

This report has been prepared in accordance with the GRI Standards: Core option



2017 2018

Corporate
Social
Responsibility
Report

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A Message from Our President

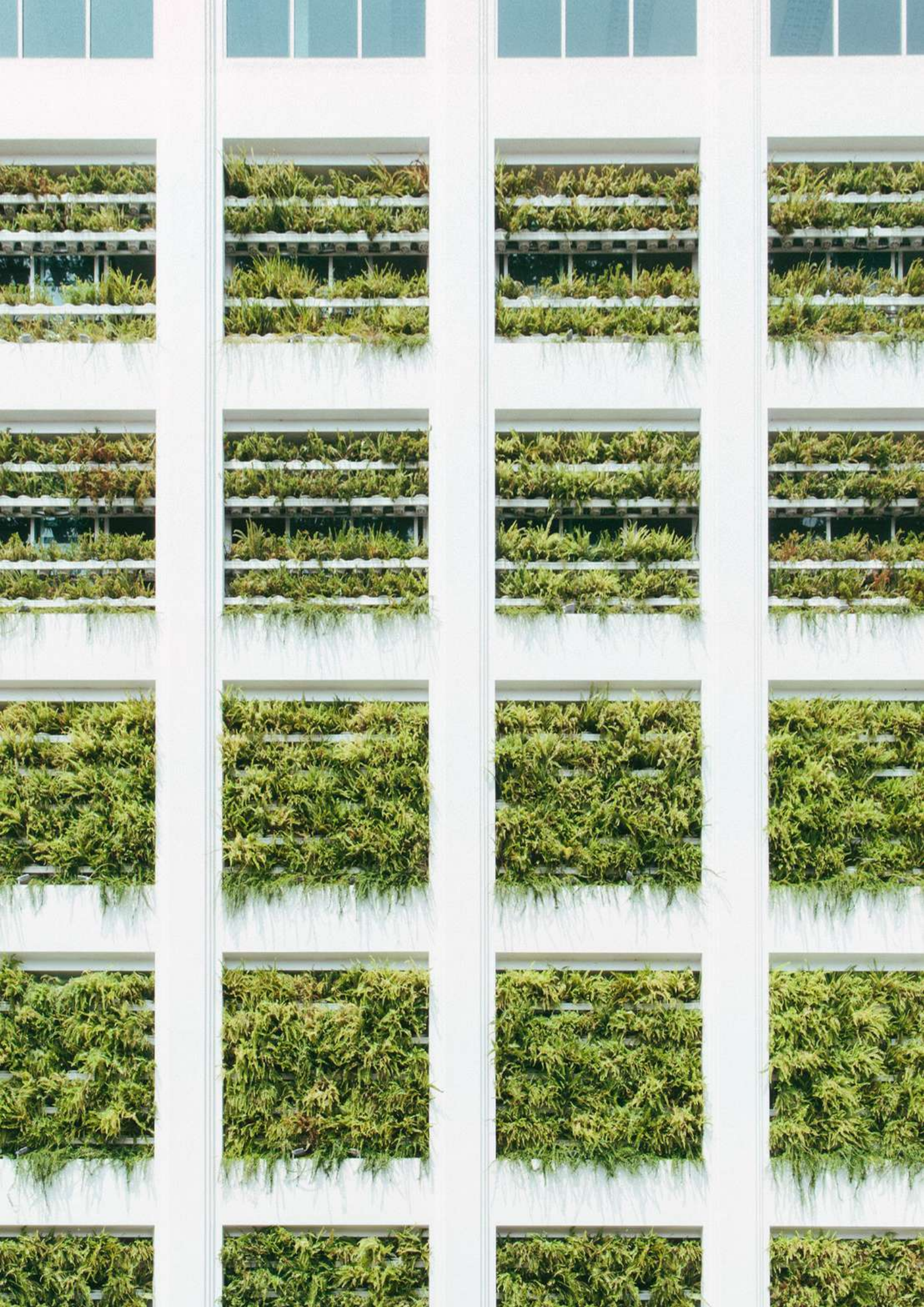
We are proud to present Gazit Globe’s Corporate Responsibility Report for the years 2017-2018. Gazit Globe has for some years endeavored to establish, maintain and expand its position as a responsible corporate citizen in all of the regions and communities in which we operate. Gazit Globe is dedicated to minimizing the environmental impact of its activities, with particular emphasis on sustainability. Our shopping centers are located in high density urban areas in major cities, and are designed to facilitate a strong sense of community, inviting people to meet, socialize and spend time with friends and family. Gazit Globe is committed to economic efficiency, social fairness and environmental sustainability. This commitment manifests itself in our many efforts to embrace the most exacting models of environmental performance through initiatives involving building or renovating our shopping centers incorporating Leadership in Energy and Designs (LEED) protocols. In Central Eastern Europe, where Gazit Globe operates through its subsidiary Atrium, we have received, in several shopping centers, the Excellent BREAM Certification, while in the Nordics, where we operate through our subsidiary Citycon, our flagship asset in Helsinki has recently been awarded the Best Shopping Center from NCSC, for its economic performance and innovation. Through our HQ in Israel, we were awarded Maala Index’s Platinum Plus ranking, the highest possible merit, for our corporate responsibility performances as a group in the years 2017-2018. These are the results of our ongoing efforts for optimal sustainable performance.

Furthermore, Gazit Globe strives to rigorously implement robust corporate governance standards that advocate a relentless commitment to complete transparency, as well as a stringent code of conduct that mandates the highest ethical standards in the conduct of our businesses. Through our local management teams, in every territory in which we operate, we implement compliance programs, courses, business codes and more, monitoring our managers and employees to ensure that our goals are accomplished without compromising our ethical standards. Finally, we seek to contribute to the communities in which we operate. Among other things, our commitment is demonstrated by our support of numerous charitable organizations that share our values including academic excellence, reducing social inequality, and assisting young people, as well as organizations and initiatives related generally to health, education, welfare, arts and culture.



I am proud to provide you with this report which will further elaborate our commitment, achievements and goals and I am confident that our efforts have not and will not go unnoticed and have had a tremendous impact on the business, our employees, communities, tenants and finally, on the growth and profitability of our stakeholders.

Chaim Katzman, Founder and CEO





01

Introduction

Section 01 Introduction

Gazit Globe Group

Gazit Globe is a leading global real estate company focused on the ownership, management and development of retail and mixed use properties in North America, Brazil, Israel, northern, central and Eastern Europe, located in urban growth markets. As of December 31, 2018 Gazit Globe owns and operates 103 properties, with a gross leasable area of approximately 2.5 million square meters and a total value of approximately NIS 41 billion. The Group had 768 employees as of 31st, December 2018.

Our strategy is to focus on the acquisition of commercial properties (including with partners) in densely populated urban areas that provide the needs of the population that have the potential to increase value and cash flow and create added value through proactive management, betterment, the addition of purposes and redevelopment. Furthermore, the Group operates to sell properties that are not its core properties, including those which the Group believes have limited growth potential and/or are in areas where the Company wishes to cut back its operations.

The Company is listed for trade on the Tel Aviv Stock Exchange Ltd. (since 1983) under the ticket GZT and is included in the TA-35 index in Israel. Until March 2019, the Company was listed for trade on the New York Stock Exchange (NYSE) (from 2011) and until September 2018 it was listed for trade on the Toronto Stock Exchange (TSX) (from 2013). In addition, the shares of our public subsidiaries are traded on a variety of international exchanges, including the New York Stock Exchange, the Toronto Stock Exchange, the Helsinki Stock Exchange, Euronext Amsterdam and the Vienna Stock Exchange.

Our Vision

The following principles define our vision for the Company:

Creating value for shareholders:

We seek to maximize shareholder value over time by growing and enhancing our global real estate platform, our cash flow and our dividends.

Global presence and market dominance:

With the goal of continually strengthening our position as a leading multinational real estate company, we strive to increase our market presence, both in the regions in which we are already active and in new regions.

The small details in the big picture:

As a key to maximizing our growth, we insist upon excellence in all our operations and maintain high quality standards. In practice, this takes the form of an intensive focus on the countless small details that comprise our strategies and ongoing work plans.

Enhance corporate responsibility:

We embrace corporate responsibility, in its broadest sense, as a guide and framework for our worldwide activities. For us, Corporate Responsibility includes the mandate to be socially aware, to contribute to and aid the communities in which we operate, to adopt ethical and transparent codes of conduct and do the utmost to conserve the world's natural resources. Gazit Globe is committed to leading processes that reflect its beliefs, and aims to set an example of good corporate citizenship.

Global Presence

Organization Chart (As of December 31, 2018):



30% 26 assets	15% 7 assets	5% 8 assets	12% 8 assets	13% 10 assets
Stockholm Helsinki Oslo Copenhagen Tallin Tampere	Warsaw Prague Wroclaw	New York Boston Miami	São Paulo	Metro Tel Aviv **



A Global Real Estate Platform

During 2017-2018, the following changes took place:

United States

In 2017, Gazit Globe announced the completion of the merger between Equity One and Regency Centers Corporation (“REG”) whereby Equity One merged with and into Regency, with Regency continuing as the surviving public company. As of March 31, 2017, Gazit Globe holds 11.5% of the share capital and voting rights in Regency Centers Corporation. In the course of 2017 and 2018 the Company sold its entire stake in Regency.

