

January, 2024

Maala Communication on Engagement

In 2022-23 Maala continued its work as the main convener, facilitator and standard-setter in ESG in Israel. During this period ESG continued its course towards becoming mainstream in Israel, as the community continues to expand and many companies enhance their work and increase resources allocated to ESG.

Main trends and developments during this period: the ESG index continues to expand with new companies participating each year; spotlight on the importance of quantitative measurements and data driven measurements as crucial tools for ESG management; shifting DEI efforts from anecdotal to systematic measurement and management; reducing polarization in the workplace and building trust among employees from all parts of society.

The terrorist attack of Oct. 7th, 2023, and the war that followed have had a major impact on ESG in Israel. Primarily, the work has shifted its focus to urgent social issues including humanitarian relief; supporting employees and their families; DEI efforts focused on maintaining safe work environments for all; community support with an emphasis on communities evacuated from danger zones; ensuring business continuity of SMEs down the supply chain and more. Maala's current work has also shifted to focus mainly on these issues and others related to the ongoing crisis and state of emergency.

1. ESG at war

The current situation in Israel, following the Oct. 7th terrorist attack and the subsequent war, has shifted the work to a mode of an ongoing state of emergency. Maala immediately joined and helped lead a cross-sector initiative to align corporate donations and volunteering with the actual needs on the ground. This proved critical as the first few weeks were quite chaotic and saw several efforts and resources spent with minimal impact.

Maala has developed a set of metrics for ESG during times of war and crisis to be launched during Q1 2024. The metrics relate to the main stakeholders under the 'S' in ESG, covering topics such as: supporting employees and their families; strengthening resilience; managing a diverse workforce in times of war and crisis; maintaining the supply chain and supporting small and mid-size suppliers; benefits for customers especially in areas affected by the war; supporting and contributing to the community; and employee volunteering.

The metrics are compiled as an additional chapter for the [Maala ESG Index](#) (see more below), with the aim of creating a broader picture of how businesses responded to the current challenges. The overview will help standardize businesses' disclosure on their work during the war in their upcoming ESG reports, and will enable further mutual learning as they cope with the ongoing state of emergency.

2. Maala annual conference

Due to the events of October 7th and the subsequent war, the 2023 Maala conference has been postponed and rescheduled for the first quarter of 2024.

In 2022 Maala held its sixth annual conference, under the theme of ESG in Real Life. Over 400 people attended the event from the business sector, civil society, government agencies, media and more, including several international guests and speakers.

The plenary featured opening remarks from the President of the State of Israel, and conversations with the CEO of Tnuva, one of the largest food manufacturers in Israel; with Schroders on how investors can positively impact portfolio companies; and a panel of investors and corporates from Scandinavia, including the CEO of AP7, Coeli Group and Embracer Group, on issues of climate and ESG and their view of the ongoing work.

Following that were several discussions and roundtables on: How to know and measure that DEI is working; ESG investors forum; Setting long term sustainability goals; from impact to ESG in startup companies; recycling, renewing and reducing waste; Safety in the workplace; connecting between business and heritage as part of the quest for purpose; and more.



Mainstage and roundtables at the Maala conference 2022. Photos by: Sharon Eliasi

The event was held at the [Design Terminal](#) in the city of Bat Yam, a non-profit social enterprise offering workspaces for designers and rehabilitation programs for people coping with mental health issues, and also includes an in-house studio for recording podcasts. As part of that, the event featured live recording sessions for [Maala Podcast](#), on several more topics high on the agenda of the Israeli community, including: reducing food waste, increasing access to medicine, how gaming can have positive impact, changes in consumer trends, tools for evaluating ESG and more.



Recording podcast at Maala conference 2022. Photo by: Netanel Tobias

The second day was comprised of dedicated workshops for Maala corporate members: 1. A dedicated session for institutional investors in Israel on how to integrate ESG risk into investment policies – with Schroders. 2. Introduction to MSCI's methodologies and rating – with MSCI. 3. How to prepare for the changing regulatory landscape and requirements for disclosure – with the IFRS. 4. Developing a skill-based volunteering strategy – with the Simlai Foundation in Israel.

3. Maala ESG Index

Over the past two years Maala has heavily emphasized the importance of quantitative measuring and data for managing ESG. Maala has enhanced its capabilities to analyze corporate disclosures to the index, enabling a more accurate and comparative outlook of corporate actions on various channels of corporate responsibility in Israel.

A new dedicated **DEI Index** was launched in 2022 by Maala and Israel's Equal Employment Opportunity Commission under the Ministry of Economy. The index requires companies participating in it to measure their DEI in the workforce and management, including senior management and board of directors. The main goals are to enhance measurement of diversity and inclusion in the workplace, and to create positive competition that encourages businesses to increase the resources invested in DEI. The index recognizes the companies leading in DEI and enables a more accurate database on the state of DEI in the Israeli business sector. In 2023, 49 companies participated on the DEI index. What we've heard thus far from the companies is that they have created a structured work plan to increase DEI based on the criteria of the index. In other words, they leverage the measurement in order to better manage their DEI efforts and have a more significant impact.

