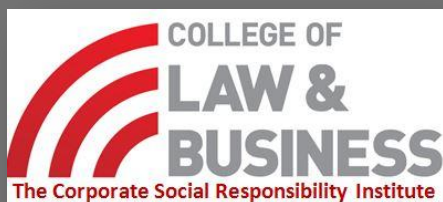


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Towards Regulated CSR Reporting in Israel

Position Paper - Presenting the Israeli law
proposal for mandatory sustainability
reporting

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Presenting the Israeli law proposal for mandatory sustainability reporting

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Abstract

Sustainability reporting is undoubtedly at a crossroads. Businesses are expected to be transparent voluntarily, yet this has proven to be ineffective as the number of global businesses that publish CSR reports is showing a sharp decline and an overall low uptake. The current approach to CSR, which was conducted over the heads of regulators, is beginning to alter its course. In the past, legislative and enforcement agencies have not sufficiently examined the social and environmental conduct of corporations, as it was seen as 'beyond compliance' for the business sector. Today in the developed world there is a trend of 'return to regulation' and CSR is included in that trend. For Israel, which aspires to maintain its position as an advanced economy, it is crucial to be prepared for these upcoming changes. We can also see a strengthening of civil society, new ways of economic thinking and redistribution of responsibilities and resources.

The law proposal attached to this document seeks to present a method for regulating CSR in a more sophisticated manner. The law does not seek to set a harsh standard for corporations to obey 'as is', but rather outlines a detailed set of sustainability reporting guidelines and then passes the responsibility to the public to judge and rate each corporation according to its performance. The public (and partly also business managers that often are lost in the maze of CSR standards and initiatives) is no longer satisfied with voluntary actions taken to meet "above the threshold of compliance", but would like to move to a model of CSR that is bound by the law and under the supervision of the state, where the rules of the game are known and clear to all.

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² The full Hebrew version can be downloaded here - <http://goo.gl/YmzJDu>

What is Corporate Social Responsibility (CSR) reporting?

CSR reporting (also referred to as Sustainability Reporting or Non-Financial Reporting) is an organizational process aimed at delivering coherent and comparable information and data regarding the corporation's performance on non-financial issues, usually termed as ESG (Environmental, Social and Governance). The outcome is a CSR/Sustainability report that communicates in an organized manner the full spectrum of impacts that the corporation has on its surroundings; usually these groups are termed as stakeholders. Stakeholders can be employees, customers, colleagues, competitors, suppliers, etc. Additionally, sustainability reporting should include how an organization intends to improve its impact on these groups. Among other things, it is expected that the corporation will present an accurate, correct, and reliable description of the difficulties and issues it is dealing with in these areas.

The purpose of a CSR report is to steer a managerial process requiring a commitment by the corporation to strengthen its positive activities. In addition, the report facilitates the public to assess the achievements of the corporation in these areas and evaluate the steps taken by it to achieve and improve these activities. The expected outcome of the reporting process is to build trust and strengthen the relationship between the corporation and its stakeholders.

ESG reporting allows observing the business from a different perspective, beyond financial performance, and sometimes allows identifying needs that were not addressed in the past. It also allows the corporation to take advantage of missed opportunities.

Numerous studies deal with CSR reporting and the question of how regulation affects a company's performance. This position paper does not pretend to present a complete literature review, but intends to present the findings of several recent studies that highlight the feasibility of businesses adopting the practice of non financial reporting.

1. In 2012, an empirical study was conducted at Harvard Business School.³ This study examined CSR reporting for at least 58 countries, while referencing the information published by companies in these countries. **The study shows clearly that adopting a binding approach to CSR reporting has improved the overall implementation of Corporate Social Responsibility**, and has led to the training and development of employees in this area. Greater priority was given to a range of corporate activities. In addition, the performance of corporate governance has improved, and more companies are implementing policies for ethics against corruption and bribery.
2. A study conducted in Europe⁴ in 2007 examined the performance of 540 companies and found that the **very process of writing a CSR report was an important catalyst for organizational change**. This process drives the organization to examine the organizational information available and therefore assess the processes of managing existing systems and construct a system of sustainable development.
3. In the United States a multi-dimensional survey of CSR reporting practices among the 500 largest companies in the S&P 500 was conducted.⁵ The study found that except for one company, all companies are reporting in one form or another on their ESG performance. The focus of these reports - which encourage regulation by tax and securities regulators - is to present transparency and risk management from the investor's perspective. The study

³ Ioannou, I., & Serafeim, G. (2011). The consequences of mandatory corporate sustainability reporting. Harvard Business School Research Working Paper, (11-100).
http://www.hbs.edu/faculty/Publication%20Files/11-100_35684ae7-fcdc-4aae-9626-de4b2acb1748.pdf.

⁴ Garz H. and C. Volk, "What Really Counts: The Materiality of Extra-Financial Factors", West LB Research, February 2007.

⁵ IIRC, *Integrated Financial and Sustainability Reporting in the United States*, 2013
http://iircinstitute.org/pdf/FINAL_Integrated_Financial_Sustain_Reporting_April_2013.pdf.

found that companies that have issued full CSR reports presented a wider range of risks, together with opportunities.

