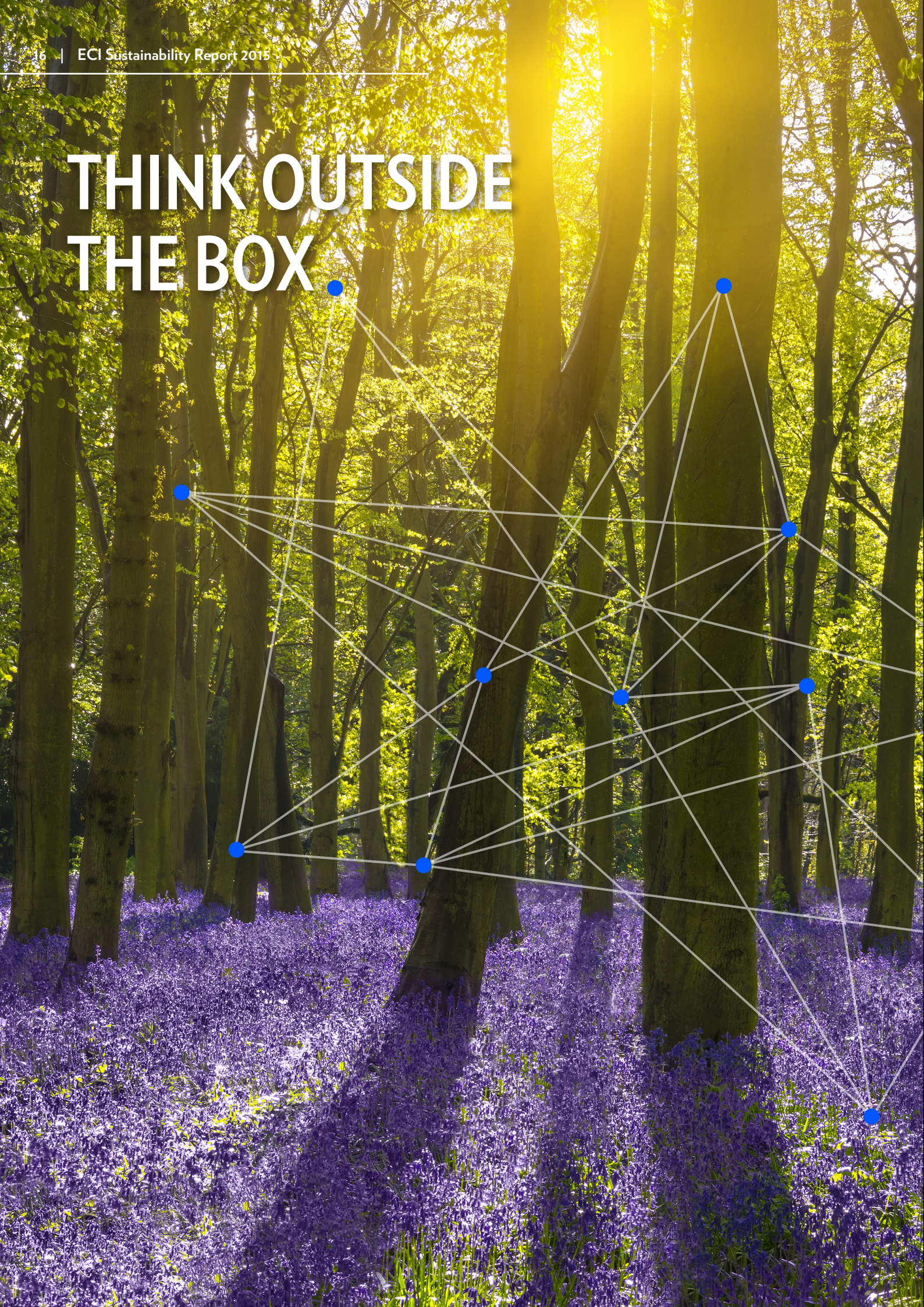
Deep packet inspection - an advanced method of network transaction classification that makes it possible to identify, report, filter out malicious network transactions and offload security functions.

### ■ SCADA/ICS

A family of command and control protocols employed by utilities. Recently multiple targeted attacks against this protocol have been identified. ECI delivers specific functions to protect utilities from these target attacks.

*“Our customers understand that all existing technologies and security solutions were built in order to combat known security threats, but as the threat landscape fast changing, they are seeking for solutions that will allow them to combat against future threats. Our open, NFV (Network Function Virtualization) platform enables our customers not just to consolidate multiple network security functions, but also allows them the option to deploy additional security tools that will be available in the future, fighting against new threats as they arise.”* Yaron Bielous, VP Cyber Security Line of Business

# THINK OUTSIDE THE BOX.





# PROVIDING SOLUTIONS FOR THE FUTURE

*“IT decision makers’ spending on security technologies will increase 46% in 2015, with cloud computing increasing 42% and business analytics investments up 38%. Enterprise investments in storage will increase 36%, and for wireless & mobile, 35%. Cloud computing initiatives are the most important project for the majority of IT departments today (16%) and are expected to cause the most disruption in the future.” Forbes.com, referencing Computerworld Forecast Study 2015.*

One of the driving forces behind the explosion of internet traffic is the accessibility and affordability of mobile technology, as well as the expansion of enterprise solutions in the cloud for greater scalability, innovation and affordability. This places huge bandwidth demands on networks everywhere and influences the kind of solutions that enterprises, small and large, are now seeking to support business growth. The migration to the cloud is not simply a technical matter. It’s an almost entirely different way of doing business for many players in the market.

The industries we operate in today are characterized by vendor lock-in – meaning that once you opt for a certain technology, there is a high cost of replacing infrastructure associated with making a change. Most such systems rely on rigid architecture and limited interoperability, thereby limiting a service provider’s speed and agility in the market place. At ECI, our ELASTIC solutions put an end to that. Seamlessly incorporating existing systems, using open source and virtualization, with fully flexible programmability, we offer our customers the best of all worlds – continued support of legacy equipment with state-of-the-art technology tailored to meet each company’s needs. Reducing costs, increasing efficiencies, improving competitive positioning – our customers get to expand their business while using fewer resources – generating economic, social and environmental advantages using a truly sustainable platform. Our ELASTIC solutions support the migration to the cloud in across three major segments:



## COMMUNICATIONS SERVICE PROVIDERS

Mobile and fixed networks which provide connectivity and data transport and offer a wide range of communication services for enterprises and private customers



## UTILITIES AND CRITICAL INFRASTRUCTURES

Grid operators and providers of essential national services



## CLOUD SERVICES AND DATA CENTERS

Providers of cloud networking services that support large volume data traffic for connectivity across multiple locations in complex operations

These segments have similar core needs – fast, reliable, flexible, cost-optimized, power-optimized, safe and secure infrastructure that can be easily scaled up or down to meet changing needs. All these segments can successfully utilize our advanced packet-optical transport solutions and all can benefit from migrating from proprietary infrastructure to cloud-based applications. Software Defined Networks (SDN) and Network Function Virtualization (NFV) are the core components of our flexible network architecture



## SOFTWARE DEFINED NETWORKS (SDN)

An architecture that is dynamic, manageable, cost-effective, and adaptable, making it ideal for the high-bandwidth, dynamic nature of today's applications. ([ONF](#))



## NETWORK FUNCTION VIRTUALIZATION (NFV)

An initiative to virtualize the network services that are now being carried out by proprietary, dedicated hardware. If successful, NFV will decrease the amount of proprietary hardware that's needed to launch and operate network services. ([techtarget.com](#))



## HELPING SERVICE PROVIDERS EVOLVE THEIR NETWORKS

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*“The ICT-enabled economy of 2030 will not only be cleaner and more prosperous, but will support a better quality of life. We believe ICT has the power to transform lives and to put the individual at the heart of the new knowledge economy. Our modeling finds that an additional 2.5 billion people will be connected to ICT by 2030. Global ICT access could bring e-healthcare solutions to 1.6 billion people across the world and help half-a-billion people gain access to quality, affordable education through e-learning. We believe e-learning solutions alone have the potential to raise incomes by 11% on average per e-degree, creating more than \$0.5 trillion in additional annual income by 2030.”*  
(SMARTer2030, GeSi)

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Networks are the traditional core of our business and still represent our major source of growth and development around the world. We support the world’s leading service providers as they connect entire countries to advanced high-speed networks or scale up services to offer the widest variety of connectivity or entertainment in the home, business or on the go. This gives us at ECI the satisfaction that we are partners in improving the lives of millions and enabling sustainable economic development and growth, particularly in emerging economies that so critically need such developments in order to survive and thrive.

Our ELASTIC solutions for network service providers offer unique advantages that reduce total cost of ownership (TCO) for service providers through increasing operational efficiencies and minimizing additional capital expenditures on equipment by virtualizing their functionality in cloud-based networks. Using ECI’s technology, service providers can manage multi-layer networks from one control point, enabling the most extensive flexibility and optimization control at each single network layer. This means more reliable service, lower overall energy consumption and increase in the flexibility of service combinations offered to enterprise or private users. Operating in the cloud also enables minimal new investments in dedicated equipment.

In this section, we provide examples of our network solutions in the context of our material impacts: meeting and anticipating customer needs and partnering to deliver the best solutions.

By the end of 2015 there were **3,336,261,156** internet users in the world

**46.4%**  of the global population (internetworldstats.com)

**ECI'S SUPPORT FOR NETWORK PROVIDERS ADVANCES THE UN SUSTAINABLE DEVELOPMENT GOALS**

**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE



**MATERIAL IMPACT**  
MEETING AND ANTICIPATING CUSTOMER NEEDS G4-EC8

**MATERIAL IMPACT**  
PARTNERING TO DELIVER THE BEST SOLUTIONS G4-EC8

## CONNECTING INDIA NATIONWIDE

In India, we continue to enjoy a long-standing relationship with leading network providers and all major mobile operators – in fact – we have played a significant role in leading the 4G advanced, high-speed wireless broadband revolution in India. ECI's equipment reaches every single part of this expansive country, with hundreds of thousands of telecommunication cabinets based on our Neptune Packet Transport solutions, bringing broadband internet capabilities to rural and remote areas as well as major cities.



Though our customers in India, more than **600 million subscribers** benefit from advanced mobile and internet service and capabilities.

In 2015, our long-standing customer, Bharti Airtel, selected ECI's Neptune (Native Packet Transport - NPT) family of products to expand its mobile transport capabilities across India to support the increasing demand for bandwidth. All mobile networks are being upgraded to 4G in the first project to support 4G and enable broadband connectivity across India.

*“Our packet transport solutions were developed to help service providers flexibly and cost-effectively cope with the surge in data traffic. Our products are uniquely scalable, enabling our customers to stagger their investments as their needs change over time. As such they are ELASTIC enough to serve the needs of operators like Bharti as well as smaller service providers. Bharti's decision to choose ECI solutions is a huge vote of confidence and gives us the opportunity to support making life more connected and more productive for the Indian population.” Sorin Lupu, EVP Global Sales and Marketing.*

## CHANGING REGIONAL CONNECTIVITY IN SOUTH EAST ASIA

In a market in South East Asia, we have leveraged our extensive experience in the telecommunications sector to support a new service provider entering the marketplace. To date, two companies have dominated, so a new player entering the market has real opportunity to stimulate competition and generate benefits for users in terms of speed, offerings, price, service and reliability.

Our customer is establishing an entirely new (greenfield) network to offer broadband services for enterprise customers covering an entire country. We have been involved from the outset in the design phase of this major initiative and are supporting the deployment with our advanced packet-optical transport infrastructure and all peripheral equipment required to connect millions of new customers across the country. The project is currently underway, with construction of hundreds of communications sites and is targeted for completion in 2016. This project is another in a long line of initiatives that we have supported in our 20

years of operation in this region, led by our team of local professional staff. Meeting and anticipating our customers' needs, our ELASTIC solutions are supporting this nationwide initiative that is poised to considerably change the market for the benefit of the local population.