Also in 2017, Gazit Globe announced the formation of a new private subsidiary company, Gazit Horizons, Inc., to invest in income producing real estate throughout the United States.

Canada

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

In 2017, Gazit Globe announced a sale of First Capital Realty shares which reduced the company’s holding in FCR to approximately 32.7% of the outstanding shares and voting rights of FCR (vs. 36.4% as of December 31, 2016).

On February 28, 2019, the Company and its wholly-owned subsidiary entered into strategic agreements to sell 58 million shares of FCR, in which the Company held ownership interest of 31.3% as of that date (out of 80 million shares owned by the Company), for aggregate consideration of CAD 1.195 billion (NIS 3.2 billion). As a result, Gazit Globe deconsolidated FCR from its financial statements.



Iso Omena, Helsinki, Finland

Subsidiaries



Marketplace Centre, Boston, United States



Promenada, Warsaw, Poland

United States

Gazit Horizons: in 2017, Gazit Globe announced the formation of a new private subsidiary company, Gazit Horizons, Inc., to invest in income producing real estate throughout the United States.

Europe

Citycon (CTY) is a publicly-traded company that owns, develops and operates shopping centers and commercial properties primarily anchored by supermarkets. Citycon is the market leader in Finland, is also active in Sweden and Norway, and has a firm foothold in the Baltic countries and Denmark. As of December 31, 2018, Gazit Globe holds 48.5% of Citycon’s share capital.

Atrium European Real Estate (“ATR”) is a publicly-traded company that specializes in the acquisition, development and management of shopping centers in Central and Eastern Europe, with a focus on Poland and the Czech Republic. As of December 31, 2018, Gazit Globe holds 60.1% of Atrium European Real Estate’s share capital.

Gazit Germany is a privately-held company that is active in the shopping center sector in Germany. As of December 31, 2018, Gazit Germany owns 2 commercial properties in Germany. Subsequent to the reporting period, Gazit Germany completed the sale of one of them and the Company continues to act to sell the remaining asset.



G Kfar Saba, Kfar Saba, Israel

Israel

Gazit Globe's headquarters are located in Israel.

Gazit Globe Israel is a privately-held company that is active in the acquisition, development and management of shopping centers in Israel.



Top Center, Av. Paulista, Sau Paulo, Brazil

Brazil

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



Membership in Associations

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



GRI
Community Mark



EPRA
European Public Real Estate Assosiation



Israel - America
Chamber Of Commerce



Israel - Canada
Chamber Of Commerce



REALpac
Real Property Assosiation Of Canada



BOMA
Building Owners And Building Council Of Canada



Canada Green Building
Council



EPRA
Corporate Real Estate Women



Israel - Latin America
Chamber of Commerce

The Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption. The GRI Standards are the first global standards for sustainability reporting. We see great importance in the GRI mission, thus again this year we take part as members of the GRI community.



Maala

Our values are also expressed and refined through our association with Maala, an Israeli non-profit organization that assists Israeli companies in developing and implementing Corporate Responsibility strategies while integrating social, environmental and ethical values into their business strategies.

As part of its program, Maala ranks its member corporations according to their performance using a variety of Corporate Responsibility criteria.

Gazit Globe was awarded Maala’s Platinum ranking for seven years (from 2006-2012), and received a Platinum Plus ranking, the highest possible, for the years 2013-2018.

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

LEED® Building Standard

Several of our subsidiaries conform their building activities to LEED® (Leadership in Energy and Design), the internationally recognized green building certification system.

A LEED® certification demonstrates that a construction project is eco-friendly.



G City Rishon Lezion, Israel

Code of Business Conduct

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

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

We also adopted Anti-Corruption and Anti Bribery guidance relating to the Group's daily work routine with tenants, suppliers, colleagues, business partners, and government employees.

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

- Resolving concerns raised by employees or others in matters described in the Code;
- Reviewing the Code in reference to developments in the law;
- Providing guidance on the meaning and implementation of the Code;
- Reporting periodically to management on the implementation and effectiveness of the Code and other compliance matters.

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

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

Stakeholders

In identifying our stakeholders and parties who are impacted directly or indirectly by our business activities, we used the following parameters: groups with whom the Company has day-to-day interaction, and groups with whom the Company holds a mutual dialogue, or wishes to engage in one.

Our ‘internal’ stakeholders include our shareholders, Board of Directors, subsidiaries, employees, bondholders and debtors. Our ‘external’ stakeholders are our customers, including tenants and consumers, as well as regulatory authorities, our suppliers, external consultants, the community and the environment.

The managerial approach to dialogue with stakeholders is chosen according to the stakeholder. Our Corporate Responsibility Report serves as an important mechanism for informing our stakeholders of our Corporate Responsibility activities. Together with other materials, it is meant to cultivate a transparent dialogue with our stakeholders.

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



Shareholders, including Institutional Investors

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



G Kfar Saba, Kfar Saba, Israel

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

- Company regulations and jurisdiction of the Board appointment
- Engagement and work terms of the auditing accountant
- Appointment of external directors
- Approval of transactions with interested parties
- Increase of registered capital stock
- Merger activities
- Approval of Company’s compensation policy matters described in the Code;

We also communicate with our shareholders through our website, as well as through our annual, quarterly and other periodic financial reports and immediate reports.

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

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



Board of Directors

Our Board of Directors writes Company policy and supervises its performance, business functions and operations. During 2017, the Board held 24 meetings, the Audit and Remuneration Committee conducted 7 meetings, the Investment Committee held 2 meetings, the Nomination Committee and the Corporate Governance Committee met once. In 2018, the Board met 24 times, the Audit and Remuneration Committee met 10 times, the Nomination and the Corporate Governance Committee held 2 meetings, the Investment Committee met twice.

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

Subsidiaries

Gazit Globe is a major shareholder in two publicly held companies. It also held some shares of a third publicly held company during 2017. Gazit Globe also controls a number of privately held companies throughout the world. For further information, see Financial Statements for 2018 and visit our web-site: www.gazitglobe.com.

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

Employees

As of December 31, 2018 we have 33 employees working in Gazit Globe as full time employees (100%). 25 employees of Gazit Globe are employed in Israel and 8 employees are in the United States. ¹

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

- We conduct employee satisfaction surveys to obtain feedback on management performance, employees’ overall satisfaction and the Company’s volunteer activities.
- We engage in annual performance reviews of employees.
- We maintain a Work–Life Balance policy to help employees achieve a balance between their work and their personal lives. When possible, we make an effort to meet the needs of our employees by providing flexible work hours and enabling them to work from home.
- We host events for employees and their families, including family vacations and holiday gatherings.
- We encourage employees to continue their academic studies by adjusting their employment conditions to allow for study periods and unpaid leave.
- We maintain an “Open Door” policy thereby encouraging our employees to communicate with our management.
- Our employees attend an annual training session related to ethics, anti-bribery and Corruption, and sexual harassment designed to allow for dialogue between management and employees.

There are no labor unions or collective bargaining agreements at Gazit Globe.

¹ For further information regarding the composition of our employees according to their age and gender, please refer to the 'Diversity and Equal Opportunity' sector



Suppliers

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

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

We are concerned that our subcontractors conduct their business activities according to accepted norms and regulations, especially with respect to employment. At our headquarters in Tel-Aviv, we conduct annual checks of our sub-contractors’ pay slips to confirm that they pay salaries and benefits to their employees as required by law. In addition, we ask our subsidiaries to add statements in their agreement with suppliers indicating there are no legal procedures against them, such as bribery, corruption, etc.

One of our goals is to have a procedure for contracting with suppliers which will require them to complete a questionnaire regarding their Corporate Responsibility activities.

Customers: Tenants and Consumers Stakeholder

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

We interact with our tenants in several ways: negotiating agreements, conducting satisfaction surveys to obtain feedback, and holding tenant focus groups to ascertain their needs. The managers of our centers maintain contact with tenants to ensure harmonious business dealings and to respond to their concerns. Many of our subsidiary companies employ a ‘tenant relations manager’, whose duties include:

- Developing relationships with tenants and acting as a one-point source of contact;
- Facilitating meetings between tenants and our executives to coordinate leasing, property and asset management issues;
- Maintaining retailer information;
- Proactively assisting agents by providing them with leasing information.

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



Shopping Light, Sao Paulo, Brazil

Regulatory Authorities

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

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

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

Financial Analysts

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

We communicate with analysts on a regular basis. We conduct an investor day to provide information to financial analysts and institutional investors. In addition, management makes itself generally available to analysts to answer their queries about the Company.

Media

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

As part of our ongoing efforts to increase transparency and enable stakeholders to make informed decisions, we issue press releases for broad media distribution that contain information regarding material developments or financial results of the Company. An archive of these press releases can be found on the Company’s website. In addition, our management is regularly requested by traditional and online media, to comment on various issues relating to our Company and the commercial real estate industry.

Community

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

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

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

Environment

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

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



Risk Management

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

We engage in risk mapping, and it specifies specific activities for managing the material risks inherent in our operations and in corporate control, including financial risk management. In addition, we implement internal audits and control activities, and comply with Israel’s ISOX requirements, as well as Sarbanes Oxley laws in the US.

We are working systematically and consistently to strengthen our corporate governance as well as our risk management. makes itself generally available to analysts to answer their queries about the Company.



About this Report

This report covers Gazit Globe Group's Corporate Responsibility activities during the years 2017-2018. We publish our Corporate Responsibility reports on a bi-annual basis; following is our 5th report, which completes our ten years of reporting. This report may also include information related to activities following the reporting period; in such cases it will be noted accordingly.