Status of the legislative situation around the world

The UN Conference on Environment and Development (UNCED), which was held in 1992 in Rio de Janeiro in Brazil, included representatives from the business sector (World Business Council for Sustainable Development -WBCSD) for the first time. During the conference, a foundation was laid in order to encourage multinational corporations to report their social and environmental impact voluntarily.

The European Union's activity in this area began in June 1993 when then-EU President, Jacques Delors, appealed to the European business community to consider the issue of unemployment and exclusion in the work force. In January 1995, a statement against social exclusion was signed by 20 European businesses alongside leaders from workers unions. The next step was in July 2001, with the publication of a position paper by the European Commission which explicitly ruled that CSR is founded on the basis of voluntary participation and reporting ("... on a voluntary basis"). According to this view CSR activity is considered 'beyond compliance'. Until recently this was the basis of the CSR paradigm.

This setting actually gave corporations a free hand (*the invisible hand*) in choosing the scope of CSR application according to what they deemed appropriate regarding their own business and competitive considerations. The similarity between this approach and the *laissez faire* approach is clear. Both are based on autonomy and a free hand given to corporations in determining norms and values. In recent years, particularly since the financial crisis of 2008 and the social protests that broke out across the world, the pendulum has begun to swing back

towards the need to regulate and enforce. This situation also impacts the field of CSR. In recent times there has been a trend in some European countries to compel corporations, mainly those owned by the state or traded publicly on the stock exchange to publish, as part of their overall reporting, a non-financial report.

The **first country** that adopted a binding model for the publication of CSR reports was **Finland**. In 1997, Finland passed a law on the topic. Since then many countries have followed Finland's lead, and by 2012 no less than 29 countries had laws or regulations that require CSR reports or other forms of reporting. For example, in **Sweden**, government-owned companies are required to meet GRI standards in CSR reporting. In **France**, public companies must publish information on their social and environmental impact. In **Denmark** the 1,100 largest corporations are legally required to include a report on CSR in their annual reports, including their efforts to promote human rights and a sustainable environment. Even in the **UK** public companies are required to report on environmental and social issues.

In the **Netherlands** the law requires public companies to include an analysis of non-financial performance in their annual report. The Corporate Governance Code requires the management and the board of directors of public companies to establish a policy regarding CSR questions that are relevant to the business, and this policy brief should be included in the company's annual report. **The EU** approval of the expansion of the 2003 directive (relating to the publication of non-financial information) requires corporations to include in their financial reports any necessary environmental information and information about their employees (Government may exempt SMEs).

In **Indonesia** all corporations must include information on the implementation of social and environmental responsibility in their annual report to regulatory agencies. The capital market requires public companies to file annual reports on corporate contribution to the community and the environment, and also conduct an annual competition designed to improve the level of

reporting. In **China** public companies must disclose every investment or development program that may affect the environment in their reports. In **Canada**, banks and large insurance companies are required to report on philanthropic programs and community development programs. **United States** companies are required to report any use of minerals originating from conflict zones in Africa and the precautions taken by the company regarding the origins of the minerals, to determine whether the minerals used by the company financed military groups which committed serious human rights violations.

April 2014 - a paradigm shift in European Union: from voluntary reporting to a statutory obligation

On April 15, 2014 the European Parliament decided to **approve a directive to require reporting of corporate, social and environmental issues**⁶. This decision was made after conducting a number of studies that systematically explored the effect of voluntary adoption of CSR by businesses in Europe. The combined conclusion from these studies⁷ is that CSR essentially operates in the voluntary domain, which is "above the threshold of compliance". In practice, this resulted in a very low adoption level and leads to neglect in creating an appropriate regulatory framework. Hence the motivation to embrace CSR stems from the "economic stimulus" concept (which is reflected in the slogan *Doing Good - Doing Well* and similar slogans).

In its announcement, the Commission stated that it intends to implement legislative changes, especially in the field of accounting, to improve the level of transparency for large companies' regarding social and environmental issues. According to the new legislation, companies will be asked to report on issues of risk management and performance. In addition, they will be asked to report on environmental and social issues, labor relations, human rights, prevention

⁶ The full press release: http://europa.eu/rapid/press-release_IP-13-330_en.htm.

⁷ This is the four large-scale studies: [ESTER](#), project, [RESPONSE](#) [Theproject](#) [TheRARE](#) and [CSRPLATFORM](#).

of corruption and bribery, and issues of employee diversity with respect to age, gender, geographic diversity, education and personal background. This decision is relevant to approximately **6000 corporations** across the EU and is already inducing a global aftershock.

According to the Commission, promoting greater transparency is needed mainly to provide information to investors including risk management as part of their annual financial report. The Commission states that companies that already publish corporate responsibility reports are more successful, since the ability to incorporate long-term considerations in their decision-making processes will allow them to reduce costs and attract and retain quality personnel.

The proposed legislative changes will apply to all corporations employing 500 workers or more. The report should include issues that are relevant to the company's activities, and on non-reported issues, it will be asked to explain why the issue is irrelevant to the company. It should be noted that the legislation is very flexible, since it allows the company to choose any of the existing reporting tools: UN Global Compact,⁸ ISO 26000⁹, and the German Sustainability Code¹⁰.