**30M**  
More than **30 million** internet users in the South East Asia gain the benefit of our advanced ELASTIC networks

*“Introducing additional advanced capabilities to the underlying intelligent infrastructure will enable our customers to stay at the forefront of innovation and constantly adapt to the ever changing needs of both their business and residential customers.” Mickey Wilf, General Manager, ECI APAC*

## SCALING UP IN EASTERN EUROPE

Liberty Global is the largest video content provider in Europe with a significant presence in most European countries. UPC, a subsidiary of Liberty Global, is the customer-facing provider of Liberty Global's content and is the largest cable operator in Europe with more than 13 million customers. In Romania and in the Czech Republic, we have supported UPC's network upgrade using our Apollo packet-optical transport system which enables UPC to deploy its optical network at lower cost per bit through highly efficient switching platforms.

## NETWORK INFRASTRUCTURE DEVELOPMENT IN AFRICA



**ECI in Africa**  
Angola Cameroon  
Chad Madagascar  
Kenya Mozambique  
Nigeria Namibia  
Tanzania South Africa  
Zambia

In Africa, we are helping our customers – primarily network service providers and utilities customers – to develop, scale, improve efficiencies, improve service and reliability and above all, change the quality of life for populations across this incredible continent. We operate in several African countries, adapting our support to meet the different local needs in each market. One of the most significant aspects of our approach is to provide infrastructure that can serve as a base for growth and expansion without having to replace elements as technology advances or as providers are capable of investing in network upgrades. In this way, we make connectivity accessible to our African customers when they need it, and we help them grow efficiently when they are able.

**Nigeria:** In 2015, we partnered with our customer to create a significant enhancement of capacity to bring connectivity infrastructure up to advanced levels, comparable with Europe. We did this through deploying DWDM technology to all the customer's landing stations which connect Nigeria to traffic flows from all over the world. With approximately 182 million inhabitants, Nigeria is the most populous country in Africa and the world's 20th largest economy. Enabling the Nigerian population to benefit from reliable, uninterrupted, high-speed infrastructure nationwide is one of the keys to sustainable development in this country.

### DWDM

Dense Wavelength Division Multiplexing is an optical multiplexing technology used to increase bandwidth over existing fiber networks.

DWDM works by combining and transmitting multiple signals simultaneously at different wavelengths on the same fiber.

*“We have a long-standing commitment to Africa, across the continent and across the technology spectrum. We are excited to contribute to sustainable growth in Africa, and we plan to support its achievement every step of the way by providing internet and mobile infrastructure that is accessible, affordable and super-efficient.”*

*Lior Tourgeman, Sales Director Southern Africa & Nigeria*

# A SMART GRID FUTURE FOR UTILITIES AND STRATEGIC INDUSTRIES

*“Infrastructure is the foundation upon which societies are built. The state of a nation’s infrastructure determines what is possible for that nation to achieve. Infrastructure includes the basic physical and organizational structures needed for the operation of a society or enterprise the services and facilities necessary for an economy to function.*

*This includes: transportation, energy, water and waste services, communications networks and postal services, and all the legal, financial, healthcare, social and welfare services provided to citizens to function effectively in society.”*  
(University of California)

*“Utilities firms play a role in creating wealth in both the developed and underdeveloped world. Water and sanitation, for example, are fundamental to human sustenance, health and dignity, and by extension, to economic opportunity. Affordable and reliable energy is integral to household productivity, and the development of most industries, from agriculture to finance to healthcare to communications.”*  
(Harvard University, Christopher N. Sutton)

As a company offering leading communications solutions to hundreds of critical utilities and infrastructure companies worldwide, ECI plays a role in the global economy and the development of infrastructure for improving the quality of life for individuals everywhere.

Utilities and critical infrastructure industries rely on extensive data and information networks to monitor and control the production and distribution of energy and water and other national services, as well as facilitate national access to life-saving and life-sustaining services. Not only do these industries provide the basis for a functioning and thriving economy, their role in assuring continuity of governments, businesses and civil society is critical. Utilities and critical infrastructure sectors also have a major opportunity to improve the efficiency and environmental impacts of the way we live. By using smart technology to control and enhance networks, by furthering the supply of renewable green energy, by virtualizing physical infrastructure, these industries can help the world combat climate change in a very significant way.

ECI offers ELASTIC solutions for smart grids networking, grid automation for reliable power supply, and network controls and service. Our customers require reliable, safe and stable networks and flexibility to manage capacity to match demand to maximize efficiency. Equally, in the transportation sector, network reliability is critical to maintain safety of rail and other transportation networks. ECI’s platforms are both upgradeable and scalable, thus allowing capacity expansion using software for maximum flexibility with no addition of physical installations while also supporting legacy infrastructure to enable upgrades of existing networks with minimal need to replace existing hardware or systems.

IN EUROPE, ECI CONTRIBUTES TO NATIONAL PROSPERITY BY SERVICING THE LARGEST UTILITIES COMPANIES IN GERMANY, FRANCE, THE NETHERLANDS AND SWEDEN.

ECI’S SUPPORT FOR UTILITIES AND CRITICAL INFRASTRUCTURE ADVANCES THE UN SUSTAINABLE DEVELOPMENT GOALS



MATERIAL IMPACT  
MEETING AND ANTICIPATING CUSTOMER NEEDS G4-EC8

MATERIAL IMPACT  
PARTNERING TO DELIVER THE BEST SOLUTIONS G4-EC8

In this section, we provide examples of our utilities and critical infrastructure solutions in the context of our material impacts: meeting and anticipating customer needs and partnering to deliver the best solutions.

## SIGNIFICANT TRANSPORT NETWORK EFFICIENCY IMPROVEMENT IN SWEDEN

Trafikverket (The Swedish Transport Administration) is the government agency responsible for the overall long-term infrastructure planning of road, rail, sea and

air transport with a mission expressed as: “Everybody arrives smoothly, the green and safe way.” Through the safe and efficient operations of Trafikverket, life for Sweden’s 97 million inhabitants is easier, smarter, safer and more connected. In the OECD Better Life Index, Sweden is the top performer in environmental quality, and ranks above the average in civic engagement, education and skills, work-life balance, health status, subjective well-being, jobs and earnings, housing, and social connections – all aspects of life that are supported by sound national infrastructure.



Trafikverket is a customer of ECI for over 20 years and has continued to expand and upgrade its operations over the years to provide improved service and safer, greener operations. In 2015, in order to further enhance network efficiency and visibility, Trafikverket installed ECI’s LightAPPS™ SDN applications to automate and optimize its network operations, enabling Trafikverket to ensure capacity and improve network utilization by up to 30%, saving money by avoiding capital expenditure on new equipment, reducing ongoing operating expenses while improving service to customers. For example, with the new network, Trafikverket can analyze transportation bottlenecks in real time and balance overall power requirements accordingly.

**LightAPPS™:** ECI’s Software Defined Network (SDN) applications increase network efficiency and utilization, and simplify network operations. Other benefits include better operational responsiveness, shorter time to activate services and fewer human errors.

*“In order to optimize our current network resources, we wanted a system that would increase efficiency, reduce resources, automate tasks and simplify operations with an intuitive interface and management dashboard for increased*

*visibility. We are delighted to continue our long and valued partnership with ECI, which we trust to consistently develop and provide innovative tools and solutions to keep us ahead of the curve.” Kristoffer Stromberg, Head of Network Development and Planning, Trafikverket*

## TRANSFORMING THE TELECOM NETWORK FOR A MAJOR GRID OPERATOR IN THE NETHERLANDS

We have been involved in the network transformation of a major Dutch energy grid operator in the Netherlands, which operates energy networks to distribute gas and electricity to over 3 million inhabitants. In the OECD Better Life Index, the Netherlands performs well in many measures of well-being relative to most other countries, ranking above average in work-life balance, jobs and earnings, housing, income and wealth, education and more. Advanced energy services and telecom network infrastructure support the high quality of life in this country.

In 2013, our customer was forced to change its existing leased copper line network and opted to establish an in-house optical network, connecting around 350 sites. To support this transition, we are engaged in a partnership with a leading network integrator, demonstrating confidence in our joint ability to consistently meet this major Dutch grid operator’s needs in the framework of a long-term contract over a period of several years.

In our partnership to support the customer, we supply the network packet-optical transport equipment and network management systems and our partner adds components such as services, cabinets, power converters and environmental monitoring as a turnkey network solution. We commenced work in late 2013 and are scheduled to complete by mid-2016.

**FIBER OPTICS:** Compared to copper lines, fiber optic cables enable faster data transmission, enhance signal strength, reduce fire hazard and require less frequent replacement.

“Overall, we enabled our customer to transport legacy and new traffic over a stable new network. We met the challenging schedule to migrate legacy traffic to the new network before the old network was decommissioned. To date, the transition has been seamless and now contributes to the reliable, efficient and consistent energy supply for millions of customers in the Netherlands.” Piet den Ouden, Regional Sales Manager

## MORE RELIABLE ELECTRICITY IN GERMANY

TenneT is one of Europe’s top 5 electricity transmission system operators with activities in the Netherlands and Germany. TenneT supplies power to more than 41 million users over 22,000 kilometers of high voltage lines in these countries. In the OECD Better Life Index, Germany performs well in many measures of well-being relative to most other countries ranking above the average in education and skills, work-life balance, jobs and earnings, environmental quality and more. The quality of electricity infrastructure is a key enabler of such quality of life parameters.

TenneT requires a resilient and highly robust system to provide reliable services to their customers. In order to stay at the top of their game, TenneT decided to upgrade its network to provide more extensive control and tighter monitoring of critical data transport.

In order to support TenneT, ECI connected with a long-standing partner for services provision in Germany, 3M Services, a system integrator with strong utilities and municipality services expertise. Together, we are modernizing TenneT’s network to enable ongoing provision of reliable services to millions of customers. TenneT deploys ECI’s Neptune (NPT) and Apollo families of packet-optical solutions as well as ECI’s LightSOFT® multi-layer management system. As is typical of ECI’s ELASTIC solutions, we enable TenneT to deploy new tools while maintaining legacy equipment with possibilities to grow capacity efficiently as network requirements expand. Not only this, the modern network will support TenneT’s

future plans to develop a smart grid that will further improve efficiency, control and service throughout the network.

**LightSOFT®** ECI’s network management system for communications service providers. It supports complex networks end-to-end, providing optimum operational control of the network with continuous data flow and service availability.

“As utility operators look ahead, they must cost-effectively scale their infrastructure to support upcoming requirements without compromising performance, availability or the reliability expected from the critical services they deliver. By choosing ECI and 3M, TenneT will enjoy a new future-ready transmission network, while seamlessly converging legacy with packet traffic and keeping the required strict service availability attributes. For the last 15 years, ECI and 3M Services have worked together to bring the most cost-effective and optimized telecom solutions to their customers.” Christian Erbe, Head of Strategic Industries Solutions, ECI EMEA



# UNLOCK YOUR POTENTIAL



# SUPPORTING CLOUD SERVICES AND DATA CENTERS OF THE FUTURE

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The growth of cloud-based services in consumer and business applications during the past five years has been spectacular. Projections are that this trajectory will continue during the next five years. By 2019 mobile network traffic is forecasted to increase tenfold. Half of this increase will be in video services, and an additional 10% will be in social networking applications. At the same time, business cloud computing services are expected to increase at a 40% average annual rate. By 2019 there will be 60% more data centers in the world's metropolitan areas than there are today, and data center interconnect volumes will increase by more than 400%. (*ACG Research, white paper*)

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ECI offers customers in the cloud services sector a suite of solutions to make data center operations more flexible, more reliable, more efficient and less power intensive. As part of the rapidly expanding migration of physical assets to cloud-based operations in businesses around the world, the role of cloud services, including large cloud-based data centers, in global economies is substantial. Cloud-based services and data center operations contribute to sustainable development by making data transfer more accessible, reliable, affordable and greener than ever before. The opportunity for cloud services and data centers is to continue to expand to meet growing demand while ensuring transparent connectivity, high resolution controls, flexibility and power optimization.