This report contains our business approaches and describes the way we manage our operations so we can better support and advance the communities which we serve and operate in, our employees, suppliers and economy a large - while protecting the environment by mitigating our impact on it. This report is an important tool in our continuing efforts to communicate with our stakeholders and reflects our policy of maintaining a high level of transparency.

The following report reflects our commitment to progress in achieving sustainable growth, as well as our approach to long-term investments. Gazit Globe strives for economic efficiency, social fairness and environmental sustainability in all its endeavors.

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

In 2011, we established a Board Corporate Responsibility Committee that comprises board members. This committee determines the appropriate assists in developing and engaging in Corporate Responsibility best practices. All information contained in this report was prepared by qualified professionals, and all calculations have been based on widely-accepted standards. We have noted when specific calculation models have been used.

In producing this document, we have utilized the Global Reporting Initiative Standards ("GRI Standards") reporting framework, the most widely-accepted and inclusive reporting framework, that has also been adopted by our subsidiaries. This report has been prepared in accordance with the GRI standards: core option.

This report mainly includes material information relating to Gazit Globe Group and its privately and publicly held subsidiaries around the world. All data compiled by our subsidiaries regarding economic, environmental, social and other metrics was formulated in accordance with Best Practices.

The subsidiaries mentioned in this report are:
Our privately held subsidiaries -
Gazit Globe Israel Ltd

Our publicly traded subsidiaries -

- Atrium (European Real Estate)
- Citycon (Northern Europe)

During the reporting period these holdings were fully consolidated in our financial reports. Selected data of our publicly traded subsidiaries were included in this report.² These publicly traded companies represent Gazit Globe's major holdings in which we conduct a significant portion of our activities. In drafting this report, the following reports were reviewed:

Terms

We indicate "the Group" when referring to the performance of the parent Company and its subsidiaries; we indicate "Gazit Globe Group HQ" when referring to the Headquarters branches; we indicate "Gazit Globe Israel" when referring to our privately held subsidiary in Israel.

- Atrium: 2017 and 2018 Annual and Sustainability Reports
- Citycon: 2017 and 2018 Annual and Sustainability Reports

Contact point for questions regarding this report:

For further information. Please contact Maya Kimchi Gilat, Corporate Responsibility Manager and Executive Assistant for Founder and CEO, Gazit Globe Group HQ, available at MKimchi@gazitgroup.com.

About Corporate Citizenship and Sustainability

Gazit Globe has for some years endeavored to establish, maintain and expand its position as a responsible corporate citizen in all of the regions and communities in which our businesses operate. Gazit Globe is dedicated to minimizing the environmental impact of its activities, with particular emphasis on sustainability.

Gazit Globe feels a heightened sense of responsibility to improve the individual and collective experiences of all our customers, tenants and employees by upholding the highest social and environmental standards in these vital common spaces.

² The data was extracted from our publicly traded companies' Annual and Corporate Responsibility reports.

We are therefore committed to becoming the best and most responsible corporate citizens that we can be, whether measured in terms of corporate, social or environmental standards.

In order to be in line with the GRI methodology, we have conducted a materiality analysis and identified the material topics for the Group to report on. As part of this analysis, we analyzed the sustainability reporting practices of four real estate industry leaders, the GRI's position paper named "what do stakeholders want to know?," and that SASB's Real Estate and Real Estate Sector Standards.³

Based on the aforementioned analysis, we identified the following 11 topics as material:

- Economic
 - ✓ Indirect Economic Impact
- Environmental
 - ✓ Energy
 - ✓ Emissions
 - ✓ Water
 - ✓ Effluents and Waste
- Social
 - ✓ Employment
 - ✓ Training & Education
 - ✓ Employee Health & Safety
 - ✓ Local Communities
- Governance
 - ✓ Anti-Corruption
 - ✓ Building Certification

For the purpose of maintaining transparency and the continuity of our reporting, this report covers and elaborates on our sustainability practices beyond the requirements set by the GRI.

In our view, Corporate Responsibility is about creating shared value -achieving economic success while acting for the good of society and the environment. To reach this ideal, we have formulated ethical standards and Corporate Responsibility policies according to which we evaluate our actions, and comply with both the letter and the spirit of relevant laws and international norms. Gazit Globe strives to rigorously implement robust corporate governance standards that advocate a relentless commitment to complete transparency, as well as a stringent code of conduct that mandates the highest ethical standards in the conduct of our businesses.

We continually monitor the conduct of our businesses, managers and employees so as to ensure that our goals are accomplished without compromising our ethical standards.

In the environmental field we have expanded our adoption of green building practices and increasingly conform our development and redevelopment activities to LEED® (Leadership in Energy and Design) certification standards. We also continue to align our group operations with up-to-date energy conservation and consumption standards or methods and increasingly focus on the utilization of alternative energy sources to operate our properties. We are committed to protecting the environment, health, and safety of our employees, customers and the communities where we operate. We strive for continuous improvement in our environmental, health and safety management systems and in the environmental quality of our properties.

In the social field, our Corporate Responsibility activities are focused inward as well. Our employees are our most important asset, and one of the basic fundamentals of our Code of Business Conduct is to treat them fairly. Their satisfaction with their jobs, employment terms and work conditions are highly important to us. That is why we are dedicated to providing them with competitive pay and benefits, solid training, educational growth and opportunities for career advancement worldwide. We regard the health and safety of our employees, tenants and customers with the utmost importance and take measures to ensure we are meeting industry standards.

Above and beyond our business activities, we believe that it is a fundamental duty to contribute to the community. During the past several years, we have maintained our support in numerous educational and social initiatives.

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

The Corporate Responsibility policies and ethical standards that we have put in place over the past several years aid us in evaluating our day to day activities and complying with the increasingly stringent laws and regulations of our industry.



³ Sustainability Accounting Standards Board (SASB)

02

Economic Performance

Section 02

Economic Performance

With over a hundred shopping centers visited by millions of consumers, our businesses affect not only our stakeholders but also communities worldwide. As a global real estate company managing and operating income-producing properties around the world, our operations have both a strong direct and indirect economic impact on the communities in which we operate.

Thus, we act as a spur to the creation and growth of businesses activity and employment opportunities. We promote substantial economic growth by leasing space to tenants who employ tens of thousands of people in their supermarkets, drug stores, clothing chains, specialty shops, restaurants, banks and service centers. Our development and redevelopment activities also have an economic impact by creating work opportunities for the construction industry. Our economic impact extends further through our contributions to various non-profit organizations, which we support in their community activity

Direct Economic Impact

Our strategy is to focus on the acquisition of commercial properties (including with partners) in densely populated urban areas that provide the needs of the population that have the potential to increase value and cash flows and create added value through proactive management, betterment, the addition of uses and redevelopment. Furthermore, the Group operates to sell properties that are not its core properties, including those which the Group believes have limited growth potential and/or are in areas where the Company wishes to cut back its operations.

As part of its strategy, the Company operates to increase the share of private real estate activity (operations that are not owned through public companies), which, in the opinion of Company management, is likely to grow and improve the Company's cash flows and to create added value. Moreover, the Company believes that increasing the number of its directly owned properties will strengthen its financial ratios and result in receiving an international investment rating and, consequently, a reduction in financing costs and diversification of the Company's financing sources to international financial institutions and new capital markets.

For further information regarding our economic and financial performance, please refer to our website where our financial statement are available, including our 2017 and 2018 annual reports. ⁴

⁴ You may also refer to the annual financial statements of our publicly traded subsidiaries: [Atrium](#) and [Citycon](#).

Indirect Economic Impact

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

To drive economic growth, we make our commercial centers easily accessible, convenient and pleasant environments in which to shop. In addition to leasing space to large department stores and supermarket anchors, we rent space to small and medium-sized businesses that are benefited by being located adjacent to larger stores, which attract strong traffic. To best serve consumers, we focus on creating a consumer friendly and safe environment, a diverse shopping experience, and easy accessibility for disadvantaged populations. We also strive to build and operate our commercial centers in an environmentally friendly way, by employing green construction and conservation methods in an effort to create additional economic and other benefits to the communities where we operate.

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

Proportion of spending on local suppliers

As a good corporate citizen, we attempt to utilize the resources and services provided by local suppliers. Through local sourcing, we aim at fostering the relationship with the local community and re-circulating resources within the local operating environment. Thus, we promote and energize the local economy and provide economic growth opportunities.

Citycon:

- Purchases related to property maintenance totaled EUR 158.1 million. Of which 46% was spent in Finland, 35% in Norway and 19% in Sweden and Denmark.
- Services related to property maintenance always require the use of local employees.
- Energy was the largest cost included in maintenance costs. Locally procured district heating from regional heating companies is the principal heating method. Electricity is purchased on a centralized basis in all countries. Political Contribution

In 2017 and 2018, Gazit Globe did not provide any donations to political parties.