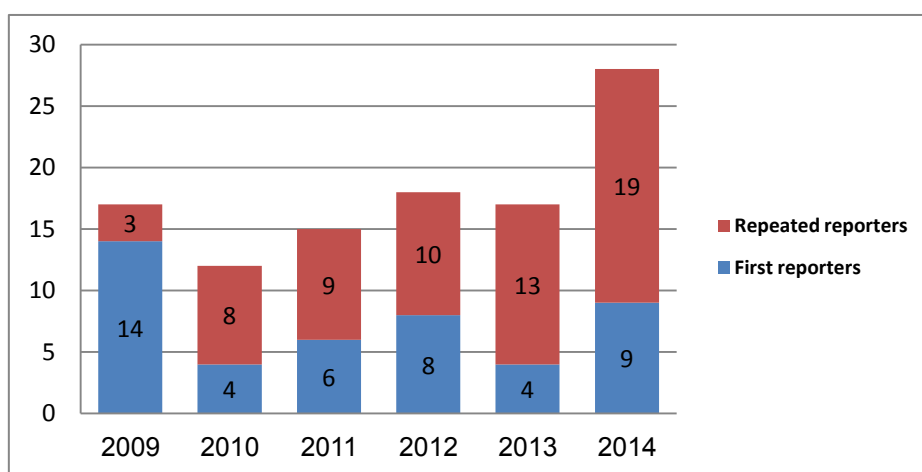
⁸ Global Compact (<http://www.unglobalcompact.org/>) is a voluntary Convention partnership between the business sector and the UN. It enables the promotion of international trade in a form that is useful for the economy, civil societies and all citizens. Its basic tenet is the perception that only a common global operation will be effective, in light of the current global challenges. The business initiative is committed to work for the construction of a viable global market. The initial goal of the companies joining the initiative is to establish principles as an integral part of their business strategy.

⁹ ISO 26000 (<http://www.iso.org/iso/home/standards/iso26000>) is a document that guides businesses and organizations how to act in a way that promotes the viability and well-being of the company. It is important to note that the implementation of the standard does not give the corporation the right to carry a standard mark or another - the goal is to create a guiding standard and an organizational direction.

¹⁰ A set of guidelines and recommendations of the German Council for Sustainable Development that guides businesses on how to act responsibly. The document is voluntary recommendation for businesses and is not required by law

The situation in Israel

Israel's CSR is still in its early stages, although it has been over five years since the publication of the first CSR report (published by Bank Le'umi¹¹). More and more businesses are making responsible efforts as part of their business, but there is still a considerable distance between this activity and the generally accepted international CSR standards. Below is a graph showing the number of new corporate responsibility reports published in Israel in recent years.¹²



Graph 1 - The number of corporate responsibility reports published In Israel (according to year)

One of the major developments in Israel was in 2010 when the Securities Authority decided that public companies will be required to expand their financial reports to include a disclosure concerning the environmental risks that have or may cause a material effect on the corporation.¹³ Another important development was made in the same year when the Banks

¹¹ A wide range of leading Israeli companies that are acting in a socially responsibility way, see Sharon Abraham Weiss and Ronny Weiner (eds.). *It is also our business*, clinic report corporate social Responsibility College of Law and Business, 2010. link: http://www.clb.ac.il/uploads/online_booklet.pdf (in Hebrew) Also see the article by Ali Bukspan, "social and corporate responsibility and expressed in the phrase" corporations G (3), 2010. (In Hebrew).

¹² Source: Monitoring report of "Beyond Business" Ltd., http://www.b-yond.biz/he/sub_page.asp?sp=50&p=6.

¹³ Securities Regulations (Details and Draft Prospectus - Structure and Form) (Amendment No. 2),2011.,Kovetz

Commissioner issued a directive requiring all banks in Israel to file CSR report by 2012.¹⁴ The result of this decision was that in 2014 all large and medium banks in Israel have published a CSR report.

The Israeli model for regulating corporate responsibility reporting

Legislation that seeks to regulate corporate responsibility reports should observe these principles:

1. **Gradualism** - CSR reporting in Israel is still in its infancy. Despite the need to increase CSR transparency, it is not realistic to require **all** companies in the market to produce a CSR report, especially in a short timeframe. This activity requires time and resources, and most of all, advanced preparation. Therefore, it is more effective for the new regulation to be implemented over several years. **It should require government-owned corporations and large public companies to be the first organizations to abide by the law.** It will then be possible to require all companies - public and private - that employ over 250 employees to implement the law as well. In addition, the law could include a temporary exemption mechanism that allows certain companies to be exempt due to special circumstances.
2. **From global to local CSR standards** – CSR reporting guidelines and practical approaches are global ones and are thus usually imported to Israel with only minor modifications. These global approaches are not always suitable for the Israeli reality (or for that manner for any other local culture). Therefore, there is a need not only to translate the standards into the local context but also to add some adaptation and

6970, p 604.