ECI's ELASTIC solutions for cloud services and data centers support these sustainable goals. We promise maximum flexibility and ultimate security with guaranteed performance and minimal operating expenditure – the four top items on the wish-list of cloud-service users.





### WHO USES CLOUD SERVICES?

- Cloud services providers – a range of companies that use, own or manage data centers, providing hosting and services for enterprises
- Internet Exchanges (IXs) who offer carrier services and connectivity solutions
- Communication service providers of connectivity services between data centers and between customers to data centers and cloud
- Large corporations such as financial institutions who transfer of enormous amounts of data across national and international locations
- Other players in the internet markets around the world.

Our connectivity solutions include tools to connect data centers, cloud applications to connect enterprise data centers to private or public cloud applications and storage connections between enterprises and data centers for disaster recovery and business continuity applications. As usual, our solutions offer maximum flexibility and support legacy infrastructure so that our customers can continue to use existing assets while upgrading their platforms. For example, we help customers meet demand challenges at lowest compatible cost with solutions for bandwidth on demand, bandwidth scheduling and automation, secured connectivity and cyber security.

In addition, we continue to enhance our technology to improve the efficiency of both the data centers and data transport, offering the best power and space utilization rates available in the market today.

ECI'S SUPPORT FOR GROWING CLOUD-SERVICES SECTOR ADVANCES THE UN SUSTAINABLE DEVELOPMENT GOALS



MATERIAL IMPACT  
MEETING AND ANTICIPATING CUSTOMER NEEDS G4-EC8



MATERIAL IMPACT  
PARTNERING TO DELIVER THE BEST SOLUTIONS G4-EC8

In this section, we provide examples of our cloud management and data center solutions in the context of our material impacts: meeting and anticipating customer needs and partnering to deliver the best solutions, as well as supporting the global efforts to mitigate climate change.

## MAKING THE CLOUD WORK IN GERMANY

The cloud is well-established in Germany, the largest national economy in Europe. The use of cloud services is set to continue its rapid growth from an estimated EU 8.8Bn in sales value in 2015 to close to EU 20Bn in 2018 (Bitkom, 2014). In such a market, the opportunity to support economic expansion, drive connectivity reliably and efficiently and tailor solutions to the needs of different customers depends on cloud architecture which is flexible, adaptable and responsive.

One of the providers of cloud services in Germany is GRASS-MERKUR, a Hannover-based firm specializing in housing, hosting, managed services, cloud services and the operation of an own security-data-center and enterprise solutions. GRASS-MERKUR's customers include large insurance companies, banks, energy suppliers, automotive sector and other enterprises who require secure and seamless data transportation and transfer to and from central servers as well as between multiple operating locations.

ECI has supported GRASS-MERKUR for several years, helping the company expand its business to offer increasingly sophisticated cloud solutions for its customers. At the heart of GRASS-MERKUR's operation in data center connectivity is ECI's packet-optical transport system (Apollo), and a full 24/7 service package that enables GRASS-MERKUR to maintain continuity around the clock for its customers. By supporting GRASS-MERKUR, we support the uptake of cloud solutions in Germany that benefit millions of end-users who need fast and professional service from a range of institutions.

## ENABLING EFFICIENT CLOUD IN ITALY

ECI has been supporting data center operations in Italy for a prominent telecom operator and its customers for several years over several projects,

including three significant data center migration projects over the past two years. In each case, ECI supported the seamless migration of the company's customers' in-house data center operations to its own data center network, enabling each customer in turn to reduce costs and benefit from a more sophisticated network with built-in back-up and recovery solutions. Through this process, more business operations in Italy can now safely and efficiently transfer data between their data centers, benefiting millions of customers in Italy who rely on a range of services in different sectors.

In Italy, we collaborate with Sirti, a large Italian business systems integrator, who ensures the overall networks operate to requirements and integrates ECI solutions in the optimum way.

## ADVANCING EDUCATION WITH CLOUD-BASED SOLUTIONS

National Research and Education Networks (NREN) require the most sophisticated connectivity solutions due to the sheer volumes of data that need to be stored, transported and shared in order for national and global research networks to function effectively. ECI has been a partner to the development of several such networks, enhancing knowledge sharing and research capabilities for hundreds of universities and research institutions in several countries. NRENs tend to be advanced in their approach to technology and generally ahead of the curve. We are currently supporting several NREN customers in Europe as they consider how best to migrate their complex networks to the cloud, enabling greater control, flexibility, reliability and of course, reduce infrastructure and running costs.

### NREN SOLUTIONS FROM ECI

- In 2012, we installed the German Research Network (DFN-Verein)
- In 2013, we completed the Swiss education network (Switch)
- In 2014, partnered with Ericsson to create a research and education network in Greece (GRNET)

*“Today, as cloud services are becoming an attractive proposition for education networks, many NREN customers are laying the foundation to transfer their networks. This will enable these NRENs to take advantage of the most advanced technology and provide their users with unprecedented levels of access and information. With our vast experience in this sector, and our innovative ELASTIC solutions, we are confident that we will support these developments effectively. For us at ECI, it’s not just about the technology. Contributing to advancing the quality of education and research is a motivating and inspiring mission and we are proud to support our customers in this sector.” Christian Erbe, Head of Strategic Industries Solutions, ECI EMEA*



# PROVIDING IMPECCABLE SERVICE TO OUR CUSTOMERS

We aim to offer our customers the timely, responsive and effective service that they require in order to use our products and services successfully and serve their markets well. In 2015, we made great strides in improving areas of our service where our customers had indicated an interest. In some cases, this meant enhancing the quality and timeliness of our transparent communications with customers about the status of our service and in other cases, it involved deep introspection and procedural changes within our operations in order to meet record levels of service. In this section we share some examples of how we responded to our customers’ needs in 2015.

**GRI-DMA**  
**PRODUCT AND SERVICE LABELING**

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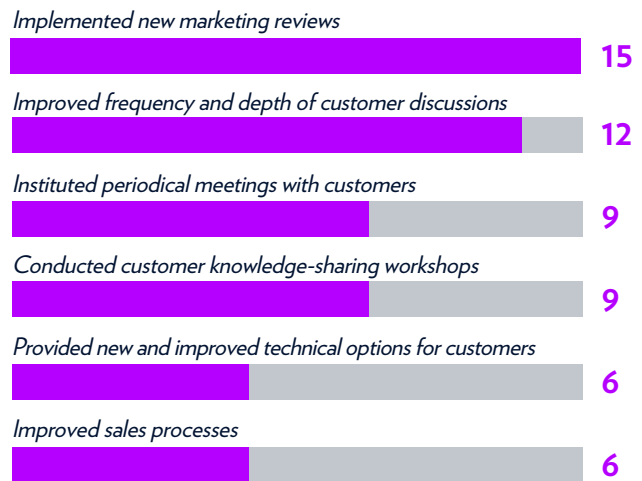
**MATERIAL IMPACT**  
**PROVIDING OUTSTANDING CUSTOMER SERVICE G4-PR5**

## CUSTOMERS EXPRESS SATISFACTION

In 2015, we conducted a customer satisfaction pulse survey to assess the effectiveness of changes made in response to feedback received from customers in our 2014 survey. In this 2015 survey, 82% of customers surveyed acknowledged that ECI had made a marked improvement in areas they had previously identified as opportunities to better meet their needs. During 2015, we implemented more than 169 individual activities to improve our service to customers in a range of areas - many relating to communications with customers and increasing real-time updates. In addition, we launched a new web-based customer service portal to make it easier for customers to connect with ECI on any topic.

The topics that were primarily highlighted by customers as having improved during 2015 ranged from implementing new market reviews (15 customers) to improving our sales processes (6 customers). This is shown in the graph “2015 Customer Service Improvements”

## 2015 Customer Service Improvements – Number of customers affected

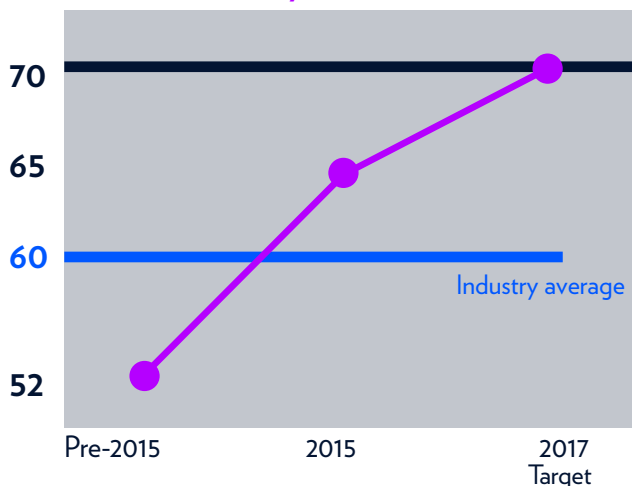


One example of improving sales processes included a drastic reduction in delivery lead-times for customers – an area where improvement is always welcome. In 2015, we revised communications procedures between our sales and our operations divisions and instituted new processes which reduce delivery times by over 30%.

## IMPROVING MATURITY QUALITY

In 2015, we also invested in improving our procedures to accelerate the time required for products to reach maturity as measured by the TL9000 Quality Management Standard.

### ECI TL9000 Quality Index

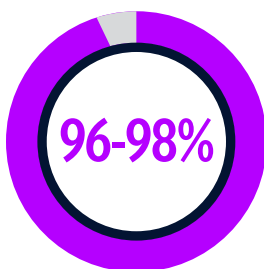


Our new accelerated maturation process for our Apollo and NPT products has enabled us to exceed the industry average for maturation speed and quality in considerably less time than for legacy products. This means that our customers can enjoy the benefits of high quality from new technology more quickly to serve their markets and grow their business.

**TL9000**  
 A Quality Management Standard developed to meet the supply chain quality requirements of the worldwide telecommunications industry

## RESTORING SERVICE IN RECORD TIME

In 2015, we also improved our service to customers by achieving our best ever score for restoring service to customers who have experienced downtime for whatever reason. We restored 96-98% of service downtime incidents back to full service within 4 hours – many within 2 hours. This far exceeds industry norms and average performance which stands at around 90%.



of customer downtime incidents restored to full service within **4 hours** in 2015 – our best ever result, and well above industry average of 90%





# ORGANIZING FOR THE FUTURE

As we realign our business focus to develop ELASTIC solutions for our customers, so we are continuously evolving our organization to empower our employees to support our mission, vision and values in a positive organizational culture that drives innovation and customer responsiveness.

We aim to create a nurturing and supportive, safe, open and flexible workplace where each employee has the encouragement and the capability to contribute at her or his best. We recognize that supporting social causes is a strong motivator and we encourage our employees to volunteer their time to support local communities. Through our employees, we can succeed at innovation and at creating truly ELASTIC solutions for our customers.