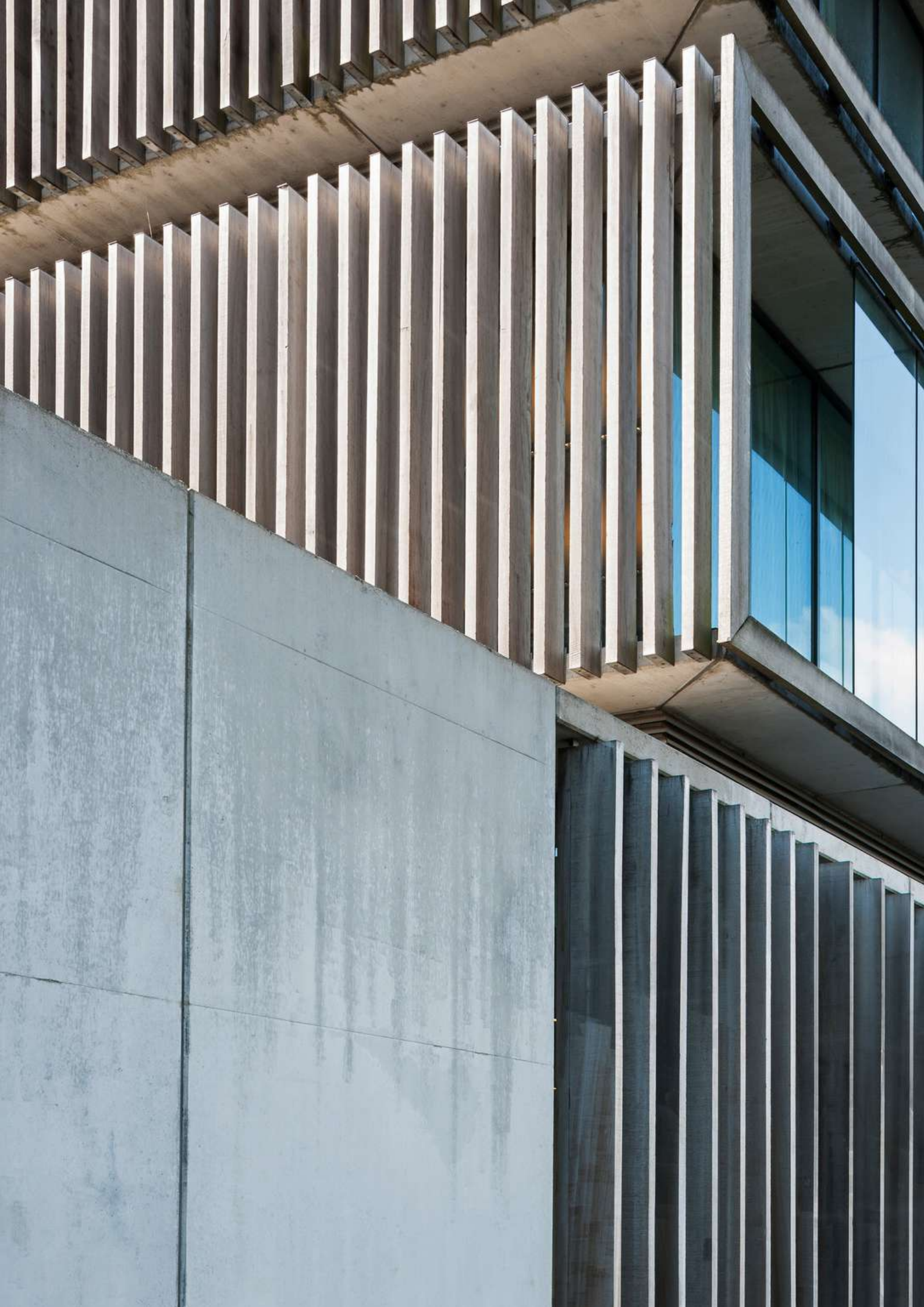
Citycon:

Citycon does not endorse the activities of any political party or group. Citycon’s shopping centers can, however, be used by political parties to host election campaign events, subject to standard leasing terms. Citycon wants to engage in open dialogue with regional decision makers and officials in our operating areas. In connection with the zoning and planning of our development projects, our representatives have participated in meetings with municipal political bodies.



Compliance with laws and regulations in the social and economic area

Gazit Globe Group and its subsidiaries did not receive any fines during the reporting period



03

Environmental Performance

Section 03

Environmental Performance

We believe that protecting the environment and promoting sustainable development is our responsibility and it is important from both an environmental and a long-term financial point of views. We strive to carry out the activities that have an environmental impact, such as the construction and maintenance of our commercial buildings in an environmentally responsible manner.

We recognize that by integrating sound environmental, health, and safety management practices into all aspects of our business, we can offer products and services while conserving and enhancing resources for future generations. Delivering on our environmental responsibilities builds a stronger foundation on which to prosper and defines our reputation as a positive contributor to the communities in which we live and work.

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Citycon:

is committed to sustainable development, and its ongoing target is to further increase the energy efficiency and environmental soundness of the shopping centers.

Our actions:

- Considered the environmental effects, occupant and visitor health and comfort in both new projects and (re) developments.
- Followed and exceeded building regulation focusing on energy efficiency measures, use and re-use of materials, indoor air quality and efficient water use.
- Citycon's properties are not situated on protected land areas. The location of our shopping centers in urban areas, and our focus on public and carbon free transport, reduce the environmental impact of our shopping centers and the indirect impacts they have on biodiversity.
- Environmental impact assessments were carried out in connection with the majority of zoning and major projects.
- During 2018, we have certified or re-certified 21 of our properties. At the end of 2018, 83% of our shopping centers were BREEAM In-Use certified.
- Our new shopping center, Mölndal Galleria is the first BREEAM-certified shopping center in the Gothenburg region, and achieved the level of 'very good'.

Our strategy:

- According to our sustainability strategy, all of our assets aim to be BREEAM In-Use certified by 2020.
- All new development projects will be environmentally-certified.

Atrium:

As a responsible real estate owner, operator and developer, we take a proactive stance towards reducing our impact on environment.

Our goals:

- Actively monitor and reduce energy and water consumption and waste Certify every major new development and extension
- Provide safe and healthy spaces for customers and tenants
- Reduce environmental footprint

Our actions:

- Data collection and target settingProvide safe and healthy spaces for customers and tenants
- Increased external transparency through our sustainability reporting
- BREEAM certifications obtained
- Sustainable procurement policy in place

Our commitments 2017-2020:

- Cleaning - We insist that our suppliers use high efficiency cleaning machines that use less water and unharmed products
- Security - For security we stimulated the use of Segways in larger shopping centers so teams are on location faster
- Safety - Guards must have medical training, and all shopping centers are equipped with defibrillators
- Animals - Protection If any animal is found within our centers, such as a bird, it needs to be removed by our suppliers alive and unharmed

Energy

An integral part of our strategy for minimizing our environmental footprint is the reduction of emissions through the management and development of our shopping centers: improving the energy efficiency of buildings, reducing energy consumption and increasing the use of renewable energy sources in the properties' energy production and procurement.



Consumption

Atrium:

Our goal is to optimize energy intensity by 10% between 2016 and 2020, on a like-for-like basis.

Energy	EPRA indicator	Units	2017	2018
Electricity consumption for common areas	Elec-Abs / Elec-LfL	MWh	99,803	100,404
Electricity exclusively sub-metered to tenants	Elec-Abs / Elec-LfL		116,693	106,641
Total electricity consumption	Elec-Abs / Elec-LfL		216,495	207,045
District heating and cooling for common areas	DH&C-Abs / DH&C-LfL		26,706	30,056
District heating and cooling sub-metered to tenants	DH&C-Abs / DH&C-LfL		45,101	44,877
Total fuel consumption			71,807	74,933
Fuels consumed in common areas	Fuels-Abs / Fuels-LfL		12,196	11,650
Fuels exclusively sub-metered to tenants	Fuels-Abs / Fuels-LfL		16,672	18,115
Total fuel consumption			28,868	29,765

Building energy	EPRA indicator	Units	2017	2018
Building energy intensity	Energy-Int	kWh/m²/year	405.0	398.1
	Energy-Int	kWh/visitor/year	2.8	2.8
Greenhouse gas intensity from building energy	GHG-Int	kgCO₂e/m/year	210.9	204.1
	GHG-Int	kgCO₂e/visitor/year	1.5	1.5
Building water intensity	Water-Int	m³/m²/year	1.1	1.0
	Water-Int	liter/visitor/year	7.8	7.1

Citycon:

We recognize that buildings represent a large fraction of global carbon emissions and energy consumption, and that the real estate sector holds opportunities to reduce operating expenses while mitigating energy-related environmental impacts. In our daily work, we strive to reduce energy demand, promote efficiency, and generate clean and renewable power solutions.

During 2018, Citycon installed one new PV power plant and went through a large tendering and planning process for nine more solar power plants. Once they are all operational in 2019, the estimated annual solar electricity production at Citycon’s shopping centers will amount to 4,000 MWh. In 2018, we produced 6,693 MWh of locally-produced renewable energy at our solar and geothermal power plants.

Our strategic actions for the coming years:

- All assets will produce renewable energy for their own use.
- As of 2018, all assets will use 100% green electricity.
- As of 2018, an allowance amounting to 2% of net rental income will be budgeted for value-enhancing energy investments.

In 2018 the total share of green electricity amounted to 100%. Energy consumption in Citycon’s properties is mostly indirect consumption (i.e. procured energy). Only a few shopping centers are heated by fossil fuels, and this fuel usage is reported as direct energy consumption.

