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Maala 2010 CSR Ranking - Facts and Figures

The Maala 2010 ranking includes 75 companies, as compared with 62 companies who participated in the 2009 ranking. **This represents an increase of 21%** in the number of participating companies in relation to the preceding year. Out of the 75 participating companies this year, 47 are publicly traded companies.

The companies participating in the ranking currently number 173,000 employees, possess an aggregate turnover of NIS 296 billion, representing 58% of the business product in Israel (Bank of Israel data).

New companies in the 2010 ranking:

Publicly traded companies: Bezeq, Tambour, New Hamashbir Latzarchan, Melanox, Dan Hotels, Y.H. Dimri, Mehadrin, Tigbur Manpower and Skylax Corporation.

Privately held companies: Leumi Card, CTS, SAP, Hashmira G4S, Simmons and Israel Post (Government).

Companies that withdrew from the ranking: Salt Industries, CLA-Tankor.

Ethics in Business

A Code of Ethics as a basic requirement - constitutes a tool for voluntary change. In the Maala ranking, a code of ethics is a basic requirement for the Ethics Section and the increase in the percentage of companies that possess a code of ethics is significantly affected by this (companies lacking a code of ethics receive zero points in this section).

As a result of the participation in the ranking, the percentage of companies possessing a code of ethics has increased from 69% in 2006 to 96% in 2010.

Interesting figures:

- 96% of companies possess a code of ethics or are in the midst of preparing such a code.
- At 87% of the companies, the code of ethics is open for public scrutiny.
- Only 50% of companies stated that the issue of ethics is managed using indexes and objectives (such as the number of calls to an anonymous hotline or the number of calls that required disciplinary action). This was a new question in the 2010 ranking.
- Only 56% of companies effectively conduct an examination of the ethics program.

Work environment:

- **The percentage of women employed out of the top 10% wage earners in the organization** - rose moderately from 20% in 2006 to 24% in 2010. This percentage has remained stable over the past three years.
- **Employee organizations – At 40% of the companies there exists some sort of employee organization or union.** Another 49% of companies stated that they would allow such an organization.
- 80% of companies stated that they were regularly and proactively monitoring their subcontractors to verify their compliance with labor laws (for example, CPA auditing of the salary slips of contractor employees).
- **Conducting satisfaction surveys** - 69% of companies conduct periodical satisfaction surveys among their employees. 65% of the companies publish these results among their employees.
- **Mechanisms for encouraging the integration of weaker populations in the labor market** - A tool for influencing screening and employment processes: An increase was recorded in the percentage of companies that have established mechanisms for

- encouraging the recruiting of employees among minorities or population groups that face difficulties in integrating within the labor market. 57% of the companies have established mechanisms for recruiting Arab employees, while 61% possess mechanisms for encouraging population groups with difficulties in integrating within the labor market.
- **Percentage of Arab employees in the organizations - 2010 ranking -5.3%** (slight increase in relation to 4.4% last year). Their relative proportions in the population at the ages of employment is 20%.
- **Percentage of employees with disabilities in the 2010 ranking –** Only 1.2%.
- 61% of the company's stated that they were investing in various ventures geared at assimilating population groups with difficulties in integrating within the labor market.
- **Such examples for social ventures at companies for promoting population groups facing difficulties in integrating within the labor market include:** ultra-Orthodox, Arabs, new immigrants, individuals over 50 years of age, Arab women, people with disabilities, employees from peripheral areas, single parents, ethnic Ethiopians, low income populations, IDF handicapped.
- **Some of the ventures:**
 - ✓ One company stated that the policy of all human resources managers at the group was to encourage all disadvantaged population groups (single mothers, minorities and more).
 - ✓ Encouraging the recruitment of ultra-Orthodox employees
 - ✓ Encouraging the recruitment of employees from the Ethiopian community
 - ✓ Encouraging weak populations from peripheral areas, constructing industrial plants in remote areas and offering training and courses for initial employment.

- ✓ In collaboration with the Ministry of Labor, courses and training are offered for unemployed individuals, in preparation for initial employment.
- ✓ Encouraging the recruiting of employees with academic degrees from the Arab sector
- ✓ Encouraging the recruiting of employees with disabilities
- ✓ One ranked company offered unique promotion programs for employees aged over 40, initiated dedicated courses for ultra-Orthodox employees and employs people with disabilities based on predetermined welfare standards.
- ✓ New immigrants

Community involvement - Company contributions

Contribution on the part of publicly traded companies: An increase was observed in the sum of the average donation, despite the fact that 2009 was a year of economic crisis and the emergence from the crisis occurred only in the middle of the year.