<b>ECI'S POSITIVE WORKPLACE ADVANCES THE UN SUSTAINABLE DEVELOPMENT GOALS</b>		
<b>GRI - DMA LABOR PRACTICES AND DECENT WORK</b>	<b>GRI - DMA LABOR PRACTICES AND DECENT WORK</b>	<b>GRI - DMA LOCAL COMMUNITIES</b>
<b>MATERIAL IMPACT ENGAGING AND DEVELOPING EMPLOYEES G4-LA1 G4-LA9 G4-LA10 G4-LA11</b>	<b>MATERIAL IMPACT EMPLOYEE HEALTH, SAFETY AND WELLBEING G4-LA6</b>	<b>MATERIAL IMPACT ENGAGING OUR EMPLOYEES TO SUPPORT OUR COMMUNITIES G4-S01</b>

## FUTURE FITTING OUR ORGANIZATION

In 2015, we advanced the future readiness of our organization with the development of a comprehensive talent map to support strategic Human Resources planning, succession planning, management development and retention, and individual development programming. The process included a full review of the individuals in the organization, their skill sets, potential for advancement and development needs, together with an assessment of ECI's future requirements and the gaps that must be filled to ensure our business continuity and success. The result was an overall talent map by company, divisions, departments and groups within the organization, providing us with a robust platform for organizational planning and personal development. In 2015, we started to use this map to make decisions relating to succession planning and development plans for high-potential individuals.



## TALENT REVIEW

- Developing people as a management responsibility
- Systematic and measurable tracking of talent
- Identifying high potential individuals
- Customized development programs
- Identification of succession risks
- Identifying bench strength of divisions within the organization

## ADVANCING WOMEN IN TECH

Traditionally, technology professions have been male-dominated and still, around the world, most technology companies have underrepresentation of women in senior and management roles. At ECI, the Executive Vice President of our Global Technology Division, Tali Rosenwaks, has created opportunities for women to rise to the most senior strategic roles in the company with 44% of roles in this senior management team being held by women.



### WOMEN IN SENIOR ROLES

4 of 9 most senior strategic roles in our Global Technology Division are held by women.

*“An open culture, where individuals can advance based on merit is what characterizes our way of working at ECI. At the same time, I actively try to create opportunities for women to succeed in strategic roles.” Tali Rosenwaks, EVP of Strategy and Technology*



### SPOTLIGHT ON WOMEN IN TECH

#### SIGALIT SHAVIT - Global CIO

Time at ECI: 4.5 years

Time in role: 2 years

*“I decided to study computer science as for me, this is the subject of the future. I have been working in the field for many years, and have managed large projects and units in a variety of companies. I respect women who do not give up on themselves and what is important for them, or allow the male-dominated world to distract them from achieving*

*their goals. I believe that women’s contribution to productivity in the workplace is significant, and also influences the way men approach their work and collaborate effectively. This can benefit everyone in the workplace, not just women.” Sigalit Shavit*

#### SIGAL BARDA - VP R&D Cyber, NFV and Apps

Time at ECI: 7 years

Time in role: < 1 year

*“I have worked in several companies during my career. In many companies, no matter how talented you are, as a woman, advancement to leadership positions is not always a natural progression, as development decisions are not based primarily on merit. At ECI, my experience is completely different. I have never worked in a company with so many women in senior positions. Not only that, ECI gives an equal opportunity to women in business and technical forums which is the heart of the company’s strategic development. I think more companies should to follow ECI’s example. They need to make a place for more women in management as women contribute their different skills set to create a healthier and more balanced organizational culture.” Sigal Barda*

#### SARIT TAGER - VP R&D SDN, LSO & Access

Time at ECI: 10 years

Time in role: 1.5 years

*“In my experience, ECI promotes employees based on ability. This fits with my outlook on life. I believe in people, not in labels – if someone is making a strong contribution, he or she should be considered for promotion. My advice to women is to believe in yourself and believe that there is no glass ceiling. What would make me really happy is if equality in the workplace were no longer an issue to be discussed and resolved.” Sarit Tager*

# A CULTURE OF SAFETY

We continue to invest in ongoing efforts to ensure our employees are aware of all potential safety risks and take measures to prevent safety incidents, as well as ensuring compliance with all applicable safety regulations covering our operations. In Israel, where 53% of our employees are based, our overall injury level is low, at just 6 injuries in 2015. These injuries caused 20 lost workdays in 2015. This is the lowest rate of lost workdays due to injury that we have ever recorded, indicating a reduction in the severity of injuries. We aspire to achieve zero injuries across all our sites. In China and India, with 550 employees in total, we recorded zero injuries in 2015. This is the first year in which these local operations have recorded safety performance.

Going beyond our positive safety record in our Indian operations, we were responsive to additional requirements of our customers to create more comprehensive safety procedures for specific tasks out in the field such as installation of new communications towers. We conducted workshops for working at height and safe driving practices in 2016 and our plan is to train selected employees as fire safety officers in the coming year.



**LOWEST EVER LOST WORKDAY  
RATE IN ISRAEL: 6 INJURIES 20  
LOST WORKDAYS IN 2015**

## ENGAGING WITH OUR LOCAL COMMUNITIES

*“The children wait all week for their trip to ECI. No one is ever sick on that day! For many of these children, their ECI tutor is the first adult with whom they can share their experiences, their difficulties and their dreams. At ECI, they are introduced to the magical world of books which are often not available at home. The impact of this can be seen in school where today 80% of children borrow books from the library as opposed to 20% prior to ECIs involvement.” Itzik Marcos, Principal, Komemiot School*

In Israel, we partner with several non-profit organizations to support our local communities. Our activities are primarily focused toward youth education and the development of technology skills. In 2015, 688 employees volunteered 4,522 hours in community activities.

Some of the activities our employee volunteers engage in include:

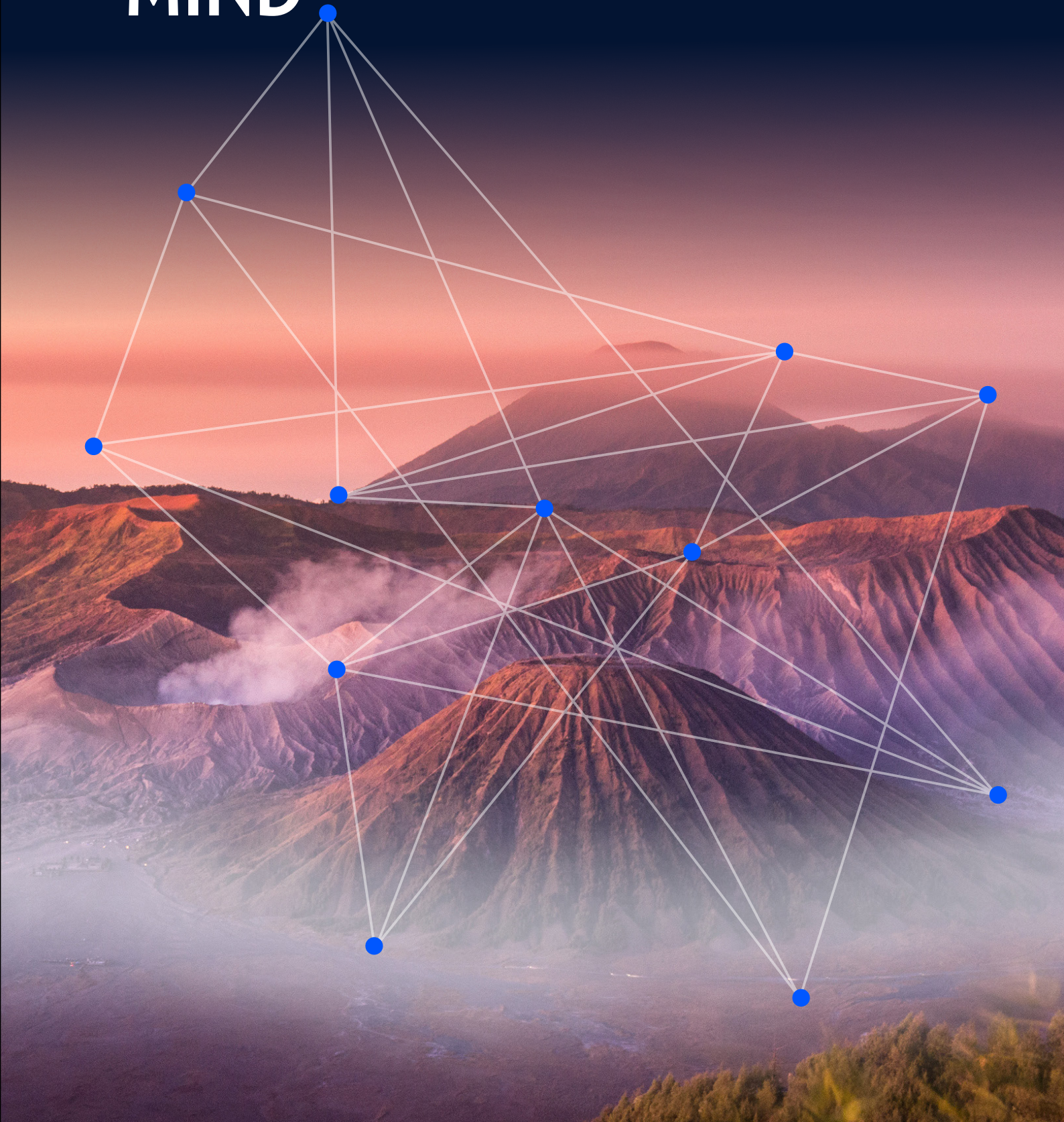
- **Helping schoolchildren make progress** with our annual program of adopting several classes of fourth to seventh grade children who visit our offices weekly. ECI volunteers provide assistance in reading, English and Hebrew studies.
- **Inspiring youth** by providing lessons in technological subjects at a local youth village in partnership with the Different Lesson Association, which matches managers in companies with the educational needs of youth, to provide inspiration and practical help.
- **Breaking the glass ceiling:** This program is designed to assist young girls from disadvantaged backgrounds and support them up to high school matriculation. The young girls visit ECI throughout the year and meet with ECI volunteers who help them prepare toward major mathematics exams.
- **Promoting cyber and computer education** through donations and involvement in activities

for students via a non-profit organization called Magshimim.

- **Encouraging students in STEM** by supporting 5x2, an initiative lead by The Ministry of Education aimed at doubling the number of students who finish high school in Math, Science and Engineering tracks at the 5-study unit level.
- **Mentoring non-profit organizations:** Since 2010, ECI managers, including 8 senior managers, serve as volunteer mentors for CEOs of non-profit organizations.
- **Helping to reduce food waste and food insecurity** by volunteering with Israel’s National Foodbank, Leket Israel, by harvesting tons of nutritious food in agricultural fields, to be donated to those in need. In addition, we distribute food parcels twice a year for 300 families.

*“I became involved in 5x2 because I wanted to help influence teenagers to choose a technological career path and make them aware of their options. During my lectures I got very positive feedback from the students. They asked questions, and raised dilemmas. This work is important for me as these are our future employees, and they will create the future for all of us.” Michelle Koren, Department Manager of Network Software Technologies, volunteer with 5x2*

# START WITH THE END IN MIND



# FUTURE FITTING OUR SUPPLY CHAIN

We continue to improve the eco-efficiency of our own supply chain and ensure that we uphold human rights standards throughout our network.

In our own operations, we succeeded in achieving further reduction in our energy consumption, emissions, water and waste values both for absolute levels of use and for relative usage per employee. We also increased the rate of recycling to 21% of the small amounts of waste that we generate. Overall, in the past five years we have reduced our environmental footprint very significantly, thanks to the ongoing efforts of our engaged employees. Initiatives to further optimize logistics and packaging also play a role in helping us to stay highly eco-efficient.


**SA8000:** We aim to minimize risk in our supply chain by operating according to widely accepted best practice ethical standards and this year, we were once again successfully audited for compliance to the SA8000 (Social Accountability) standard covering socially acceptable labor standards in the workplace with zero critical findings.