¹⁴The Israel Bank Commissioner directive (In Hebrew)
<http://www.boi.org.il/he/BankingSupervision/LettersAndCircularsSupervisorOfBanks/HozSup/h2311.pdf>

inclusion measures relating to CSR issues that are of importance and relevant in Israel and to Israeli society. For example, businesses' attitude towards people who serve in the reserve forces of the army, hiring new immigrants and activities to promote co-existence.

- 3. Civil 'positive' enforcement and corporate transparency** - compliance policy systems consist of interactions between the corporations and the legislature, as well as the government and law enforcement agencies. The bill should include a sanction that states that any corporation that does not meet the reporting requirement can be fined. "Harsh enforcement" should be accompanied by "soft enforcement" (or civil enforcement) that can also reward companies that do report and present some kind of carrot to the enforcement system. This is a very important contributor to the effectiveness of the law.
- 4. Stakeholder's engagement** - the heart of CSR is dialogue with stakeholders and collaborative decision-making processes. To achieve results that reflect the reality of Israeli society, we must create an orderly process of formulating guidelines for reporting, through active engagement with government agencies, academia, civil society and of course the business sector.
- 5. Ensuring reliability** - Studies show that the process of quality assurance by a third party is an essential component in developing credibility for CSR reporting. Any regulatory framework that is built must weigh and consider the way the data will be authenticated to ensure that the data reflects the actual performance. While CSR reports often present declarations by the CEO and Chair on the reliability of the data,

this it is not sufficient or reliable. Therefore, an assurance mechanism should be an integral part of the CSR report.

The Israeli CSR reporting law proposal

Appendix A includes the law proposal itself. It is a general legislation framework that introduces CSR reporting to the Israeli legislation as an obligation by law. It set the Ministry of Justice as the responsible authority for the execution of the law as currently it withholds the formal Corporation Authority. This ministerial responsibility might be changed as legislation procedure advance.

Most importantly, the law set as a reporting threshold the issue of size and not ownership. The law obligates all large companies to hand in a CSR report regardless of their ownership structure. It can be a private company, a public one or one owned by the Government or a municipality. An earlier law proposal was written by the author and was designated to obligate CSR reporting only on the Governmental companies. This law failed to get the Israel Government support and thus was canceled.

The law itself does not include the CSR reporting guidelines (Appendix B) and they are attached to it as a supplement. The reason for supplementing externally the guidelines is to allow the consulting committee (as it is explained in the law) to conduct changes periodically and thus not undergo the full legislation procedures.

We hope that this proposal will gain the support of the next Israeli Government and members of the Knesset and serve also as an inspiration to other legislators around the world.

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Appendix A –

CSR Law Proposal (Obligatory Reporting) - 2014

Article 1 – Purpose

The purpose of this law is to obligate corporations to publish a CSR report and that in order to enhance their public transparency and improve their social and environmental performances.

Article 2 – Definitions

"Governmental company" – as it is stated in the Israeli governmental companies' law, 1975

"Public company" – a company that its shares are listed for trade in the stock exchange or were offered to the public according to a prospectus as it is described at the securities law or that was offered to the public outside of Israel according to the required regulation outside Israel and that its shares are held by the public.

"Private Company" – a non public company;

"Large Company" - public or private company that complies with either one of the three following terms:

1. Employs over 250 people
2. It's yearly revenue is at list 25 Million NIS (new Israeli Shekel)
3. The ratio between the highest monthly salary to the lowest one is larger than 30 times.

"Municipal Company" – As it is stated according to article 249A to the municipalities command;

"Reporting Company" – any company which is obligated to deliver a CSR report according to this law;

"CSR Report: - a social and environmental report being prepared according to the reporting guidelines set in this law;

"The Minister" – Minister of Justice;

"The clerk in charge" – One of the Ministry of Justice employee that was put in charge to the execution of this law;

"Reporting database" – an on line database that will include all reports delivered according to this law;

Article 3 – the obligation to deliver a CSR report

- A) Governmental, municipal or large company will hand in every year a CSR report. Public company that is not a large company will hand in a CSR every two years. The report will be handed to the clerk in charge.
- B) Any company which is not an obligated company to report will be allowed to report as well according to this law.

Article 4 – CSR manager at the reporting companies

Any reporting obligated company will name a responsible manager in its behalf who will be responsible to apply this law

Article 5 – Publishing the report to the public

The reporting obligated company will hand in the report to the clerk in charge who will make it available for public reading through the reports database.

Article 6 – Timing of handing in a CSR report

- A) The report will be handed in by the end of the first quarter of the financial year and will cover the previous year.
- B) The clerk in charge is allowed, according to the specified conditions, to grant a delay of up to two months in the handing in of the report to the companies requesting in doing so.
- C) The minister is allowed to exempt a company from up to one reporting period, according to the specified conditions.

Article 7 – Reporting logo

Any company that handed its report on time according to the demand of this law will be allowed to mark the special reporting logo on its brand and other commercial publications.