Total Energy Consumption			
MWH	2018	2017	
Electricity in common areas	119,353	123,582	
Tenants' electricity purchased by landlord	66,961	78,987	
Total electricity consumption in premises	186,315	202,568	
Electricity consumption in Citycon's offices	58	74	
Non-renewable electricity in premises	44,860	59,860	
Renewable electricity in premises	141,397	142,635	
District heating	95,303	101,502	
Weather corrected district heating	102,132	108,931	
District cooling	11,974	7,993	
Direct energy consumption	-	-	
Fuels	3,408	2,959	
Fuels like-for-like	627	503	
Total energy consumption in premises	296,999	315,023	
Intensity indicators	-	-	
Building energy intensity shopping centers	194	183	kWh/sq.m
Building energy intensity shopping centers	1.36	1.36	kWh/visitor
Building energy intensity other retail properties	-	275	kWh/sq.m
Baseline corrected building energy intensity shopping centers	202	190	kWh/sq.m

Reduction

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

Atrium:

In order to reduce our energy consumption, we organized night walks which were rolled out in 2018. Local teams actively searched for technical installations that operate outside opening hours and could potentially improve or achieve energy saving. Night walks were organized last year in a number of assets in Poland and we will continue to do so with our other assets as well. After implementing improvements such as installing timers, dimmers and disconnecting certain devices, these properties were able to achieve a 5% reduction in energy consumption in one year.

During the extension and refurbishment of our Atrium Targowek building, new sustainable technologies were introduced and resulted in a 10% reduction of electricity consumption, even though the size of the public area increased by 20%.

Citycon:

Our target is to decrease our energy consumption per square meter by 15% from 2014 levels by the end of 2020.

Total Energy Consumption		
MWH	%, 2017–2018	%, 2014–2018
Electricity in common areas	-3.4	13.4
District heat	-6.1	-24.7
Total energy consumption	-2.5	-4.9
KWH/SQ.M.		
Energy intensity from baseline		-4



Emissions

Atrium:

Our goal is to reduce carbon emissions by 10% by 2020 with regard to 2016.

Environmental Performance Indicators	2017	2018
Total direct GHG emissions GHG Protocol Scope 1 Tones	2,499	2,387
Total indirect GHG emissions GHG Protocol Scope 2 CO2e	74,234	75,337
Total indirect GHG emissions GHG Protocol Scope 3 CO2e	88,464	82,102
Total direct and indirect GHG emissions	165,198	159,827
Greenhouse gas intensity from building energy		
kgCO2e/m2/year	210.9	204.1
gCO2e/visitor/year	1.5	1.5



Citycon:

In calculating its carbon footprint, Citycon applies the Greenhouse Gas Protocol (GHG) developed by the World Resources Institute and the World Business Council for Sustainable Development.

Greenhouse gas emission by scopes

TnCO2e	2017	2018
Scope 1 direct	561	496
Scope 2 Indirect	38,154	44,337
Scope 3 indirect	52,081	57,585
Total	40,214	46,347

Greenhouse Gas emission by scopes in like-for-like properties

TnCO2e		
Scope 1 direct	0	0
Scope 2 Indirect	19,797	20,115
Scope 3 indirect	543	543
Total	20,340	20,658

Total direct and indirect greenhouse gas emissions

TnCO2e		
Electricity in common areas	0	2,195
Tenants' electricity supplied by the landlord	24,277	25,876
Electricity in Citycon offices	0	4
District heating and cooling in properties	13,878	16,262
Fuels	561	496
Wastewater in properties	807	846
Waste in properties	102	113
Business travel	435	404
Commuting	150	148
Paper consumption and mail	4	4
Total	40,214	46,347

Like for like total direct and indirect greenhouse gas emissions

TnCO2e		
Electricity in common areas	0	0
Tenants' electricity supplied by the landlord	12,469	12,552
District heating and cooling in properties	7,328	7,563
Wastewater in properties	478	478
Waste logistic	65	65
Total	20,340	20,658

Greenhouse gas intensity from building energy (baseline corrected, kgCO2e/sq.m)

36	33
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Water

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

Atrium:

Our goal is to reduce water intensity by 10% by 2020 with regard to 2015. Our water consumption has increased in 2017-2018 with 2.6% on a like-for-like basis.

Environmental Performance Indicators (m3)	EPRA indicator	Units	2018	2017
Water consumption for common and restricted areas	Water-Abs / Water-LfL	m³	370,569	441,959
Water consumption exclusively sub-metered to tenants	Water-Abs / Water-LfL		406,538	426,393
Total water consumption	Water-Abs / Water-LfL	Metric tonnes	777,107	868,352
Building water intensity	Water-Int	m³/m²/year	1.0	1.1
	Water-Int	liter/visitor/year	7.1	7.8

Citycon:

Citycon’s total water consumption decreased by 4.6% compared to the previous year. Water consumption per visitor in like-for-like shopping centres was 4.4 litres, an increase of 2% compared to the previous year.

Total Energy Consumption						
	Total water consumption (m3)	Like-for-like total water consumption (m3)	Total water consumption in shopping centers (m3)	Total water consumption in like for like shopping centers (m3)	Water intensity in shopping centers liter/ visitor	Water intensity in like for like shopping centers liter/ visitor
2017	804,494	442,044	799,305	442,044	4.7	4.4
2018	767,391	454,814	767,391	454,814	4.6	4.3
Change % 2018/2017	-4.0	2.9	-4.0	2.9	-3.3	2.3
Change % 2018/2014	6.1	-	11.9	-	6.8	-

Effluents and Waste

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

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

Atrium:

On-site waste management is a priority for Atrium. Visitors put their trash in waste bins throughout our shopping centers and smaller tenants use the general technical areas to sort their waste. We have seen clear improvements in our current waste management procedures and have introduced more waste separation possibilities on site. We also collaborate with tenants to effectively sort waste, which reduces overall future costs. We closely monitor waste figures and we have set ambitious long-term targets to minimize our environmental footprint. We aim to promote on-site recycling.

Environmental Performance Indicators	2017
Total weight of waste Tons	11,168
Disposal route %	
Recycled	17.4
Landfill facility	62.4
Incineration	11.5
Composting/anaerobic digestion facility	3.2
Other disposal route	5.7

Citycon:

Whereas we have reached a high level of waste recycling, we aim to further decrease the amount of waste produced at our shopping centres and simultaneously increase the recycling rate. We find that the best way to achieve this is through cooperation and information sharing with our tenants and waste management providers.

Property waste management and sorting in Citycon’s properties is organised in accordance with country-specific waste legislation and other local regulations.

We have reached a recycling rate of 98%, an increase of four percentage points from last year. The total amount of waste generated in our shopping centres decreased by 9.8%. In like-for like shopping centres, the decrease was 1.0%.

Recycling Rate of Shopping Centers %	
2017	94
2018	98

Waste				
Total weight of waste by disposal routes	2017	% 2017	2018	% 2018
Landfill waste	1350	6	363	2
Incinerated waste	7487	33	7367	36
Composed waste	4228	19	3893	19
Recycled waste	8257	37	7699	38
Reused waste	1240	5	1038	5
Total waste amount	22562	100	20360	100

Total Weight of waste in shopping centres by disposal routes	2017		2018	
	t	%	t	%
Landfill waste	1336	6	363	2
Incinerated waste	7420	33	7367	36
Composed waste	4218	19	3896	19
Recycled waste	8147	36	7699	38
Reused waste	1240	6	1038	5
Total waste amount	22362	100	20360	100

Total waste amount t	
2017	22562
2018	20360
Change % 2018/2017	-10%
Change % 2018/2014	19

Total waste amount in shopping centers t	
2017	22362
2018	20360
Change % 2018/2017	-9%
Change % 2018/2014	22.7