**Working with suppliers:** We also aspire to drive ethical work practices through our supply chain and encourage our suppliers to uphold globally accepted standards of human rights in their business practice. Increasingly, we are considering suppliers' ethical profiles as we make large procurement decisions. Specifically, we conduct periodical audits for social practices at our two major turnkey manufacturing suppliers, one in Israel and one in China. In 2015, we conducted one audit with zero critical findings.

**Conflict minerals:** We aim to ensure zero use of conflict minerals in our supply chain and have a dedicated team to monitor and manage our supply chain performance. We follow procedures established by the Electronic Industry Citizenship Coalition (EICC) and by the Organization for Economic Cooperation and Development (OECD) to manage our sourcing of metals in our products and ensure complete traceability of all metal components. We requested suppliers to provide the origin of the metals used in the manufacture of our products for ECI. To date, 47% of suppliers confirm responsible sourcing of metals (up from 35% last year).

ECI'S IMPROVING OUR ENVIRONMENTAL IMPACTS ADVANCES THE UN SUSTAINABLE DEVELOPMENT GOALS

13 CLIMATE ACTION

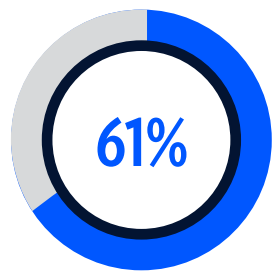


G4-DMA: ENERGY  
G4-DMA: EFFLUENTS AND WASTE  
G4-DMA: SUPPLIER ASSESSMENTS FOR LABOR, ENVIRONMENT AND HUMAN RIGHTS

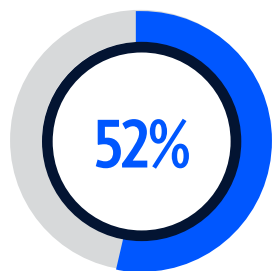
MATERIAL IMPACT  
REDUCING OUR RESOURCE CONSUMPTION  
G4-EN4 | G4-EN5 | G4-EN6

MATERIAL IMPACT  
REDUCING WASTE AND INCREASING RECYCLING G4-EN23

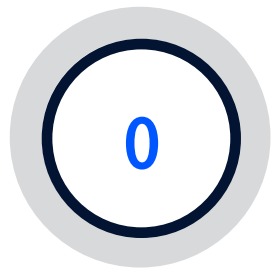
MATERIAL IMPACT  
DRIVING ETHICAL STANDARDS THROUGHOUT OUR SUPPLY CHAIN G4-LA14 | G4-EN32



ENERGY REDUCTION 2010-2015

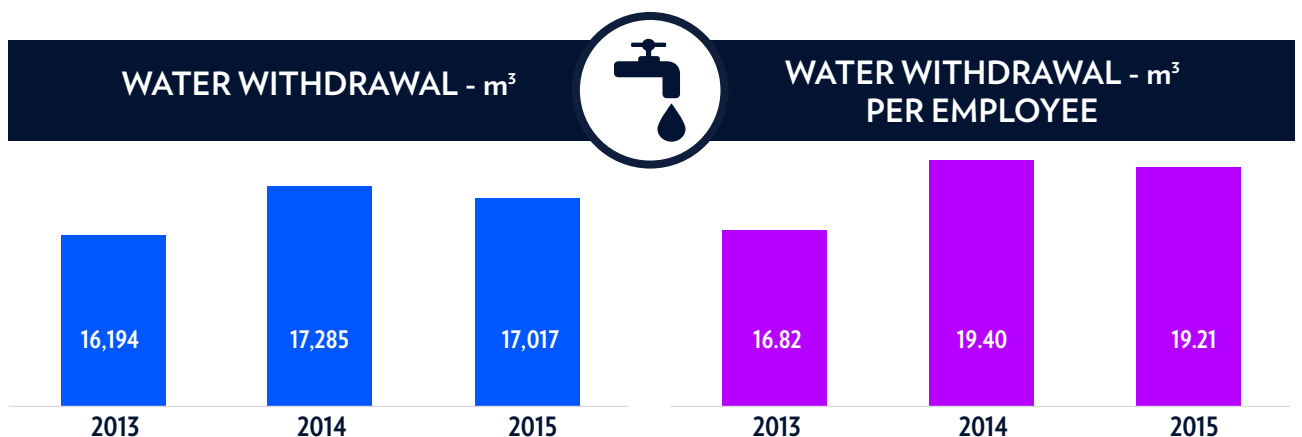
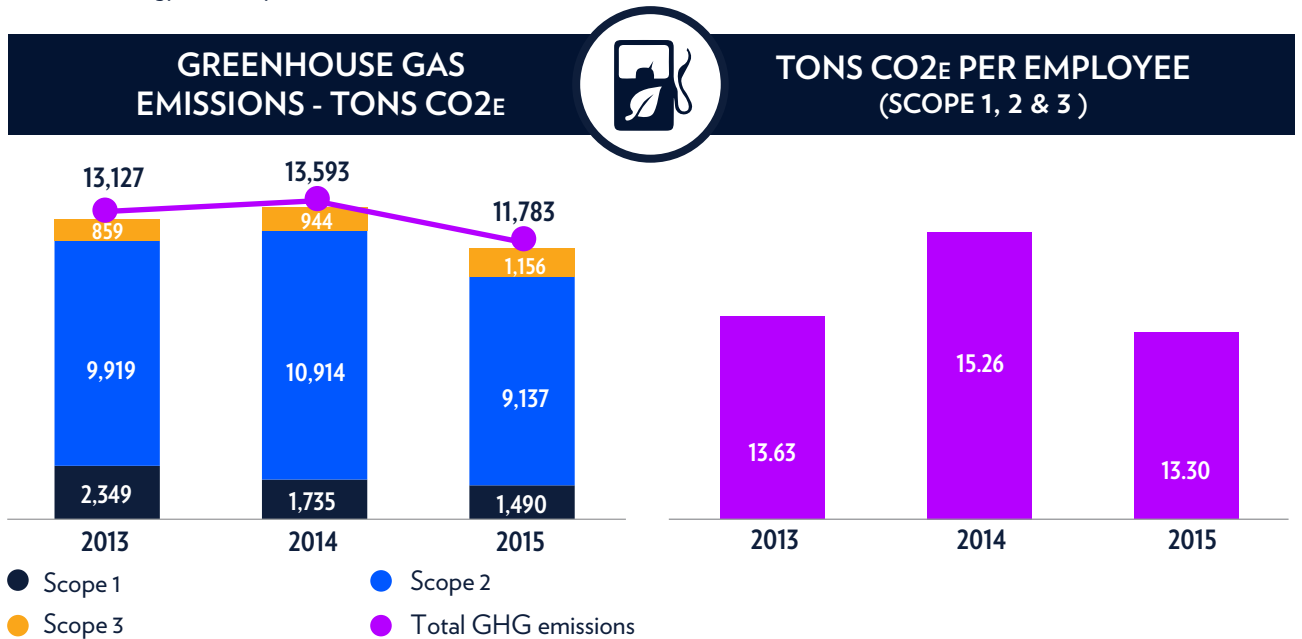
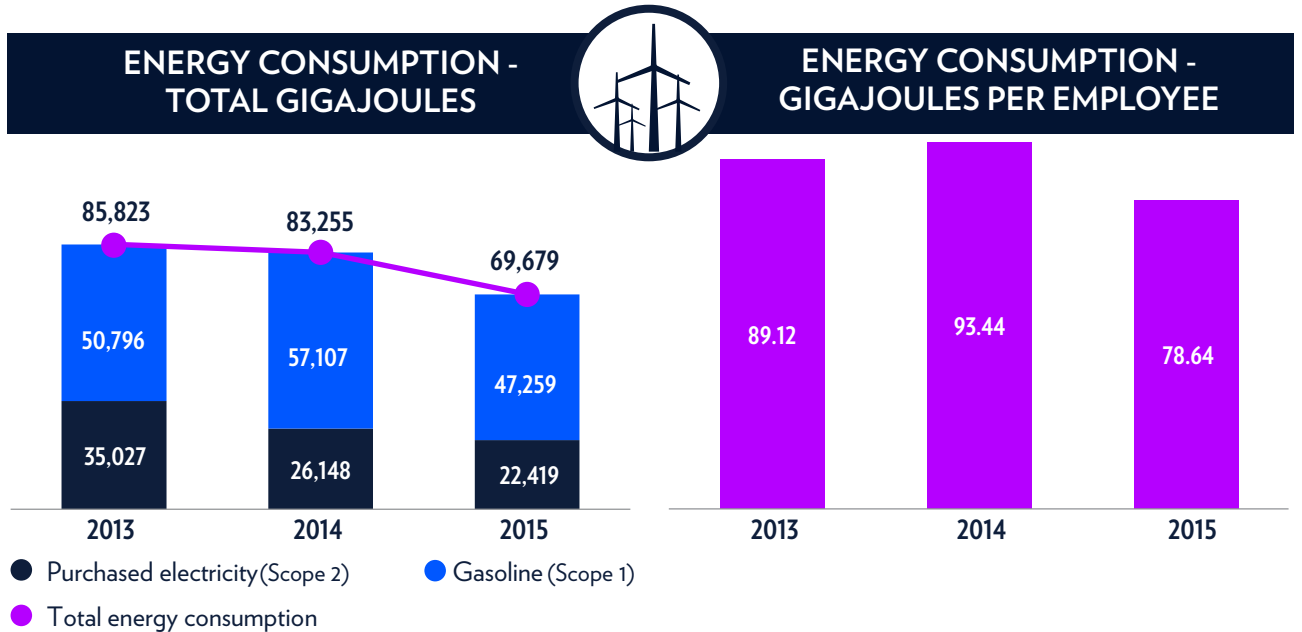


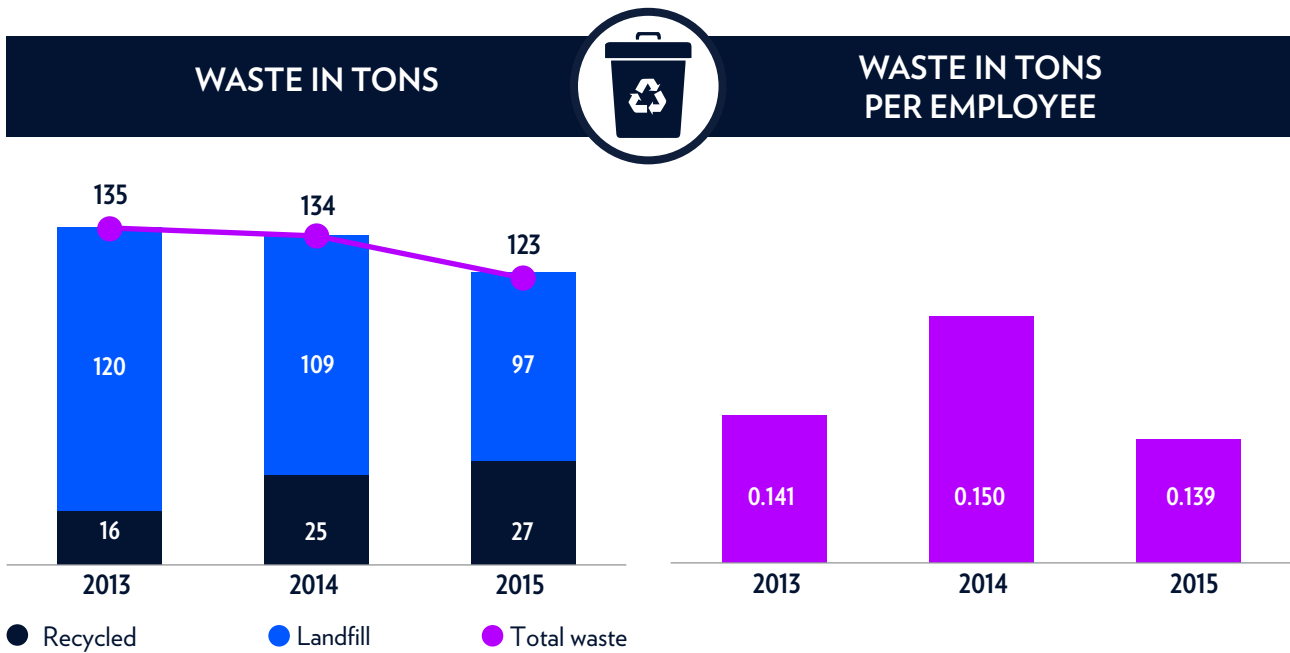
GREENHOUSE GAS EMISSIONS REDUCTION 2010-2015