Article 8 - Consulting Committee

- A) The Minister will appoint a 9 members consulting committee:
 - 1. The clerk in charge who will also chair the committee;
 - 2. A representative of the Economy Ministry;
 - 3. A representative of the Ministry for Environmental Defense;
 - 4. A representative of the Ministry of well fair;
 - 5. A representative of the manufacturers association;
 - 6. Two representatives of known Academic institutions;
 - 7. Two well experienced CSR experts;
- B) The committee will set its meeting agenda and they will all be open to the public.
- C) The committee will establish the reporting guidelines according to which the reports are to be written. The guidelines are to be approved by the Minister and by the

Knesset economic Committee and will be publicly available.

Article 9 – Penalties

- A) An obligated reporting company that did not hand in its report accordingly will be fined in the rate of 1% of its yearly revenue.
- B) Before executing the fine as specified in article (A), the clerk in charge is allowed to summon for hearing the company's responsible manager.
- C) Any company not handing in a report on time will not be allowed to do any use of the reporting logo until the report is handed in accordingly.
- D) An obligated company not handing in a report will be registered a violating company and this record will be saved to a period of up to seven years.

Article 10: the responsible Minister

The minister of Justice is to be responsible of this law and has the permission to set regulation accordingly.

Appendix B- CSR Reporting Guidelines

A Proposed Set of Social and Environmental Reporting Guidelines for Corporations in Israel

Article	Reporting Guidelines	Response Mode
Section A		
General Organizational Information		
Reporting Date	Date	
Name of the Organization	The official name that appears in the Registrar of Companies and Organizations	
VAT Exemption Number /Name of Privately Held Company/Number of Registered Association	Number (same as above)	
Business Sector/Organizational Scope	Include the organizational sector from the list of Central Bureau of Statistics	
Ownership	Government / private / municipal / public (public companies must present ownership structure)	
Name of General Director or Executive Director	Name (Text)	
Name of Chairman of the Executive Body	Name (Text)	
Name of the person in charge of social and environmental reporting for the organization (the responsible party)	Name (Text)	
Email address of the responsible party (individual listed above)	Email address	
Telephone number of the responsible party (individual listed above)	Telephone number	
Mailing address of the responsible party (individual listed above)	Postal address	
Organization' website	Website	
Does the organization also operate outside of the state of Israel? <i>(If it operates outside of Israel under the same legal entity then the international business unit should be considered an inseparable unit in this reporting scope)</i>	Yes/No	
Significant changes that have occurred in the organization since the last report		
Have any major organizational changes occurred since the last reporting period? <i>For example – significant executive turnover, (positive or negative) advertising about the organization , its products or services, a fundamental shift in the makeup of stakeholders, etc.</i>	<i>A paragraph describing organizational changes and / or other significant changes that have taken place over the past year</i>	
Publication of the Report		

Does the organization publish a corporate responsibility report ¹⁵ ?	Yes/No	
If yes, please provide a link that can be used for the reporting assessment/evaluation	Website	
Does the organization publish an annual financial report?	Yes/No	
If Yes - please provide a link to the financial report	Website	
Does the report include an external quality assurance assessment? ¹⁶	Yes/No	
If Yes - please include a statement of quality assurance as an attached document.	Attached document	
If no, please explain why an external quality assurance assessment was not performed?	Text	

Section B Management		
Legal Aspects		
Have any of the following been conducted over the past year or currently in process: trials, prosecution or known investigations regarding any suspected violation of state laws and / or laws of any other countries in which the organization is operating? Please address this question in context with all aspects of the reporting guidelines.	Yes/No	
If Yes - detail the cases and investigations that are underway, the motive for opening investigations, and how to stop the case law (and what is the status of the case if no judgment has been reached)	Text	
Corporate Governance ¹⁷		
Is there an existing organizational policy regarding the independence of the executive management?	Yes/No	
If yes – please attach the <u>Policy Document</u> ¹⁸	Attached file	
If no – please explain why there is no such policy document	Text	
Is there an existing organizational policy regarding the skills and qualifications for the members of the executive board?	Yes/No	

¹⁵ The Corporate Social responsibility report by corporations (a Corporate Responsibility Report or alternatively a Sustainability Report) is a document that is published periodically for the public, which summarizes and presents the organization's performance according to social and environmental parameters.

¹⁶ External quality assurance - the quality assurance process is meant to ensure the reliability and accuracy of the information published in the report. Most of quality assurance process is performed by a third party, an external auditor who was not involved in writing the corporate responsibility report, and is not part of the organization itself.

¹⁷ The questions in this section are taken from the SEC's corporate governance questionnaire http://www.isa.gov.il/Download/IsaFile_7077.pdf

¹⁸ **A policy document** - is a document which shows the organization's vision and corporate strategy (it includes measurable targets) and the actions that will be taken to meet the strategy objectives within the short, medium and long term.