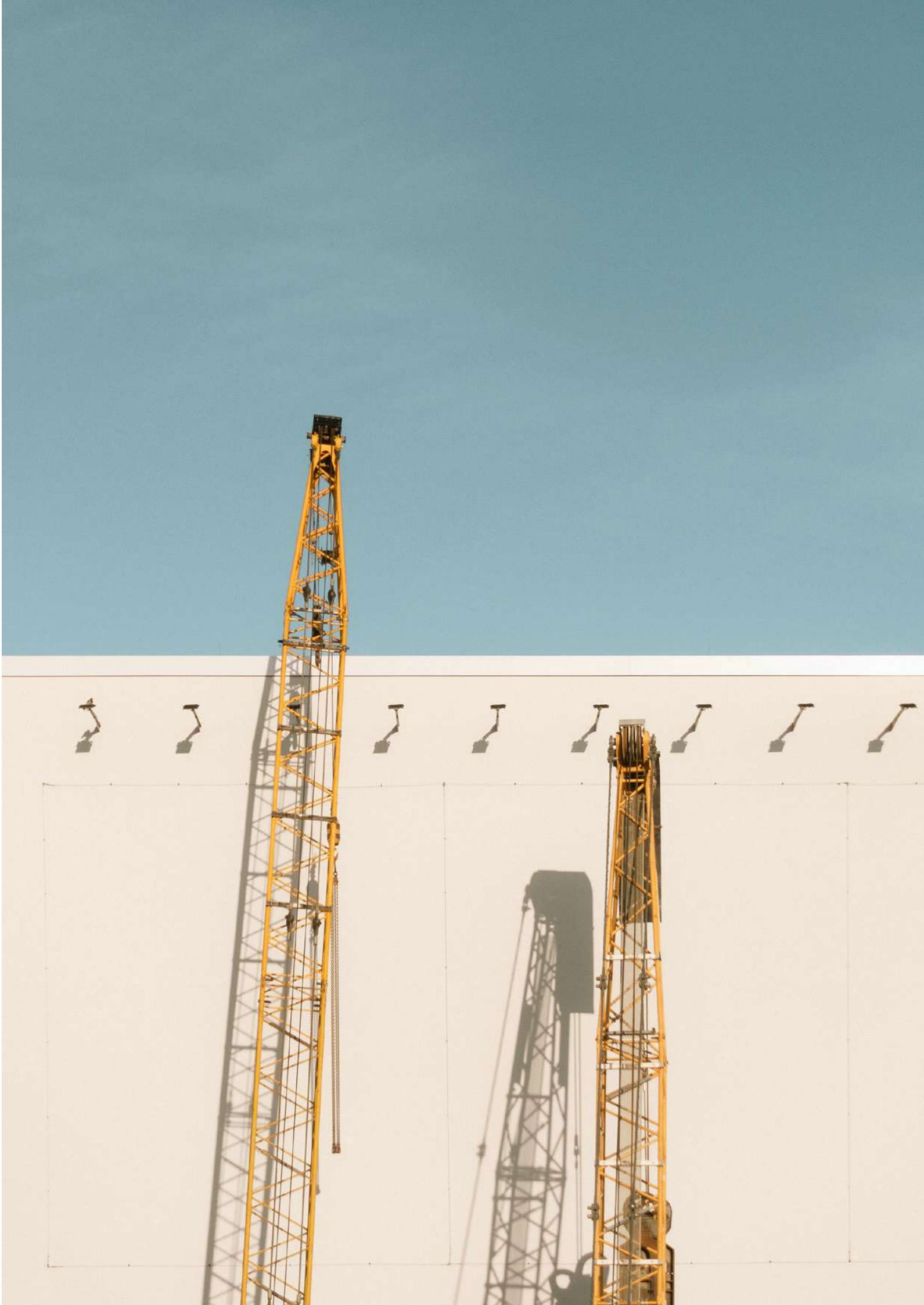
Total waste amount in shopping centers by type t	2017		2018	
Non-hazardous waste	t	%	t	%
Landfill	1283	6	339	2
Energy	7420	33	7367	36
Paper	517	2	426	2
Plastic	310	1	281	1
Cardboard	6535	29	6237	31
Compost	4218	19	3893	19
Metal	288	1	264	1
Glass	495	2	492	2
Other recycled	1096	5	885	4
Other unsorted waste	53	0	24	0
Hazardous	144	1	152	1
Total	22362	100	20360	100

Building Certification

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

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

The energy used to heat and power buildings accounts for a substantial amount of CO2 emissions and greenhouse gas (GHG) emissions. Measures to reduce GHG emissions from buildings fall into one of three categories: reducing energy consumption and embodied energy in buildings, switching to low-carbon fuels including a higher share of renewable energy, or controlling the emissions of non-CO2 GHG gases.



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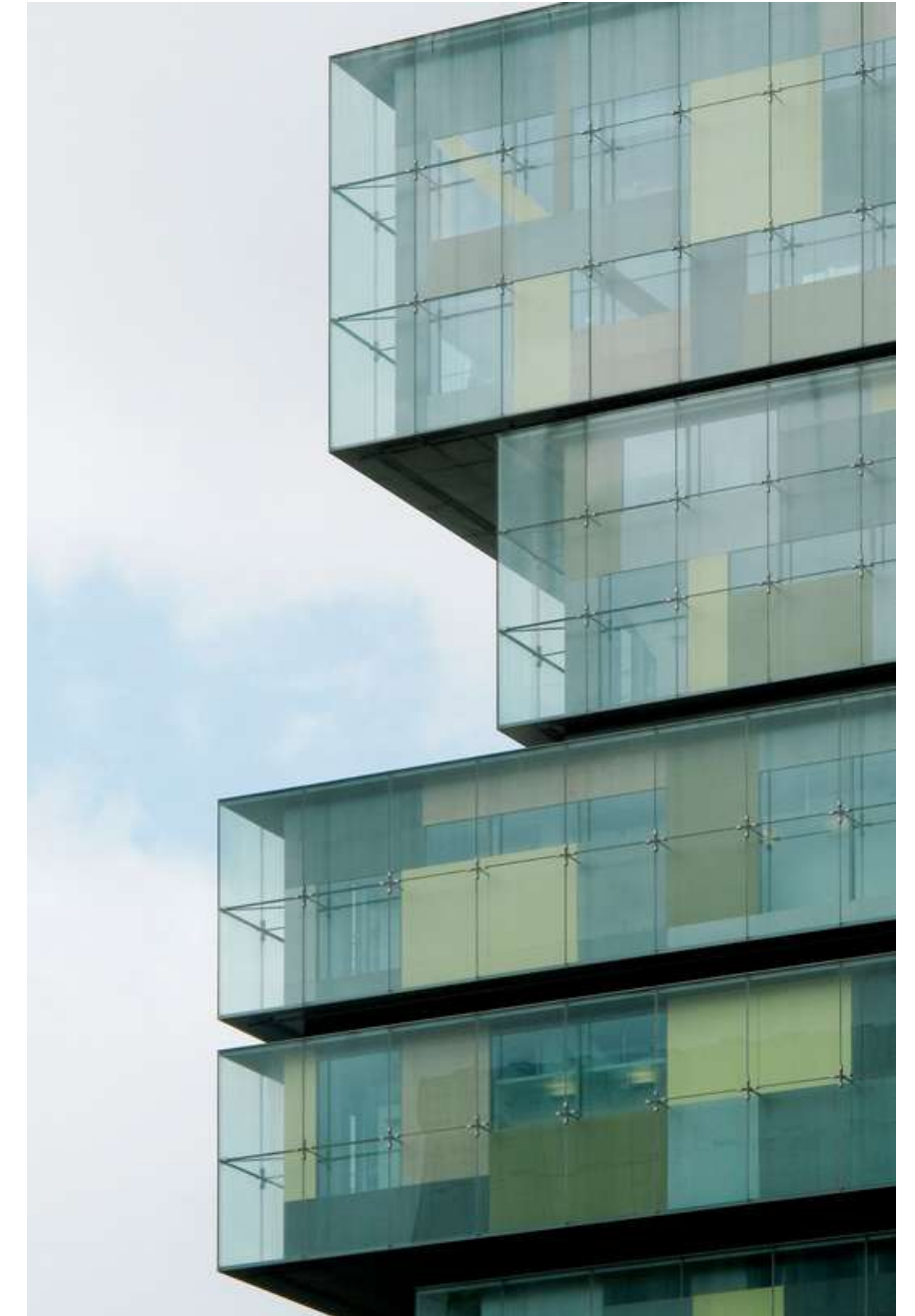
Social Performance

Section 04

Social Performance

As a global real estate company, we firmly believe that our business of developing, managing and operating shopping centers has a strong positive effect on the communities in which our businesses operate. We are committed to acting as a model corporate citizen, expressing it through our daily business activities and by making substantial contributions to numerous charitable organizations and initiatives in education, health, welfare, and culture.

We believe that through our financial support and the volunteer activities of our employees, we can truly make a difference in the lives of those who are in need and to future generations through education.





Advancing Our Communities

At the heart of our business strategy is the belief that by investing in urban shopping centers we help neighborhoods to flourish as vibrant communities. We live this belief every day and incorporate it in how we develop and manage our properties in order to maintain the highest standards possible.

Our shopping centers are home to various supermarkets, drug stores, discount retailers, restaurants, banks, medical clinics and smaller local businesses, providing them with a variety of basic necessities, products and services while offering diverse shopping experiences for attending customers in one easily accessible location. corporate citizenship.

Customer Satisfaction

At Gazit Globe Group, client satisfaction is considered to be a top priority. Clients of Gazit Globe Group’s subsidiaries can be divided into two main groups: tenants, who rent stores in our shopping centers; and consumers, who use the facilities and stores in the shopping centers. Every year, we check the satisfaction level of these two client groups through surveys, which enable us to better understand the various needs of our customers and support our efforts to improve our services accordingly.



Customers & Employees Health and Safety

Safety, security and convenience in our shopping centers is a very important business aspect and we aim to ensure the highest level of safety and security for our employees, tenants and visitors. We recognize that health and safety is not something achieved alone, therefore we work closely with tenants, residents and authorities on safety issues. We strive to link health and safety issue to community engagement activities.

Atrium:

Employee health and safety (2018)	Male	Female	Total
Total number of illness/absence days (working days)	569	1010	1579
Illness percentage (absentee rate)	1.9%	1.9%	1.9%
Number of work related injuries (injury rate)	-	1	1
Number of fatalities	-	-	-

Citycon:

Safety, security and convenience in our shopping centers are extremely important issues for us, and we aim to ensure the highest level of safety and security for our employees, tenants and visitors.