ZERO CRITICAL FINDINGS IN OUR EXTERNAL AUDITS AGAINST OHSAS18001 ISO14001 AND SA8000 AUDIT IN 2015

# ENVIRONMENTAL PERFORMANCE





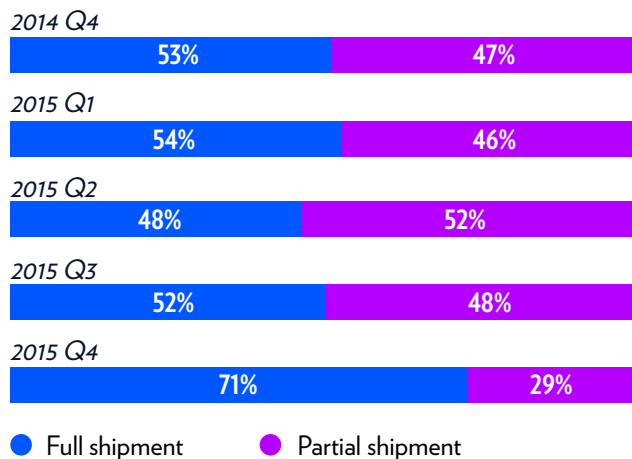
### PACKAGING EFFICIENCY

During the last year, we have been continuing our efforts to optimize and reduce the amount of packaging needed to transport our components such as cabinets, cables, installation accessories and more. Generally, for such components, packaging specifications are not standardized and often the choice of packaging is made by the dispatching operation based on the nature of the overall shipment. On occasions, this resulted in small items being packaged in oversized boxes for no particular reason with empty space filled with airbags.

In order to improve packaging efficiency, we conducted a systematic mapping of our components and appropriate packaging and consulted with all our packaging suppliers. We defined smaller packaging sizes and created a new set of packaging guidelines for our components. As a result, we have achieved an average of 10% improvement in packaging efficiency that also saves transportation costs and reduces environmental impacts. We now monitor packaging efficiency (% of empty space) and address issues as they arise. At the same time, we took the opportunity to remove non-recyclable packaging materials such as polystyrene and polyurethane from all our processes.

### DELIVERY OPTIMIZATION

We continue to target a reduction in the environmental impact of customer deliveries from suppliers by consolidating deliveries wherever possible. This remains somewhat of a challenge, as our customers typically want their components delivered as fast as possible (by air). Consolidation has the risk of delaying the overall shipment. However, through discussion and collaboration with customers, and by making some changes to procedures with customer consent, in 2015, we increased the number of consolidated customer deliveries from approximately 50% to over 70%. This not only improved the energy profile of our shipments, it also reduced the amount of packaging waste we generate.





# ETHICS, GOVERNANCE AND TRANSPARENCY - THE FOUNDATION OF THE FUTURE

## A CULTURE OF ETHICS

Our Code of Ethics is a guide to the standards of ethical behavior we expect from all employees in our business, including full compliance with laws and regulations in the countries in which we do business. All employees receive detailed training in a dedicated online module on our Code of Ethics when joining the company and confirm their understanding and agreement upon completing the module. Our Code of Ethics is available to all employees on our internal website, and on our corporate website for other stakeholders. Several channels are open to employees to report suspected ethical breaches. We investigate all issues, including those reported anonymously, and encourage employees to speak out without fear of reprisal. Our Ethics Council continues to meet regularly to ensure communications and training in ethical principles, and deal with ethical issues as they arise.

We remain committed to upholding human rights in our workplace and through our value chain in line with our Human Rights Commitment which defines our approach. The Commitment is available on our corporate website.

**MATERIAL IMPACT**  
**MAINTAINING INTEGRITY AND ETHICAL CONDUCT G4-34**

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 **OUR CODE OF ETHICS IS AVAILABLE IN 7 LANGUAGES**

## GOVERNANCE

Our Board of Directors ensures that strategy, risk management and operational controls are appropriately addressed in our business at all times. Regular internal and third party audits ensure that we maintain strictest attention to compliance and compliance education within our business.

Our Board of Directors is composed of two members, both of whom are non-executive and non-independent. The Chairman of the Board is Mr. Shaul Shani, founder of the Swarth Group and chief shareholder of ECI. The Board of Directors maintains one Board Committee, the Remuneration Committee, composed of both members of the Board. The purpose of this committee is to govern the administration of executive compensation and associated benefits and options, and management of the stock options program within the company.

We regularly report our sustainability performance to the Board of Directors and receive guidance on strategy and areas of material focus.

## SUSTAINABILITY TRANSPARENCY AND DISCLOSURE



### Gold Ranking with EcoVadis

In our most recent annual assessment by the EcoVadis organization in April 2015, we improved our score from Silver (58%) to Gold (63%). The Gold ranking, according to EcoVadis, an internationally recognized supplier evaluation and accreditation sustainable development platform, is achieved by only 5% of companies assessed. The assessment covers four categories of responsible business: environment, labor practices, fair business practices and sustainable procurement.

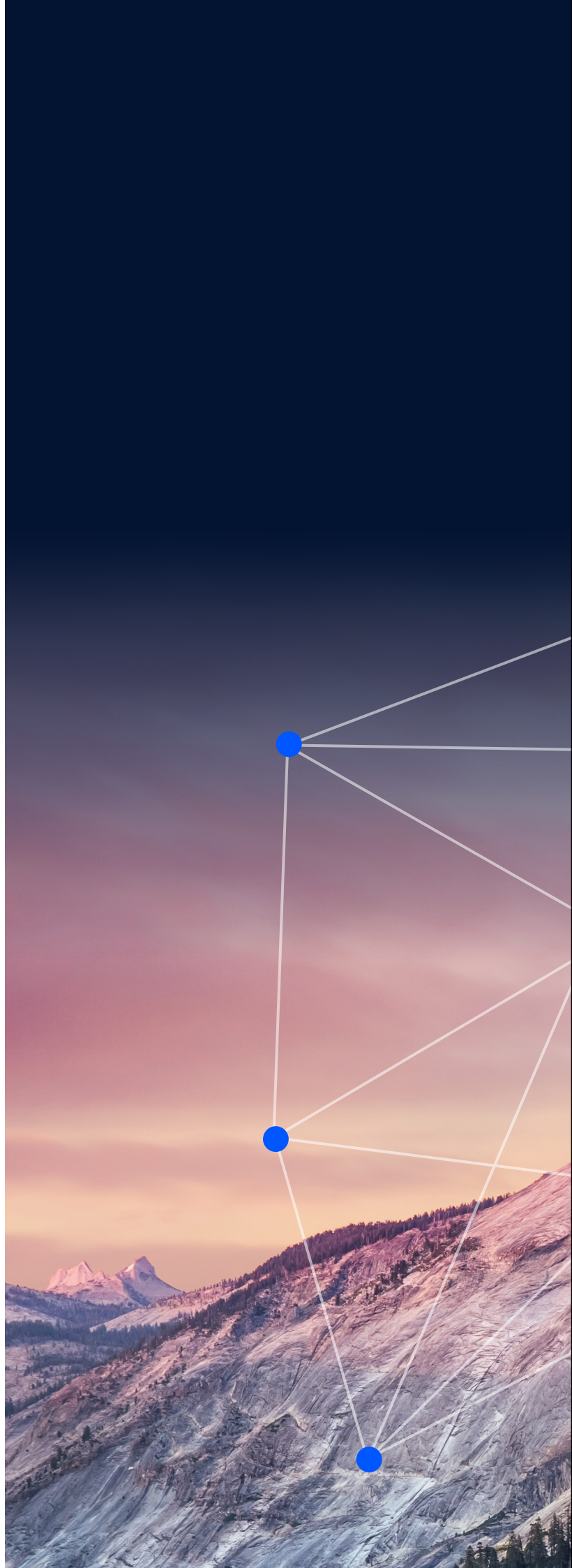
### Platinum Plus ranking in Israel

In the 2015 ranking in Israel, performed by Business for Social Responsibility in Israel ("Maala"), we once again achieved the highest possible ranking of Platinum Plus. We have participated in this ranking in Israel since its inception in 2004. Since 2008, we have consistently achieved the highest possible ranking each year.

Maala is a not-for-profit organization promoting corporate social responsibility in Israel. The annual ranking based on self-declared performance in five areas: ethics, responsible workplace, community investment, governance and environmental protection. Large, public and private companies representing over 50% of business in Israel participate in this ranking.

### Improved CDP Scores

In 2015, our Carbon Disclosure Project (CDP) submission score increased to 97 (from 69 in 2013). The average Supply Chain Disclosure ranking for all companies submitting supply chain data to CDP in 2015 was 60. Our score, significantly better than the global average and compared to prior performance, reflects our commitment to continuous improvement and sustainability transparency. CDP is a non-profit organization that advances sustainability disclosure with more than 4,000 companies taking part at a global level.





## ABOUT THIS REPORT

This is ECI's fifth annual Sustainability Report covering the role we play in society as a global business, our business activities, and our impact on people, communities and the environment. Data in this report relates to the 2015 calendar year unless otherwise stated, with relevant information and case studies from early 2016. The scope of data in this report is all global business operations owned by ECI. External operations at sub-contracted vendors are excluded.

This report is written in accordance with the Global Reporting Initiative (GRI) G4 sustainability reporting standards Core option, which we believe represents the most advanced sustainability reporting framework available today. The Global Reporting Initiative is a not-for-profit multi-stakeholder organization which acts to increase the level of business transparency through sustainability reporting. The most recent version of the GRI framework, G4, was launched in May 2013. This is our fourth annual Sustainability Report written in line with the G4 standards.

with visits to our offices, documentation reviews and several management interviews.

We hope this report will encourage dialogue between ECI and our stakeholders. We welcome your feedback, queries and suggestions. Please contact Eynat Rotfeld, CSR Manager, by email at [Eynat.Rotfeld@ecitele.com](mailto:Eynat.Rotfeld@ecitele.com) or by telephone: +972-3-926-6507

ECI'S TRANSPARENT REPORTING  
ADVANCES THE UN SUSTAINABLE  
DEVELOPMENT GOALS



The selection of content for this report was the result of a materiality process conducted in 2013, and confirmed by our management in 2015, to determine the priority impacts of our business and stakeholder interests. In the preparation of this report, we have considered additional input from our stakeholders gathered throughout the year and specifically the feedback received in a stakeholder consultation in Israel.

This report was not verified by an independent third party, as we believe our internal data monitoring and tracking is robust and confirmed through internal audits. In developing the content of this report, external consultants reviewed information provided

# UN GLOBAL COMPACT



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

ECI confirmed participation in the United Nations Global Compact (UNGC) in 2002, the first company in Israel to do so. This report includes our annual Communication on Progress (COP).