Nevertheless, a similar decrease was accorded in the sum of the median donation (50% of companies donate less than NIS 1 million). This figure indicates that other than a small number of leading companies that donate sums totaling tens of millions of NIS annually, most companies still donate sums smaller than NIS 1 million.

Environmental Protection

Companies in the chemical, pharmaceutical, energy, semiconductor and industrial sectors participating in the ranking: Delek - The Israel Fuel Company, Paz Oil Company, Teva Pharmaceutical Industries, Perigo, CTS, Makhteshim Agan, Intel Israel, Carmel Olefins, Y.H. Dimri, Tambour.

Interesting facts from the 2010 ranking:

Examples of environmentally friendly products and services that were developed this past year by companies participating in the 2010 Maala ranking, presented in the course of the ranking process:

Intel - Development of low energy consumption computer processors. Additionally, the company initiated various environmentally friendly services for its employees.

Ormat - Offering a product that is essentially environmentally friendly - generating energy from geothermal sources.

Delta - In 2009, Delta launched the Ecolife brand of energy efficient clothing.

Netafim - Development of systems for improving the utilization of reclaimed water. Developments in underground irrigation using sewage water to prevent pollution. Research related to increasing the use of recycled raw materials.

Mehadrin - The company in collaboration with the Vulcani Institute have developed a new strain of tangerines named Or. This new strain consumes 15% less water by comparison with parallel strains. The company also deals in the marketing of organic fruit, with no use of pesticides or herbicides.

SAP - Development of the system for improving efficiency in organizational sustainability. This includes greater efficiency in carbon emissions, corporate energy consumption and more.

Psagot - Establishment and management of the Psagot Maala mutual fund, that invests in the shares of publicly traded companies included in the Maala Index. Carbon Offsetting.

Bank Hapoalim - Since 2008, the bank has launched the "Paperless Branch" strategic initiative (intended to significantly reduce or even cancel the paper used for operational needs).

Bank Leumi - Leumi encrypted mail service - Intended to expand the number of customers that opt out of receiving paper-based mail, Bank Leumi has launched a service for the direct mailing of account forms and reports to customer e-mail addresses.

HP - Installation of solar panels on the rooftop of the plant in Kiryat-Gat. Development of printing machines that consume 30 to 40% less energy than previously. Efforts to develop ink that consumes 18% less energy.

Tambour - Every year, the company develops products with an environmentally friendly (Green) standard; solvent-based products are converted to water-based products and are adapted to the strict European standard.

Corporate Governance

Pursuant to the recommendations of the Goshen Committee regarding corporate governance, it is recommended that external and independent directors be appointed in the following manner: At a company with no controlling core - At least half of all directors and at a company where a controlling core does exist - **at least one third of all directors.**

Additional emphasis is placed on financial reporting and the auditing thereof. Considerable significance is attached to the independence of the members of the Audit Committee and their financial skills.

Audit Committee

90% of publicly traded companies report a majority of independent directors in the Audit Committee. An average of 80% of directors possess financial skills and know-how.

Segregation between the positions of Chairman and CEO

90% of publicly traded companies reported that different individuals serve as Chairman and as CEO.

Corporate Governance Management and Reporting Section

Social and Environmental Responsibility Report:

14 of the publicly traded companies participating in the ranking report having a social and environmental responsibility report, i.e. 29% of publicly traded companies.

Corporate governance in the Board of Directors:

Only 19% of publicly traded companies have a committee handling corporate responsibility in the Board of Directors. 44% of the companies held a discussion in the Board of Directors or one of its committees in the past two years to discuss these issues.

Human diversification in the Board of Directors:

Only 15% of publicly traded companies have a Board of Directors that has set objectives to promote diversification among the board members. Women comprise only 17% of the respective boards of directors of the publicly traded companies participating in the ranking.

Impact of the Economic Crisis

The questionnaire this year included several questions dealing with the impact of economic crisis on investments made in the corporate government area in the organization. The answers to these questions indicate:

- By comparison with last year, the level of corporate responsibility has increased 53% of the companies, the level of corporate responsibility has remained the same at 43% of the companies and has decreased at 4% of companies.
- By comparison with last year, 49% of companies report that the resources related to corporate responsibility have increased, remained the same at 47% of companies and decreased at 4% of companies.