- In Finland - a digital safety and property exam was launched for all tenants and service providers. All tenants and service providers need to pass the exam once a year, and new employees are obliged to pass the exam before receiving keys to our premises.
- In Sweden – running a process of certifying assets according to the SAFE shopping center standard, the only internationally acknowledged resilience certification standard program for shopping centers. Currently six of our shopping centers have received the certification, and our aim is to certify all of our centers according to the standard.
- Citycon signed an agreement with our security partner, Securitas, which covers security, safety and fire prevention training for all of our staff and guards, as well as fire training and evacuation training for all tenants in each shopping center.
- We held safety training for staff and tenants in 17 shopping centers, fire training for tenants and staff in 32 shopping centers, and medical and first aid training was arranged in 13 of our shopping centers.
- Annual health and safety reviews are carried out in all of our assets, and there were no reports of incidences of non-compliance with health and safety regulations during 2018.
- Health and wellbeing are also assessed as part of the BREEAM In-Use certification carried out in our shopping centers. Currently 83% of our shopping centers are certified through BREEAM In-Use.
- The Company established a co-operative occupational safety committee in Finland. Matters discussed include issues related to health and safety as well as work-life balance.

Donations and Volunteering

Above and beyond our business activities, we believes that it is both a duty and a privilege to contribute to the community. A few years back we formulated a Social Investment Policy that outlines our Group’s commitment to contribute, invest in, and support the community. This policy also underlies our philanthropic activities and defines the volunteering opportunities offered to employees who wish to donate their time to social causes. The policy was established by our Corporate Responsibility Committee, which is comprised of Gazit Globe board members. As part of its responsibilities, the committee determines the guidelines of contributions and volunteering activities and monitors their impact.

Gazit Globe Group HQ & Gazit Globe Israel:

Gazit Globe Group actively seeks to contribute to the communities in which it operates. Gazit Globe Group provides financial support for social, welfare, health and cultural organizations, specifically to the elderly community and for families in distress, providing them with food and basic equipment. The Group also supports children with cancer and disabilities.

The main area in which Gazit contributes is education, with a particular emphasis on achievement, leadership and social responsibility with a belief that education is a fundamental and essential element for bringing about change and reducing social and economic inequalities.

Social Responsibility of Gazit Globe employees: As part of strengthening ties with the local community, we encourage our employees to volunteer for appropriate social activities and projects. Company employees took part in voluntary activities, through Etgarim, Larger than Life, the Organization for the Promotion of Education in Tel Aviv-Jaffa and other programs. During 2017-2018, 100% of Gazit Globe employees have participated in voluntary activities. The annual volunteering time of employees is on average 10.6 hours per employee. Our Corporate Responsibility Manager is responsible for initiating and coordinating the voluntary activities.



Among Gazit Globe’s community initiatives in Israel during 2017-2018 were the following:

Supporting the South initiative – 2017 and 2018 were the sixth and seventh operating years of the initiative. During these years, the Company invested NIS 7.4 million in the education systems of periphery towns in the Negev, as part of which the Company assisted in financing the operation of youth centers and provided support to elementary and high schools, kindergartens and day care centers. The support is provided in cooperation with the Ministry of Education, the local authorities, other philanthropic parties and professional entities.

In Kiryat Malachi, a collective impact model was implemented. In Kiryat Malachi and Yeruham a collective impact model was implemented in cooperation with the municipal authorities, philanthropy partners and the local educational team.

The results are apparent in all the fields in which we are invested and involved:

For example, in Kiryat Malachi’s High School the number of students passing the matriculation exam has increased from 47% to 72%. The Youth Center, established on the initiative of Gazit Globe, provides counseling and guidance to more than 1000 young people each year and significantly increases the number of students in the community.

In Yeruham's High School the number of students passing the matriculation exam has increased from 52% to 85% and the number of students studying mathematics at the highest levels has increased from 20% to 45%.

The group has established and supports a real estate research institute at the Interdisciplinary Center (IDC) Herzliya, Israel - The Gazit Globe Real Estate Institute. In 2018, the first class specializing in real estate completed their MBA program, the second class completed their first year of studies and the third class started the course. The institute also ran a real estate management and financing course. This year, the institute held academic conferences, professional forums and round tables, continued publishing a quarterly index of housing prices and supported academic research in the field of real estate. Prof. Yair Orgler, an external director of the Company, serves as a member of the Institute’s advisory committee.

Atrium:

We care about local issues and contribute positively to society by positioning Atrium shopping centers at the heart of the community. In 2018, our marketing teams have been very active in organizing events to get closer to the communities surrounding our centers.



During 2017 and 2018:

- Over 1,200 community engagement events were held.
- They ranged from long-lasting cooperation projects with NGOs to theatre performances, pop-up museums, recycling information events, environmentally-themed crafts for kids, and even a dog pool party that helped to keep the furry friends cool during the record-breaking hot summer.
- Examples are:
 - A recycling weekend with workshops and information for grown-ups, and recycling crafts for the little ones.
 - In Espoo, Finland, a living room in which youths could spend time during the summer holidays and held a behind-the-scenes tour for a local school to look at the recycling facilities of the shopping center.
 - In Åkersberga, Sweden, a Junior Achievements fair and several culture and music events which were held by local youth and kids, together with local schools.



Donations made by Gazit Globe Group HQ and Gazit Globe Israel

In 2017 and 2018, the Group contributed to various educational, welfare, health and cultural entities in the different countries in which it operates. During these two years The Group donated NIS 10.6 million, of which the majority of social investments were directed to education, as follows:

A. Supporting the South initiative – During 2017 and 2018, the Company invested NIS 7.4 million in the education systems of periphery towns in the Negev.

B. The Gazit Globe Real Estate Institute – a real estate research institute at the Interdisciplinary Center (IDC) Herzliya, Israel. The Company undertook to contribute a total of U.S.\$ 1.25 million in 2017 through 2021 to the Interdisciplinary Center for the Gazit Globe Real Estate Institute.

Human Rights

Respecting and protecting human rights is one of the core values at Gazit Globe Group. Our commitment to support and protect human rights is an inherent part of the Group's multinational business practices.

We respect our employees' right to the freedom of association and their right to join labor unions as mandated by law. Employees working for the company are granted above the Law's minimum requirement. This includes fair wages, rest times, annual leave, convalescence, etc. We denounce and strongly oppose any forms of forced labor and unlawful employment of underage minors.

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





Our Human Capital

Gazit Globe Group recognizes its employees as its most important asset. Thus, the group is focused on finding the right people to work in the various companies and providing them with competitive pay and benefits, strong training as well as educational and career advancement opportunities. Their health and safety, as well as that of our tenants and customers, is of great importance to us and so we employ methods to conform to industry standards in these areas. ⁵

At Gazit, the primary focus of the HR programs is to influence employee commitment, motivation and engagement through best practices, rewards, performance management and communication. We also have long term compensation programs, conduct employee surveys for feedback and support numerous welfare activities.

We strive to create a rewarding, stimulating and friendly yet professional place to work where individuals are treated with respect and dignity.

Atrium:

In 2017 and 2018 a number of team events took place in all our offices as we strived towards team work. Working together as a team requires relationship building and engaging with each other. Following the changes in 2017 with many employees entering and leaving our organization, and the changes of the different offices, we will undertake an employee survey in 2019. People will have adjusted to their new surroundings by then and we can use adequate data to further engage/manage one of our most important assets: our employees.

Citycon's

HR strategy is to empower its personnel and provide them with the possibilities to grow as professionals. Citycon has a strong value-based performance culture that ensures employee experiences that result in all Cityconners enjoying and feeling proud of their work and accomplishments.

We constantly work towards finding the best possible fit with regards to our culture, the job, and the person through active talent management. Many employees are recruited to trainee positions at the end of their studies.

We believe in inspiring leadership and leading by example to reach our challenging goals together. Our leaders coach their teams to ensure that everyone knows what to do, which goals to aim for, and how to get there. On top of our daily work, we develop our leadership culture twice a year in our internal “Let’s Lead” and “License to Lead” development programs.

⁵ For further information on how we promote our employees and customers' health and safety, see [Customers & Employees Health and Safety](#).



Diversity and Equal Opportunity

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

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

The following illustrates the composition of our management according to their gender and age:

Gazit Globe Group HQ & Gazit Globe Israel:

The percentage of women among the highest 10% earners at Gazit Globe Group HQ and Gazit Israel is 50%, 5 women out of 10 highest earners.

2018		Gazit Israel		Gazit Globe Group HQ	
		Women	Men	Women	Men
Senior Management (Executives)	Under 30 years old	0	0	0	0
	30-50 years old	2	1	0	2
	Over 50 years old	0	3	0	2
Middle management (Executives)	Under 30 years old	0	0	0	0
	30-50 years old	4	1	4	2
	Over 50 years old	0	1	0	0
Junior management (Executives)	Under 30 years old	0	0	0	0
	30-50 years old	1	1	0	0
	Over 50 years old	0	0	0	0
Associates (employees in non-managerial positions)	Under 30 years old	6	3	0	0
	30-50 years old	22	20	10	9
	Over 50 years old	2	7	0	1
In Total		37	37	14	16



Atrium:

	Number / %	Out of that senior management
Gender diversity (2018)	Male employees	127 / 34.5%
	Female employees	241 / 65.5%
Type of contract (2018)	Indefinite contract	316
	Definite contract	52
	New hires	18%
	Employees left	17%
Age	<25	3%
	25-34	40%
	35-44	38%
	45-54	15%
	55>	4%
Working at Atrium	<1 year	17%
	1-5 years	52%
	5-10 years	27%
	10> years	4%
Employees by region	Netherlands/Jersey	45
	Poland	150
	Czech Republic	45
	Hungary	13
	Romania	7
	Slovakia	13
	Russia	118
	Total	391



Citycon:

Age profile

	2017	2018
Under 30	15.5%	16%
30-50	62%	64%
Over 50	22.5%	20%

Service profile

	2017	2018
Under 2 years	34.5%	30%
2-4 years	20%	15%
More than 4 years	45.5%	55%

Gender profile 2018

	males	females	total
Management Committee	80%	20%	2%
Other directors	62%	38%	9%
Managers	58%	42%	45%
Other employees	43%	57%	44%

	2017	2018
Permanent contract	93%	94%
Fixed term contract	7%	6%
Full time employees	99%	98%
Part time employees	1%	2%

Non-Discrimination

Our recruitment, employment, training, promotion, transfer Dealing fairly with our employees is one of the basic fundamentals of [our Code of Business Conduct](#).⁶ We pride ourselves on conducting our business without discrimination based on race, origin, religion, gender, sexual preference, age or disability. Our recruitment, employment, training, promotion, transfer and termination processes are based solely on the employee's ability, achievements, experience, conduct and related business considerations.