For further details about the UN Global Compact and our history of COP reports, please see the UN Global Compact website: [www.unglobalcompact.org/what-is-gc/participants/3081](http://www.unglobalcompact.org/what-is-gc/participants/3081)

The table below shows the correlation of our GRI G4 disclosures with the UNGC principles

Global Compact Principles		GRI G4 Reference	Our Commitment
1	Businesses should support and respect the protection of internationally proclaimed human rights.	<ul style="list-style-type: none"> <li>Human Rights Aspects</li> </ul>	Respecting human rights at ECI is a core value. We conduct our business responsibly according to the highest ethical standards, including respect for all human beings, and acknowledgement of their rights. We do everything within our power to uphold such rights. Read our Commitment to Human Rights: <a href="http://www.ecitele.com/abouteci/CorpResp/Pages/Corporate-Governance.aspx">www.ecitele.com/abouteci/CorpResp/Pages/Corporate-Governance.aspx</a> We work with our suppliers make them aware of our standards relating to human rights and encourage them to adopt similar standards.
2	Businesses should make sure that they are not complicit in human rights abuses.	<ul style="list-style-type: none"> <li>Human Rights Aspects</li> <li>Local Communities Aspects</li> </ul>	
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<ul style="list-style-type: none"> <li>G4-11</li> <li>Freedom of Association and Collective Bargaining Aspect</li> <li>Labor/ Management Relations Aspect</li> </ul>	We respect the rights of employees to freedom of association and collective bargaining. We aim to maintain collaborative, open and positive relationship with employees and address issues relating to their rights in a positive manner.
4	Businesses should support the elimination of all forms of forced and compulsory labor.	<ul style="list-style-type: none"> <li>Forced and Compulsory Labor Aspect</li> </ul>	We do not engage in any practice which could be construed as forced labor. All ECI employees are employed within the provisions of the law and employment contracts signed by employees of their own free will.
5	Businesses should support the effective abolition of child labor.	<ul style="list-style-type: none"> <li>Child Labor Aspect</li> </ul>	We respect and support the rights of all children, and we are committed to preventing harm and actively safeguarding their interests. We do not employ children in any part of our business.
6	Businesses should support a precautionary approach to environmental challenges.	<ul style="list-style-type: none"> <li>Environmental Aspects</li> </ul>	ECI is driven to provide customers worldwide with network telecom infrastructure that will enable them to address current and future business challenges, and in doing so, consider environmental impacts through the use of environmentally-friendly technology and technology-driven infrastructure. We are committed to achieving high standards of environmental quality and have established, implemented, and maintained environmental and health & safety systems in line with the highest global standards available.
7	Businesses should undertake initiatives to promote greater environmental responsibility.	<ul style="list-style-type: none"> <li>Environmental Aspects</li> </ul>	
8	Businesses should encourage the development and diffusion of environmentally friendly technologies.	<ul style="list-style-type: none"> <li>Environmental Aspects</li> </ul>	
9	Businesses should support the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"> <li>G4-10</li> <li>Labor Practices and Decent Work Aspects</li> </ul>	We maintain a policy of equal opportunity and enjoy a high level of diversity among our workforce around the world. Recruitment and human resources policies are designed to nurture non-discriminatory practices for new and current employees in all matters relating to their employment with ECI.
10	Businesses should work against corruption in all its forms, including extortion and bribery.	<ul style="list-style-type: none"> <li>Anti-Corruption Aspect</li> <li>Public Policy Aspect</li> </ul>	We are committed to behaving with integrity and act against all forms of corruption.



## GRI CONTENT INDEX

G4 General Standard Disclosures		Response / Page / Link
G4-1	CEO statement	Page 4
G4-3	Name of reporting organization	ECI Telecom Ltd.
G4-4	Products	We are the ELASTIC Network™ Company. See our website for Solutions, Products and Services: <a href="http://www.ecitele.com/">http://www.ecitele.com/</a>
G4-5	HQ location.	Israel
G4-6	Countries of operation	Headquarters in Israel, R&D centers in China, India and Israel.
G4-7	Legal form	ECI Telecom Ltd is a private company, wholly-owned by ECI Holding whose shares are held by the Swarth Group, a private equity company, and Ashmore Investment Management Ltd, one of the world's leading investment managers.
G4-8	Markets served	We maintain sales in over 25 countries. See all our global offices on our website: <a href="http://www.ecitele.com/about/#global-offices">www.ecitele.com/about/#global-offices</a>
G4-9	Scale of the organization	Page 6. As a private company, we do not disclose details of revenues or market capitalization.
G4-10	Number of employees	We report our full-time, permanent employees, worldwide, and report temporary and supervised employees for our Israel operations only. See tables on page xx for total employees by gender and by region. Full-time permanent employees are by far the majority of our workforce. We employ small numbers of individuals on temporary contracts or as supervised employees from time to time. There are no significant variations in or employee numbers due to seasonality.
G4-11	Collective bargaining agreements	In 2015, 34 ECI employees in Israel were covered by collective bargaining agreements. This represents 4% of employees in Israel. This data is not available for employees in our global offices.
G4-12	Supply chain	Page 38: Future fitting our supply chain
G4-13	Significant changes	There were no significant changes during the reporting period.
G4-14	Precautionary approach	We take a proactive approach to risk management with regard to climate change and environmental impacts and perform regular reviews of risks in our operations and supply chain.
G4-15	External charters	We support the Carbon Disclosure Project and submit data annually. We adopt several ISO standards, including ISO14001, and other standards such as TL 9000, OSHAS 18001 and SA8000.
G4-16	Memberships of associations	We participate in the United National Global Compact and, in Israel, we are members of the not-for-profit organization, Maala and have participated in an annual CSR ranking since 2008.
G4-17	Entities	ECI Telecom Ltd and all local subsidiary offices are included in this report. These can be viewed on our website at: <a href="http://www.ecitele.com/about/#global-offices">www.ecitele.com/about/#global-offices</a> . In this report, we disclose environmental data from our operations in Israel only, where 53% of our people are employed. Our offices in other countries are smaller and use minimum electricity and fuel. Human Resources is for global operations unless otherwise noted.
G4-18	Process for defining the report content	Page 11: Sustainability priorities. This report was informed by our material issues in a process which considered the principles for defining report content: materiality, stakeholder inclusiveness, sustainability context and completeness.
G4-19	Material Aspects	Page 11: Sustainability priorities
G4-20	Aspect Boundary within the organization	Page 51

G4 General Standard Disclosures		Response / Page / Link
G4-21	Aspect Boundary outside the organization	Page 51
G4-22	Restatements	Certain EHS data has been restated due to updated reporting methodologies and employee data.
G4-23	Significant changes from previous reporting	There are no significant changes from previous reporting periods in the Scope and Aspect Boundaries.
G4-24	List of stakeholder groups	Our stakeholders include: owners, customers, employees, suppliers, governments and local communities in the locations where we operate. We maintain dialogue with stakeholders in order to understand their needs and communicate with them transparently about our sustainability impacts and performance.
G4-25	Selection of stakeholders	The basis for identification and selection of stakeholders is our primary business interactions with employees, customers and suppliers. We interact with these groups on a daily basis and they have the greatest impact on our business. In addition, we engage with other stakeholders, including industry organizations and governmental authorities.
G4-26	Approach to stakeholder engagement	Page 10. In 2015, we held a first-ever stakeholder round table consultation at our offices in Israel. Selected stakeholder comments from the event are included in page 10.
G4-27	Key topics raised through stakeholder engagement	Page 52. The issues that our stakeholders have raised are reflected in our material Aspects. See our response below to G4-26 for specific issues raised.
G4-28	Reporting period	Page 44: About this report
G4-29	Date of most recent previous report	2014
G4-30	Reporting cycle	Page 44: About this report
G4-31	Contact point	Page 44: About this report
G4-32	GRI Content Index	Page 44. About this report. This report has not been externally assured.
G4-33	External assurance	Page 44: About this report
G4-34	Governance structure	Page 41: Governance
G4-56	Values	Page 6: About ECI. Our Values, Page 41: A culture of ethics. Ethics and Human Rights



## SPECIFIC STANDARD DISCLOSURES

Material Aspects (G4-19)		G4 Specific Disclosures	Page / Link
Indirect Economic Impacts	G4-EC8	Indirect economic impacts	Several examples reported in the sections entitled Getting ready for the future, starting on page13 and Providing solutions for the future starting on page 17.
Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	In India, China and Israel, an estimated 80% of purchases are local. Our outsourced turnkey manufacturers make their own purchasing decisions. Administrative purchases are all locally based.
Energy	G4-EN3	Energy consumption	Page 39
	G4-EN4	Energy consumption outside of the organization	Page 39
	G4-EN5	Energy intensity	Page 39
	G4-EN6	Reduction of energy consumption	Page 39
Water	G4-EN8	Water withdrawal by source	Page 39
Emissions	G4-EN15	Direct GHG emissions (Scope 1)	Page 39
	G4-EN16	Energy indirect GHG emissions (Scope 2)	Page 39
	G4-EN18	GHG emissions intensity	Page 39
Effluents and Waste	G4-EN23	Total weight of waste by type and disposal method	Page 40
Products and Services	G4-EN27	Impact mitigation of environmental impacts of products and services	Page 38: Future fitting our supply chain
Supplier Environmental Assessment	G4-EN32	New suppliers screened using environmental criteria	We screen our strategic turnkey suppliers. There were no new suppliers in 2015.
Occupational Health and Safety	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, absenteeism, and fatalities	Page 53
Training and Education	G4-LA10	Programs for skills management and lifelong learning	Page 33: Organizing for the future
	G4-LA11	Percentage of employees receiving regular performance and career development reviews	Page 53
Supplier Labor Practices Assessment	G4-LA14	New suppliers screened using labor practices criteria	We screen our strategic turnkey suppliers. There were no new suppliers in 2015.
Supplier Human Rights Assessment	G4-HR10	New suppliers screened using human rights criteria	We screen our strategic turnkey suppliers. There were no new suppliers in 2015.
Local Communities	G4-SO1	Operations with implemented local community engagement programs	53%. This represents employees in Israel where we have regular community involvement activities. Other ECI country sites are small and do not track community engagement consistently.
Product and Service Labeling	G4-PR5	Results of surveys measuring customer satisfaction	Page 30: Providing impeccable service to our customers

## CHARTS AND TABLES G4-10

EMPLOYEES BY REGION AND GENDER	2013			2014			2015			
	Male	Female	All	Male	Female	All	Male	Female	All	% All
China	154	72	<b>226</b>	156	61	<b>217</b>	152	62	214	<b>13%</b>
India	260	38	<b>298</b>	272	39	<b>311</b>	279	48	327	<b>20%</b>
Israel	723	240	<b>963</b>	666	225	<b>891</b>	670	216	886	<b>53%</b>
Rest of world	188	55	<b>243</b>	173	52	<b>225</b>	189	53	242	<b>14%</b>
<b>All employees</b>	<b>1,325</b>	<b>405</b>	<b>1,730</b>	<b>1,267</b>	<b>377</b>	<b>1,644</b>	<b>1,290</b>	<b>379</b>	<b>1,669</b>	<b>100%</b>
Split male-female	77%	23%		77%	23%		77%	23%		

EMPLOYEES BY CONTRACT	2014			2015		
	Male	Female	All	Male	Female	All
Permanent contract	1,088	321	<b>1,409</b>	1,101	326	<b>1,427</b>
Temporary contract	6	4	<b>10</b>	0	0	<b>0</b>
<b>All employees</b>	<b>1,094</b>	<b>325</b>	<b>1,419</b>	<b>1,101</b>	<b>326</b>	<b>1,427</b>

EMPLOYEES BY TYPE	2014			2015		
	Male	Female	All	Male	Female	All
Full time	1,078	285	<b>1,363</b>	1,080	286	<b>1,366</b>
Part time	16	40	<b>56</b>	21	40	<b>61</b>
<b>All employees</b>	<b>723</b>	<b>240</b>	<b>1,419</b>	<b>1,101</b>	<b>326</b>	<b>1,427</b>

DIRECT EMPLOYEES AND SUPERVISED EMPLOYEES BY GENDER	2014			2015		
	Male	Female	All	Male	Female	All
Direct employees	1,094	325	<b>1,419</b>	1,101	326	<b>1,427</b>
Supervised employees	43	13	<b>56</b>	36	23	<b>59</b>
<b>All employees</b>	<b>1,137</b>	<b>338</b>	<b>1,475</b>	<b>1,137</b>	<b>349</b>	<b>1,486</b>

**Note:** Employees by contract, type and direct/supervised employees refers to ECI in Israel, China and India, representing 86% of all our direct employees.