If yes, please attach the policy document.	Attached document	
If no – please explain why there is no such policy document	Text	
Is there a policy regarding the executive board meetings (and the General Assembly Meeting)?	Yes/No	
If yes, please attach the policy document.	Attached document	
If no – please explain why there is no such policy document	Text	
Is there an existing organizational policy regarding separate roles for the executive director /CEO and the chairman of the executive board?	Yes/No	
If yes, please attach the policy document.	Attached document	
If no – please explain why there is no such policy document	Text	
Ethics		
Does the organization have a code of ethics ¹⁹ ?	Yes/No	
If yes, please attach the policy document.	Attached document	
If no – please explain why there is no such policy document	Text	
Does the organization have procedures in place to prevent corruption and conflict of interest?	Yes/No	
If yes, please attach the relevant procedures	Attached document	
If no, please explain why there are no such procedures	Text	
Does the organization have an appointed ethical supervisor?	Yes/No	
If yes, please provide a contact person	Contact details	
If no, why is there no-one in charge of ethical supervision?	Text	
Section C		
Human Resources		
General Information		
What is the organizational structure? please include a brief description about the nature and the different types of workers	Attachment + text	
How many employees are employed by the organization?	Number	
What is the percentage of workers employed directly by the organization?	Percentage	
What is the employee turnover rate in the organization? Please details the turnover rates for each department on an annual basis.	please include an index + the percentage of annual turnover + text	
Describe the physical work environment? Please specify according to the distribution of workforce sectors (such as: offices, production line, etc.)	Text	
Salaries and Wages		

¹⁹An ethical code sets the guidelines that constitute the moral and normative standards that the organizational or professional community commits to in order to raise the organization's moral standards (from the Israeli international transparency site). <http://www.ti-israel.org/?CategoryID=86&ArticleID=260>).

What is the gross salary for the employee/s with the lowest salary in the organization?	Amount (NIS)	
What is the gross salary for the employee/s with the highest salary in the organization?	Amount (NIS)	
What is the median gross ²⁰ salary in the organization?	Amount (NIS)	
What is the organizational policy for salary increases?	Text	
Do the employees have social benefits beyond the legal requirements? (For example: provident funds, employee savings plan, health benefits, child benefits, etc.)	Yes / No	
If yes, please detail the employee benefits and which employees are granted these benefits.	Text	
How many sick days do the employees have?	Number/ text	
Are they allowed sick days for their children? If yes, please include the number of days allowed for each type of employee.	Number/ text	
Investment in Human Resources and Human Capital Development		
Does the organization have training, continuing education, personal development workshops and professional enrichment opportunities?	Yes / No	
If yes, please include the annual percentage of workers who participate.	Percent and text	
Is there an organizational policy for employee feedback and assessment processes?	Yes / No	
If yes, please attach the policy document	Attached document	
If no, please explain why there is no such policy document	Text	
Is there an organizational policy regarding work life balance? If yes, complete and attach the policy document	Attachment + text	
Contract Workers		
What is the percentage of contract workers employed in the organization (out of the total employees)?	Percentage	
Does the organization have a written policy regarding ensuring the legal rights of contract workers who provide services for the organization?	Yes/No	
If yes, complete and attach the policy document	Attached document	
If yes, does the organization conduct external evaluations to ensure the employers uphold their obligations towards the contracted companies?	Yes/No	
If no, please explain why there is no such policy document	Text	
What is the percentage of contract workers (out of total contract workers employed in the organization) hired as employees in the past year?	Percentage	

²⁰ The median gross monthly salary is a salary level where about 50% of the organization's employees earn less than this amount.

Workplace Diversity		
Is the organization a policy for the advancement of disadvantaged populations ²¹ in Israeli society?	Yes/No	
If yes, complete and attach the policy document	Attachment	
If no, please explain why there is no such policy document	Text	
Please answer the following questions for each population group: women, Arabs, ultra orthodox, people with disabilities, elderly (45+), Ethiopian		
What is the percentage of employees in each of these groups out of the total employees in the organization?	Percentage	
What is the percentage of employees for each of these groups that were hired by the organization during the reporting period?	Percentage	
What is the percentage of employees in each of these groups that hold management positions in the organization?	Percentage	
What is the percentage of employees in the organization from each of these groups are earning in the top fifth (20% upper) of high wage recipients?	Percentage	
Workers Union		
Is there an existing workers union within the organization?	Yes/No	
If no, explain why	Text	
If yes, what kind?	General Association/National Association/Democratic workers organization/other organization	
If yes, what percentage of workers is unionized?	Percentage	
Please provide the contact information for the workers union representative?	Contact information	
Reserve Soldiers		
Is the organizational policy regarding the treatment of male and female reserve soldiers and towards family members of those that serve in the reserve army?	Yes/No	
If yes, please attach the policy document.	Attachment	
If no, please explain why there is no such policy document	Text	
Prevention of Sexual Harassment		
Does the organization has regulations against sexual harassment and is there someone appointed to address this issue?	Yes/No	
If yes, please attach the regulations	Attachment	

²¹ Disadvantaged populations are those that are considered to have a lower socioeconomic status and are often socially excluded (within the Israeli labor market this category usually refers to women, Arabs, the Ultra-Orthodox, people with disabilities, the elderly(45+), and Ethiopian immigrants).