In 2022 a new category for **growth & startup companies** was added to the Maala ESG index. This category rates companies which are developing products and services aligned with the UN SDGs. The aim is to provide growth companies with the tools to lay ESG infrastructure at an early stage, in fields such as ethical conduct, employees and the workplace, DEI, environmental impact, corporate governance and more. This initial infrastructure can then be more easily implemented and enhanced as the companies grow. In 2023 the index rated 15 growth companies from a variety of industries such as food-tech, renewable energy, education, bio-med, cannabis and more.

In 2023 the number of companies participating in the Maala ESG Index increased significantly with a total of 157 companies – 96 large companies, 46 mid-size companies and 15 growth and startup companies. [The 2023 index](#) was published in an annual event held in the Tel Aviv Stock Exchange (TASE), with the presence of the President of the State of Israel along with over 40 CEOs of rated companies.



Publishing of the Maala ESG Index at the Tel Aviv Stock Exchange, July 2023.

About The Index:

The Maala ESG Index is an assessment tool Benchmarking Israeli Companies on their ESG performance. The index provides large companies with the tools to both manage and implement ESG. It also provides a yearly ranking, along with the ability to map gaps and set goals for improving ESG vis-a-vis Israeli standards. The index criteria are decided upon by an independent public committee, comprised of experts, academics, leaders of social and environmental organizations and representatives of the business sector.

Participation in the index is voluntary, requiring participants to voluntarily submit data on their company's ESG performance. The TA-Maala ESG Index on the Tel Aviv Stock Exchange represents 40% of the total market cap of companies listed in Israel.

4. Reducing polarization and increasing social cohesion

During 2023 Maala began working with the Office of the President of the State of Israel as part of the 'Time to Talk' initiative led by The President with the goal of reducing societal polarization and increasing social cohesion. Workplaces are where people of many or all parts of society come together under the same roof with shared goals and objectives. As such workplaces are considered a safe space for employees, and are still so now even as social tensions are rising. The initiative aims to strengthen this notion among businesses, offer them tools and encourage them to enhance efforts for reducing polarization.

A call-to-action was sent out to businesses asking for reports on existing work and actions to tackle polarization and increase unity and cohesion. The aim is to compile the responses into

a working set of tools and actions to help companies address, manage and tackle polarization in the workplace. Several case studies were submitted, demonstrating many unique approaches. Examples include: employee meetups to enable structured dialogue on issues in dispute, and to strengthen a multicultural workplace; toolkits for managers enabling them to broaden their perspective and better manage diverse teams, especially during times of social tension; tailoring services to the needs and languages of different population groups; using immersive technology (XR) to better convey the experience of different groups; creating digital content (social media, internal communications etc.) to raise awareness and reduce prejudices; employee mentoring programs; and more.

Since Oct. 7th the work of the joint initiative has largely focused on inclusion of Israeli Arabs, to both support corporate efforts in the day-to-day challenges, and ensure widespread business and public support for Israeli Arab inclusion, a critical issue as tensions rise across Israel. In Nov. 2023 Maala participated in a meeting at the President's house facilitated by the Co-Impact organization, which specializes in diversity and inclusion of Israeli Arabs. The meeting hosted over 30 senior business leaders, both Jewish and Arab, and the President of the State of Israel to address the issue of Jewish-Arab relations in workplaces and how to ensure safe work environments, while reducing fear and increasing trust between the groups. The business leaders unanimously emphasized their determination to continue promoting a more equal shared society.

5. Digital content

The [Maala VOD channel](#) and [podcast](#) compile the largest library of digital content on ESG and sustainability, featuring over 200 videos and podcasts with the people leading responsible and sustainable business in Israel and globally. As the channel continues to gain widespread support and recognition from both the Israeli and international community, more companies strive to share their work on the VOD and podcast channels, driving them to increase their work on the various pillars of ESG and responsible business. This has turned the VOD channel and podcast into a strategic pillar of Maala's work in continuing to promote and develop responsible business conduct in Israel.

Since the Oct. 7th attack and outbreak of war, Maala has released four podcast episodes on various aspects of ESG at war, interviewing several companies on how they have responded. Additional episodes are currently in the works, to be released over the coming months.

Among companies and organizations featured on the VOD channel are global Israeli companies, such as Netafim, ICL, Strauss Group and Teva, multinational companies such as P&G, L'oreal and Electrolux, as well as global ESG and sustainability organizations such as BSR, CECP, CalPERS and GlobeScan.

Onward looking: 2024-2025

Maala anticipates that the work in 2024 will continue to have a major focus on issues arising due to the war and ongoing crisis. Maala will continue working with Israeli companies to guide and equip them with knowledge and tools to enhance their responses and actions during this time, as well as continuing to strengthen their positive social and environmental impact.

Maala is committed to continue the engagement and advancement in Israel of the Global Compact principles and the UN SDGs.

Momo Mahadav, CEO

About Maala:

Maala is a non-profit organization promoting corporate social responsibility and sustainability, working with some 140 of Israel's largest companies. The Maala ESG index on the Tel Aviv Stock Exchange and the DEI Index are considered as the most trusted source for recognizing responsible businesses in Israel. Maala serves as a hub for practices, solutions and cross-sector collaboration and created the biggest library in Israel for digital content in the field. As of 2023, Maala is working with the Office of the President of the State of Israel, as part of the President's 'Time to Talk' initiative aiming to reduce societal polarization.