**G4- 19, G4-20, G4-21**

Material Topic	Material Aspect (G4)	Performance Indicators (G4)	Internal	External	Notes
Meeting and anticipating customer needs	Indirect economic impacts	G4-EC8	✓	✓	Our ability to serve customers has a direct impact in the market, benefiting end users by providing them with new connectivity and capabilities.
Partnering to deliver the best solutions			✓	✓	
Providing outstanding customer service	Product and Service Labeling	G4-PR5	✓	✓	
Improving the resource efficiency of our products	Environmental: Products and services	G4-EN27		✓	Efficient products enable customers to compete more effectively.
Reducing our energy consumption	Environmental: Energy	G4-EN4, G4-EN5, G4-EN6	✓		Reducing energy impacts our costs.
Reducing waste and increasing recycling	Environmental: Effluents and waste	G4-EN23		✓	Reducing waste places less of a burden on landfill and materials sourcing.
Engaging and developing employees	Social: Labor practices and decent work:		✓		Providing employees with opportunities and a safe workplace is critical for us to maintain the resources we need to conduct our business.
	Employment	G4-LA1	✓		
Employee health, safety and wellbeing	Training and education	G4-LA9, G4-LA10, G4-LA11	✓		
	Social: Occupational health and safety	G4-LA6	✓		
Engaging employees to support our communities	Social: Local communities	G4-SO1		✓	Investing in local communities helps them thrive.
Maintaining integrity and ethical conduct	Governance	General Standard Disclosure G4-34	✓		Good governance protects our business against risk.
Upholding human rights	Human rights: Supplier human rights assessment	G4-HR10		✓	The way we drive ethical practices through our supply chain impacts the societies and communities in which our suppliers live and work.
Driving ethical standards throughout our supply chain	Supply chain	General Standard Disclosure G4-12		✓	
	Social: Labor practices and decent work: Supplier assessment for labor practices	G4-LA14		✓	
	Environmental: Supplier environmental assessment	G4-EN-32		✓	

## G4-26

We make efforts to understand our stakeholders and be responsive to their needs. Through internal meetings and discussions, we gain stakeholder insights that help us drive our strategy. In 2015 we conducted a specific round table discussion to hear from stakeholders in Israel. In general, our primary stakeholders are:

### Owners

ECI's owners are represented on our Board of Directors. Through our Executive Management, they are involved in development of sustainable performance planning and updated on a regular basis at Board Meetings. The key issues raised by the Board of Directors are business expansion and sustainable profitable growth, expanding market presence and innovation.

### Customers

Our customers expect us to be leaders in innovation, product performance, reliability and service, and resource efficiency to positively impact their competitiveness.

### Employees

We engage our employees through strong internal communications, annual performance reviews, business

updates, community volunteering, and informal conversations at all levels. Employees expect job security, fair compensation and benefits, and opportunities to develop.

### Suppliers

Our most strategic suppliers are involved in our product development and implementation teams, and share in the decision-making process on many levels. We expect suppliers to comply with ECI procurement and ethical standards.

### Government

Governments expect ECI to uphold the law and all local regulations and also collaborate in partnerships for sustainable development, where relevant.

### Local communities

We engage with social and environmental community partners as needed to advance joint programs of mutual interest. Community partners enjoy our investment and involvement in supporting local communities.

## G4-LA1

NEW HIRES BY AGE	2015 ECI EMPLOYEES WORLDWIDE					
	Male	Rate	Female	Rate	All	All new hires rate
Below age 30	105	8%	28	7%	133	8%
Age 30 - 50	82	6%	25	7%	107	6%
Over age 50	23	2%	1	0%	24	1%
<b>All new hires</b>	<b>210</b>	<b>16%</b>	<b>54</b>	<b>14%</b>	<b>264</b>	<b>16%</b>

LEAVERS BY AGE	2015 ECI EMPLOYEES WORLDWIDE					
	Male	Rate	Female	Rate	All	All turnover rate
Below age 30	44	3%	14	4%	58	3%
Age 30 - 50	111	9%	33	9%	144	9%
Over age 50	25	2%	4	1%	29	2%
<b>All leavers</b>	<b>180</b>	<b>14%</b>	<b>51</b>	<b>13%</b>	<b>231</b>	<b>14%</b>

## G4-LA6

INJURY RATE	2010	2011	2012	2013	2014	2015
Total number of injuries	16	2	5	5	2	6
Injury frequency rate	0.378	0.061	0.192	0.236	0.102	0.191

INJURY SEVERITY RATE	2010	2011	2012	2013	2014	2015
Number of lost days due to injury	258	78	38	65	23	20
Injury severity rate	0.134	0.052	0.032	0.067	0.026	0.014

ABSENTEEISM (ISRAEL ONLY)	2013		2014		2015	
	Male	Female	Male	Female	Male	Female
Number of absentee days	6,850	3,250	5,070	2,700	3,545	1,960
Absenteeism rate (by gender)	0.021	0.032	0.016	0.029	0.011	0.021
Absenteeism rate (all employees)	<b>0.023</b>		<b>0.019</b>		<b>0.013</b>	

### Notes:

- Injury rates are calculated per 100 employees and include Israel, India and China. Employees in these three countries represent 86% of our total workforce.
- India and China are reporting for the first time.

## G4-LA9

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE	2014	2015
	15	17

**Note:** Refers to average training for all employees worldwide. Split by gender and employee type not available.

## G4-LA11

PERFORMANCE REVIEWS	2014		2015	
	Male	Female	Male	Female
Management	67%	70%	78%	73%
Non-management	77%	80%	76%	84%
Total by gender	75%	79%	76%	82%
<b>Total</b>	<b>76%</b>		<b>77%</b>	

**Note:** Refers to Israel, China and India. Employees in these three countries represent 86% of our total workforce.

## G4-EN3

Energy consumption in gigajoules (Israel only)	2011	2012	2013	2014	2015	Change in 2015	Total ECI
Gasoline (Scope 1)	72,019	46,095	35,027	26,148	22,419	-14%	22,545
Electricity purchased from grid (Scope 2)	83,478	78,887	50,796	57,107	47,259	-17%	53,439
<b>Total energy consumption</b>	<b>155,497</b>	<b>124,982</b>	<b>85,823</b>	<b>83,255</b>	<b>69,678</b>	<b>-16%</b>	<b>75,984</b>

**Notes:**

- Data is converted to gigajoules using the GRI Indicators Protocol set guidelines.
- ECI does not use heating, cooling and steam.
- In 2015, total ECI includes Israel, India and China. India and China are reporting for the first time.

## G4-EN5

Energy in gigajoules per employee (Israel only)	2011	2012	2013	2014	2015	Change in 2015	Total ECI
Gasoline (Scope 1)	48.01	38.87	36.37	29.35	25.30	-14%	15.80
Electricity purchased from grid (Scope 2)	55.65	66.52	52.75	64.09	53.34	-17%	37.45
<b>Total energy intensity</b>	<b>103.66</b>	<b>105.38</b>	<b>89.12</b>	<b>93.44</b>	<b>78.64</b>	<b>-16%</b>	<b>53.25</b>

**Note:** In 2015, total ECI includes Israel, India and China. India and China are reporting for the first time.

## G4-EN8

Water withdrawal in m <sup>3</sup> (Israel only)	2011	2012	2013	2014	2015	Change in 2015	Total ECI
Total water withdrawal	17,116	16,536	16,194	17,285	17,017	-2%	18,032
Water withdrawal: m <sup>3</sup> per employee	11.41	13.94	16.82	19.40	19.21	-1%	12.64

**Notes:**

- All water is sourced from municipal water supplies.
- Data for 2014 has been updated.
- In 2015, total ECI includes Israel, India and China. India and China are reporting for the first time.

## G4-EN15, G4-EN16, G4-EN17

Greenhouse gas emissions in tons CO <sub>2</sub> e (Israel only)	2011	2012	2013	2014	2015	Change in 2015	Total ECI
Scope 1 emissions (Gasoline)	4,830	3,091	2,349	1,735	1,490	-14%	1,498
Scope 2 emissions (Electricity)	16,997	17,235	9,919	10,914	9,137	-16%	10,548
Scope 3 emissions (Business flights)	1,951	1,081	859	944	1,156	22%	N/A
<b>Total greenhouse gas emissions</b>	<b>23,777</b>	<b>21,406</b>	<b>13,127</b>	<b>13,593</b>	<b>11,783</b>	<b>-13%</b>	<b>12,046</b>

### Notes:

- Greenhouse gases included in the calculation of CO<sub>2</sub>e are CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.
- Scope 1 emission factors use DEFRA Emission Factors.
- Scope 2 emissions factors use IEC emission factors for Israel. All other electricity emissions factors use the GHG Protocol.
- Scope 3 emissions use International Civil Aviation Organization emissions factors.
- In 2015, total ECI includes Israel, India and China. India and China are reporting for the first time.

## G4-EN18

Greenhouse gas emissions intensity in tons CO <sub>2</sub> e / employee (Israel only)	2011	2012	2013	2014	2015	Change in 2015	Total ECI
Scope 1 emissions (Gasoline)	3.22	2.61	2.44	1.95	1.68	-14%	1.05
Scope 2 emissions (Electricity)	11.33	14.53	10.30	12.25	10.31	-16%	7.39
Scope 3 emissions (Business flights)	1.30	0.91	0.89	1.06	1.30	23%	N/A
<b>Total greenhouse gas emissions</b>	<b>15.85</b>	<b>18.05</b>	<b>13.63</b>	<b>15.26</b>	<b>13.30</b>	<b>-13%</b>	<b>8.44</b>

### Notes:

- Greenhouse gases included in the calculation of CO<sub>2</sub>e are CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.
- In 2015, total ECI includes Israel, India and China. India and China are reporting for the first time

## G4-EN23

Hazardous and non-hazardous waste in tons (Israel only)	2011	2012	2013	2014	2015	Change in 2015	Total ECI
Recycled	76	70	16	25	27	7%	28
Landfill	166	52	120	109	97	-11%	100
<b>Total waste</b>	<b>242</b>	<b>122</b>	<b>135</b>	<b>134</b>	<b>123</b>	<b>-8%</b>	<b>127</b>

**Note:** In 2015, total ECI includes Israel, India and China. India and China are reporting for the first time.



## ABOUT ECI

ECI is a global provider of ELASTIC network solutions to CSPs, utilities as well as data center operators. Along with its long-standing, industry-proven packet-optical transport, ECI offers a variety of SDN/NFV applications, end-to-end network management, a comprehensive cyber security solution, and a range of professional services. ECI's ELASTIC solutions ensure open, future-proof, and secure communications. With ECI, customers have the luxury of choosing a network that can be tailor-made to their needs today – while being flexible enough to evolve with the changing needs of tomorrow. For more information, visit us at [www.ecitele.com](http://www.ecitele.com)