If yes, please include a contact person	Contact information	
If yes, please describe how the subject and the regulations are presented to all of the employees	Text	
If no, please explain why there is no such regulation	Text	
Section D		
Operational Dimensions		
Car Accidents		
How many vehicles are directly managed by the organization?	Number	
Is there an organizational policy regarding how many vehicles are directly managed by the organization? Is there a policy on how to deal with car accidents?	Yes/No	
If yes, please attach this policy	Attachment	
If no, please explain why there is no such policy	Text	
Are the employee's family members allowed to drive vehicles that are owned by the organization?	Yes/No	
How many traffic tickets were issued to those driving vehicles belonging to the organization during the reporting period?	Number	
How many car accidents have occurred involving vehicles belonging to the organization in the reporting period?	Number	
How many sick days were taken by employees who were injured in car accidents?	Number	
Does the organization conduct an employee training regarding traffic accidents?	Yes/ No	
If yes, please attach the training program.	Attachment	
If yes, what percentage of workers participated in the training during the reporting period?	Percentage	
If no, please explain why	Text	
Accessibility		
Is there an organizational policy document regarding the accessibility of its sites and services?	Yes/No	
If yes, please include this policy document	Attachment	
If no, please explain why there is no such policy document	Text	
Is there someone appointed to be the accessibility coordinator?	Yes/No	
If yes, please include the contact information	Contact information	
If no, please explain why there has not been an appointment for this role.	Text	
Section E		
External Relations		
Marketing and Advertising		

Is there an organizational policy regarding ethical advertising ²² ?	Yes/No	
If yes, please include the policy document	Attachment	
If no, please explain why there is no such policy document	Text	
Customer service and consumers relations		
Is there an organizational policy regarding transparent and accurate information for its products and services?	Yes/No	
If yes, please include the policy document	Attachment	
If no, please explain why there is no such policy document	Text	
Is the organization committed to evaluating the health impacts of its products and/or services and providing accurate information on this subject to consumers? Please explain	Yes/No + Text	
Does the organization publish information in a manner that is accessible to consumers (for example: phone numbers, email addresses, social media)?	Yes/No	
If yes, please describe the methods of communication used.	Text	
If no, please explain why	Text	
Political lobbying		
Is the organization operating on behalf of Israeli Knesset officials or other government institutions such as local councils, city councils, etc.?	Yes/No	
Is there an organizational policy document regarding how officials can act on behalf of various government institutions?	Yes/No	
If yes, please attach the policy document	Attachment	
If yes, please include a brief description regarding which issues or causes the officials may act on.	Yes/No	
Section F Procurement		
Supply Chain/ Fair Trade		
Is there an organizational policy regarding testing the product lifecycle (including testing the production processes, which raw materials are used (upgrading the supply chain) and what happens to the products after they are used?	Yes/No	
If yes, please attach the policy document.	Attachment	
If no, please explain why there is no such policy document	Text	
Does the organization perform independent testing to examine the work conditions for its suppliers and manufacturers?	Yes/No	

²² Ethical advertising guidelines and restrictions intend to cover consumer protection, prevention of advertising that is harmful or violates privacy, or publishes anything that is not true. For example, Article 88, the rules for advertising are according to the [Law of the Second Authority for Television and Radio PEI - 1980](#).

If yes - please describe the testing procedures, the frequency and key findings	Text	
If no - please explain why the organization does not have testing procedures.	Text	
Communication with suppliers		
What is the payment policy for all of suppliers?	Text	
Please describe: is there dialogue with suppliers, especially regarding changing the contracts terms?	Text	
Please describe: does the organization allocate the percentage of its current procurement to small businesses?	Yes/no + text	
Please describe: does the organization allocate a percentage of its current procurement to social businesses?	Yes/no + text	
Social investment/community donations		
Does the organization invest in companies that meet the organization's core business goals and the added value it brings (according to the strategic plan)?	Yes/no	
If yes, please attach the program	Attachment	
If no, please describe: does the organization invest in other companies and if so according to what method, and why is there no strategic plan?	Text	
When do the employees participate in volunteer work, whether it is counted as working hours or on employees own time? please include the total number of hours	Text+ Number	
Please describe whether the organization invests in funds and/or currency values?	Text	
Does the organization perform a measurement and assessment of the effectiveness and return on investment for social investment?	Yes/no	
If no, please explain why	text	
If yes - please describe the assessment process and how the results are implemented	text	
Section G Environmental Performance		
Environmental management		
Does the organization have an environmental policy?	Yes/no	
If yes, please attach the policy document	Attachment	
If no, please explain why there is no such policy document	Text	
Does the organization have an appointed environmental officer?	Yes/no	
If yes, please include the contact information	Contact information	
Does the organization follow an environmental management standard such as the ISO400 or the like?	Yes/no	
If yes, please attach the certification	Attached document	