During 2017-2018 no incidences of harassment or discrimination against employees were reported at Gazit Globe Group headquarters. In addition to our Code of Business Conduct, our subsidiaries have formulated procedures for promoting equality and protecting their employees from insult and harassment, including procedures for dealing with sexual harassment.

Citycon:

During the year 2017, there were no reports of harassment or discrimination against employees. Citycon conducts personnel surveys which are a key workplace well being indicator.

Job Training and Career Development

Our job training strategy focuses on enhancing and developing employees' skills, motivation and ethical behavior while encouraging positive attitudes. We strive to increase the skill levels of all our employees by supporting long term self-development through, inter alia, further or advanced studies.

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



Gazit Globe Group HQ & Israel
During the years 2017 and 2018, 64% of the employees underwent professional training.

Atrium:

During the years 2017 and 2018, over 6,250 training hours were provided to our employees on which a total amount of 237,363 EURO was spent. In addition, we also organized a shopping center meeting with center management employees from all countries to share best practices between different teams.

Citycon:

The core of our HR strategy is to empower our personnel and provide them with possibilities to grow as professionals. In Citycon all employees are encouraged to seek opportunities to learn and develop. We promote internal mobility and, every year, several employees move into new positions, cross-functions and even cross-borders. We aim to internally fill as many open positions as possible. We believe that development actions vary a lot - with training being only one way to develop competence.

⁶ <http://www.GazitGlobe.com/media/4252/code-eng-2019.pdf>



Employees' Performance Review

Gazit Globe Group HQ & Gazit Globe Israel:
Our managers are required to conduct annual performance appraisals of their employees to ensure that expectations are understood, and performance is acknowledged and rewarded. They include providing the employee with feedback for the previous period, establishing targets for the coming period and tailoring a personal short and long term development plan. All the employees underwent a performance review in 2018.

Atrium:

In 2017 87% of employees participated in a performance review. In 2018 over 90% of employees participated in a performance review.

Citycon:

All employees have performance and career development review and target-setting in January–February, and review discussions in August–September with their immediate superiors. As a part of these discussions, employees review their competence development plan together with their manager on an annual basis and agree on further actions for developing their competence. These actions might include job learning, internal or external training, job rotation, participation in a project, benchmarking, mentoring, coaching, etc.

05

Corporate Governance

Section 05

Corporate Governance

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

As of December 31, 2018, our Board is comprised of ten members, two of them were appointed in 2019. Four of the board members are considered to be external according to the Israeli Companies Law (Three males and one female), and six are considered to be independent of the Company (including the external directors) according to the Israeli Companies Law (four males and two females).

All directors are appointed annually at the Annual General Meeting; after which they are eligible for re-election with the exception of external directors appointed once every three years and whose terms of are determined according to Israel's Companies Law. The criteria, which qualify candidates for the Board include, among other things, business knowledge; expertise; integrity; experience related to the Company's core business activities; proven leadership qualities; and proven ability to exercise sound judgment.



G Rotchild, Rishon Lezion, Israel

The Board currently has four standing committees: Audit, Financial Statements Review and Compensation Committee, Corporate Responsibility Committee, Nominating and Corporate Governance Committee and Investment Committee.

The Corporate Responsibility Committee is responsible for supervising Corporate Responsibility activities of the Company, including social investment in the communities in which we operate, environmental matters and other important Corporate Responsibility issues that may affect our performance, business activities and reputation. Srs10232

Also, The Board is annually updated about the Company's CR activity.

Board of Directors

Chaim Katzman, Vice Chairman, CEO

Mr. Chaim Katzman is the founder, controlling shareholder and Vice Chairman and CEO of Gazit Globe and Norstar Holdings, the parent company of Gazit Globe, and the Chairman of Equity One (Until March 2017), Atrium European Real Estate and Citycon.

Ehud Arnon, Chairman

Ehud Arnon has been serving as our Chairman of the Board as of March 2018. Until recently Mr. Arnon served as the President and CEO of Israel Discount Bank of New York. In the past, Mr. Arnon had also served as Head of Corporate Division at Israel Discount Bank in Tel Aviv.

Dori Segal, President

Ehud Arnon has been serving as our Chairman of the Board Dori Segal is a director and the former CEO of Gazit Globe. From 2000 to 2015, Mr. Segal served as the president, CEO and Chairman of First Capital Realty. Mr. Segal also served as CEO of Gazit Globe from 1998 to 2008 and in 2017.

Yair Orgler, External Director

Mr. Orgler was Chairman of the Board of the Tel Aviv Stock Exchange until 2006, and a Director of Bank Hapoalim until 2010.

Haim Ben Dor, Director

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

Ronnie Bar-On, External Director

Mr. Bar-On served in a variety of governmental positions in Israel from 2003 to 2013 including Minister of Finance.

Limor Shofman Guttman, External Director

Adv. Limor Shofman Gutman is a senior attorney with 23 years' experience and expertise in the fields of the capital market, securities law and corporate law.

Douglas Sesler, Director

Mr. Sesler is an Executive Vice President of Real Estate at Macy's and a business consultant.

Shmuel Hauser, External Director

Professor Shmuel Hauser is the former Chairman of the Israel Securities Authority. Prof. Hauser is the Senior Vice President at ONO Academic College, a former Dean at ONO Academic Faculty of Business and a Professor of Finance at Ben-Gurion University. Mr. Hauser also served as co-chairman of Israel Accounting Standards Board (IASB), as a member of an advisory committee to the Banks' Supervisor at the Bank of Israel, and a member of the advisory committee to the Israel Capital Market, Insurance and Savings Authority Concurrent with his work, Hauser pursued an academic career in the fields of: Corporate Finance, Capital Market Regulation, Corporate Governance and Microstructure.

Zehavit Cohen, Director

Zehavit Cohen has served as a director since March 2016. Ms. Cohen is a managing partner and the Office Head of Apax Partners Israel Ltd. She also serves as a board member on a number of Apax portfolio companies and previously chaired both the Tnuva and Psagot boards of directors. In addition, Ms. Cohen serves as a director for several corporations, including Israel Corporation Ltd, Ten Petroleum Company Ltd. and Zap Group Ltd.



Anti-Corruption

For a discussion of our Anti-Corruption policy, please see our website: <http://www.Gazit Globe.com/>. The Anti Corruption policy is included also in the Code of conducts. 100% of the Gazit Globe employees and management are aware of the Anti-Corruption policies and procedures. During the reporting period there were no reported incidents of corruption.

Atrium:

Our business is built on trust and transparency. Atrium’s governance policies and procedures contain essential guidelines and rules each other and with all our stakeholders. In 2018 all employees have received governance training through a new online web portal.

Each employee and executive is encouraged to report any (suspected) breaches or violations against the Code of Ethics or other governance policies. A secure external email address is available for these reporting purposes. Any events were handled in accordance with the applicable data protection and other regulations. In 2017 no fraud, bribery or other breaches or violations were reported at Atrium.

Citycon:

In 2018, Citycon continued an open dialogue and promoted awareness of Citycon’s ethical principles. Citycon’s legal team held Code of Conduct training for all supervisors to better familiarize all functions with the Code of Conduct, updated in 2017. In turn, all supervisors reviewed the renewed Code of Conduct and the use of the speak-up channels with their teams. All Citycon employees also participated in online training and a questionnaire concerning the code.

No fraud, bribery, or corruption cases were brought to the company’s attention in 2017-2018. In 2019, the company will further promote awareness of Citycon’s ethical principles among internal and external parties

Executive Management

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

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

The members of our Executive Management include the following individuals:

- ✓ Chaim Katzman, Founder & CEO
- ✓ Adi Jemini, EVP & CFO
- ✓ Rami Vaisenberger, Vice President and Controller
- ✓ Zvi Gordon, Vice President of Investment
- ✓ Lisa Haimovitz, Vice President ⁷

Compensation of Senior Employees

In November 2016, after receiving the approval of the Company's Board of Directors and its Compensation Committee, the general meeting of the Company's shareholders approved a compensation policy for the Company's officers, which superseded a previous compensation policy from September 2013. For details regarding the policy, please see section 15.2 in Chapter A of Gazit Globe’s Annual Financial Report for 2018.



Anti-Competitive Behavior

The Group meets all statutory requirements and avoids any practices intended to subvert or eliminate competition and refrains from price-fixing contracts and price discrimination. During the reporting period, the Company was not subject to any legal action for anti-competitive behavior, anti-trust, or monopoly practices.

⁷ Joined as VP on January 2019



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