General		
Does the organization have environmental initiatives to improve its production and products and/or initiatives to improve the environmental performance of its clients?	Yes/no	
If yes, please describe these initiatives including quantitative targets	Text	
Does the organization work on developing products and services that are environmentally friendly?	Yes/no	
If yes, please describe	Text	
Transportation		
Is there an organizational policy regarding the accessibility of the company's facilities by public transport?	Yes/No	
Is there an organizational policy encouraging alternative transportation? for example: encouraging shared rides, installing lockers and showers for those who commute by bicycle	Yes/No	
If yes, please attach the policy document	Attachment	
If no, please explain why there is no such policy document	Text	
How are raw materials and finished products transported? Is there an organizational policy for this issue? please describe	Yes/no +text	
If yes - please include the policy document.		
If no, please explain why there is no such policy document	Yes/no +text	
Have there been efforts to streamline the various forms of transport? please describe	Yes/no +text	
Energy		
What kind of energy sources ²³ are used by organization? Please explain your answer and if so - is there a policy for this issue?	Text	
Is the organization implementing energy efficiency programs?	Yes/no	
If yes, please include the policy document	Attachment	
If no, please explain why there is no such policy	Tex	
Carbon footprint		
Does the organization measure its carbon footprint? ²⁴	Yes/no	
If yes - what is the organization's carbon footprint for this reporting period? (To be calculated	Number of carbon dioxide equivalent -	

²³ This issue should be separated into primary energy sources (power plants, generators, etc.) and secondary power sources (power through electricity it is that produces the energy).

²⁴ A carbon footprint is the method for calculating the organization's contribution to global warming accounting for the amount of greenhouse gases that are released, which the organization is responsible for directly or indirectly.

according to the Ministry of Environmental Protection guidelines ²⁵ , include scope 1 + scope 2)	CO ₂ e	
If no, please explain why the organization does not measure this?	Text	
Water		
What is organization's total water consumption?	Amount in liters	
Does the organization's consumption impact the supply of natural water sources?	Yes/no	
If yes - please describe.	Text	
please explain your answer and if so - is there a policy for this issues? If so - please attach the policy document	Yes/no +attachment	
What types of water sources (desalination, recycled, etc.) are used in the organization?	Text	
How is water treated for its end users -are sewage effluents transported to sewage treatment systems? If no, where is it transferred to? please describe	Text	
Biodiversity		
Does the organization have an impact on biodiversity ²⁶ ?	Text	
Please explain your answer and if so- is there a policy regarding this issue? If yes, please attach the policy document	Text+ attachment	
Raw materials, waste, packaging, and the use of recycled materials		
Are there efforts being made to use recycled materials ²⁷ ?	Yes/no	
If yes, please elaborate is there an organizational policy regarding this issue? If so, please attach the policy document	Text+ attachment	
If no, please explain why there is no such policy?	Text	
What percentage of raw materials out of the total material inputs for the organization comes from recycled sources?	Percentage	
What is the policy regarding the treatment of the various types of waste produced by the organization? complete and attach the policy document	Attachment	
Does the organization have an initiative regarding toxic and dangerous substances ²⁸ ?	Yes/no	

²⁵ The following is the official page for carbon footprints on the Ministry of the Environmental Protection's website: <http://www.sviva.gov.il/subjectsEnv/ClimateChange/mitigation/GHG/Pages/default.aspx>

²⁶ Biodiversity includes all ecosystems on earth, where the abundance of species and the interactions between them, constitute the "operating system" of the planet. (From the Nature Protection Society website - <http://www.teva.org.il/migvan>)

²⁷For this purpose, the use of recycled material is refraining from using virgin raw materials, where this is not the first use of the material.

²⁸ According to the Law of Hazardous materials– 1993 - <http://www.sviva.gov.il/subjectsEnv/HazardousMaterials/Pages/default.aspx>

If yes, what is the policy for treating or disposing of these materials? Complete and attach this policy document.	Text+ attachment	
Are there efforts to reduce and minimize packaging?	Yes/no	
If yes, please elaborate is there an organizational policy regarding this issue? please attach this policy document	Text+ attachment	
If no, please explain why there is no such policy?	Text	
Treatment of Animals		
Does the company have a policy regarding the treatment of animals	Yes/no	
If yes - please include this policy document	Attachment	
If no, please explain why there is no such policy document		
Does the company conduct animal testing?	Yes/no	
If yes, please explain for purposes are these experiments conducted?	Text	
Does the company's current code of conduct also include the treatment of animals? (Animal transport, slaughter, etc.)	Yes/no	
If yes, please specify how animals are treated within the framework of the code of conduct	Text	

The guidelines presented in this report are based on the following sources:

- G3 Reporting Guidelines from the Global Reporting Initiative
- The Israeli appendix proposal for the G3 guidelines
- G4 Reporting guidelines from the Global Reporting Initiative
- Maalah's Questionnaire 2012

The Israeli Standard 10000 for Corporate Social Responsibility

Appendix C
Assurance Statement

I, _____ (Name) _____ (name) the undersigned, who is acting as _____ (job description of the quality assurance operation) in _____ (name of the company that employs or as an independent consultant) hereby declare that as part of my association with the company _____ (name of the reporting company) number VAT registration _____ (VAT registration number registered at the Companies Registry) I performed a process of quality assurance information reporting as part of this report.

As part of this quality assurance process I confirm that indeed the information reported is based on real data and actual company performance. I certify that I have the skills, knowledge and experience in the areas of corporate responsibility and environmental issues in order to perform this test at the proper level.

My remarks to the report are the following:

_____ (to be completed by the assurer)

Signed:

First Name _____

Last Name: _____

Date: _____

Signature (and stamp the case of a limited company): _____