

# Gazit Globe Sustainability Report

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

# 2019 / 2020





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# A Message from Our President

We are proud to present Gazit- Globe's Corporate Responsibility Report for the years 2019-2020. 2020 has been a most challenging year. The COVID-19 pandemic has had a major impact on our organization, our tenants, and the communities we serve. It changed our day-to-day life, with national governments responding worldwide setting rules and restrictions to limit the spread of the virus and to alleviate the increasing pressure on overstretched health systems.

Despite the global pandemic, we have managed to operate our business, fulfil all our commitments and keep our governance legacy uncompromised.

Gazit Globe remains dedicated to achieving its goals to establish, maintain and expand its position as a responsible corporate citizen across the regions and communities in which we operate. We are constantly pursuing to minimize the environmental impact of our activities, with particular emphasis on sustainability. Our assets 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 persistent effort to embrace the most exacting models of environmental performance through initiatives involving the implementation of Leadership in Energy and Designs ("LEED") protocols, while developing or renovating our assets. Energy efficient and environmentally certified buildings provide better-quality properties as well as benefit from lower operating costs and improved accessibility, including convenient access to mass public transportation and cyclists. Moreover, the introduction of in-place electric vehicle charging infrastructure enables us to lure electric vehicle owners, providing elevated customer flow, while supporting our communities by creating a more stable business environment relying on utilizing renewable energy resources.

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 seek to contribute to the communities in which we operate. Among other things, our commitment is demonstrated by our support of numerous NGOs that share our values including academic excellence, Health care and reducing social inequality. Our initiatives include assisting young people, as well as organizations, with activities related to health, education, welfare and culture. We also encourage and require our employees to take part in extensive and meaningful



volunteer work within the community. Through our Head Quarters in Israel, we were awarded in the leading Israeli ESG rating index

"Maala", a Platinum Plus ranking - the highest grade possible, for our corporate responsibility performances as a group for the years 2019-2020. These are the results of our ongoing efforts for optimal sustainable performance.

As we work towards our Gazit 2025 sustainability objectives, Gazit Globe is excited to recommit to ambitious environmental, social and operational goals to support its communities and meet the expectations of its stakeholders.

Sustainability is also a major factor in our growth plan for the company and our assets in the coming years, we believe that a denser city structure with services and everyday retail connected to public transportation is in line with creating sustainable communities.

- We have identified significant opportunities to add residential and office buildings including residential for rent to our centers, better utilizing the land and existing infrastructure. We are currently developing several of our assets turning them into mixed use properties and we intend to carry out this mixed-use development strategy throughout the coming years.
- We will offer more community-oriented services, both public and private such as healthcare, libraries, community centers, kindergartens etc. and combine this with residential, hotel and office use.

- All these developments will be directly connected to public transportation and will be environmentally certified.

With our vision for a more sustainable future of urban life and our comprehensive and diversified development approach, we believe Gazit Globe is creating long-term value not only for our stakeholders, but also for our communities. By curating places where businesses and people can thrive, we recognize the needs of the environment as well as our stakeholders for new technology, new practices, and above all, an eye for the long-term future of our 'Globe'. 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

Dealing with the crisis:  
COVID-19

In 2020, our industry faced the outbreak of the Covid-19 pandemic and faced the numerous challenges that came along with it. It has had a substantial impact on our business and our sustainability actions. It has shifted our immediate efforts towards securing the health and safety of our visitors, employees and tenants.

## COVID-19 Impacts:

Gazit has always enjoyed a relative advantage in times of crisis and even at the peak of the COVID-19 pandemic some 55% of the Group's GLA (Gross Leasable Area) remained open and continued to serve consumer needs and provide daily services.

Our diverse tenants include many essential businesses fulfilling "last-mile" needs for our local communities. These essential tenants include supermarkets, pharmacies, clinics, municipal institutions and other daily needs service providers.

Our shopping centers in Northern Europe were least affected by COVID-19, and did not close throughout the entire period of the pandemic. The neighborhood centers in Israel, most of which are in the Greater Tel Aviv Metropolitan area close to densely populated city centers, continued to serve our customers throughout the period, and worked according to regulations and government instruction.

Although 2020 shifted our immediate focus towards ensuring the safety and health of our people, we remain steadfastly committed to increasing our energy efficiency, decreasing carbon emissions, striving to engage with local communities, and supporting youth where we operate.

## COVID-19 Initiatives:

Gazit assets proved vital centers to communities in which we work, gather, and engage in commerce even in the face of severe lockdowns. The geographic diversification of the Group's portfolio also contributed to our ability to support local communities and maintain operational stability despite the pandemic.

All Gazit Globe operations kept our personnel, tenants and shopping centers safe throughout the year. Each of our subsidiaries provided hand sanitizer to tenants, visitors and staff, increased their focus on cleaning high traffic areas, and communicated with stakeholders about the importance of social distancing and the use of face masks.

While our own operations have been resilient to COVID-19, some of our neighbors struggled with health and financial need throughout the past year. In response, Gazit Globe operations worldwide were engaged in community outreach to the most vulnerable and in-need portions of our communities. Citycon sites organized delivery systems for items purchased at our centers, supported families and the elderly in many ways, and brought some safe and health-oriented fun through, for example, hosting outdoor drive-in movies at Citycon centers. Atrium supported local hospitals, nursing homes and medical workers with provision of PPE and in providing COVID-19 testing on site. Atrium also adapted many customer events, including language and cooking classes, online.

We have also placed significant emphasis on supporting our tenants during economically challenging circumstances, implementing an active asset management approach to secure lease prolongations while maximizing rent collection.

The pandemic helped drive the adoption of technology we believe will improve our stakeholder engagement work and build stronger relationships between us and our tenants. Although we developed the Atrium Connect software application in 2019, we have significantly accelerated deployment of the system during the shift to online engagement. Over the past year Atrium Connect has been rolled out to 14 of our assets where it is now used by 98% of the tenants on a daily basis. Atrium Connect has enabled us to connect directly to and maintain a regular dialogue with them.

The pandemic also further progressed the evolution of Atrium's relationships with its retail clients. This was especially focused on changes to leasing structures that allow many of Atrium's partners to better embrace changing consumer habits and e-commerce. Atrium's new leases now include click & collect, e-commerce and higher turnover rent components, allowing them to participate in the omnichannel retailing of our customers.







COVID-19 Takeaways

While the pandemic is not over, we remain optimistically engaged in our social and environmental sustainability work. We have seen that when lockdown restrictions ease, foot traffic in our stores rapidly returns and our community environment accompanies it. Our aspiration to lead our communities towards a more sustainable future will continue to guide our work post-COVID-19. Impacts, initiatives and key takeaways that came about during the COVID crisis:

Impacts, initiatives and key takeaways that came about during the COVID crisis:

Impacts

- Closing of centers
- Workers, Tenants and Visitors kept safe
- Operational expenditures reduced
- Less energy being used during lock-downs

Initiatives

- Maintained high cleanliness in centers and offices
- Created engagement with our employees to ensure their wellbeing
- Shifting to working from home wherever possibles

What Will Stay

- Sustainability remains good for business
- Maintaining good and open communication with employees
- Allowing for a more flexible work set-up, and enabling working from home



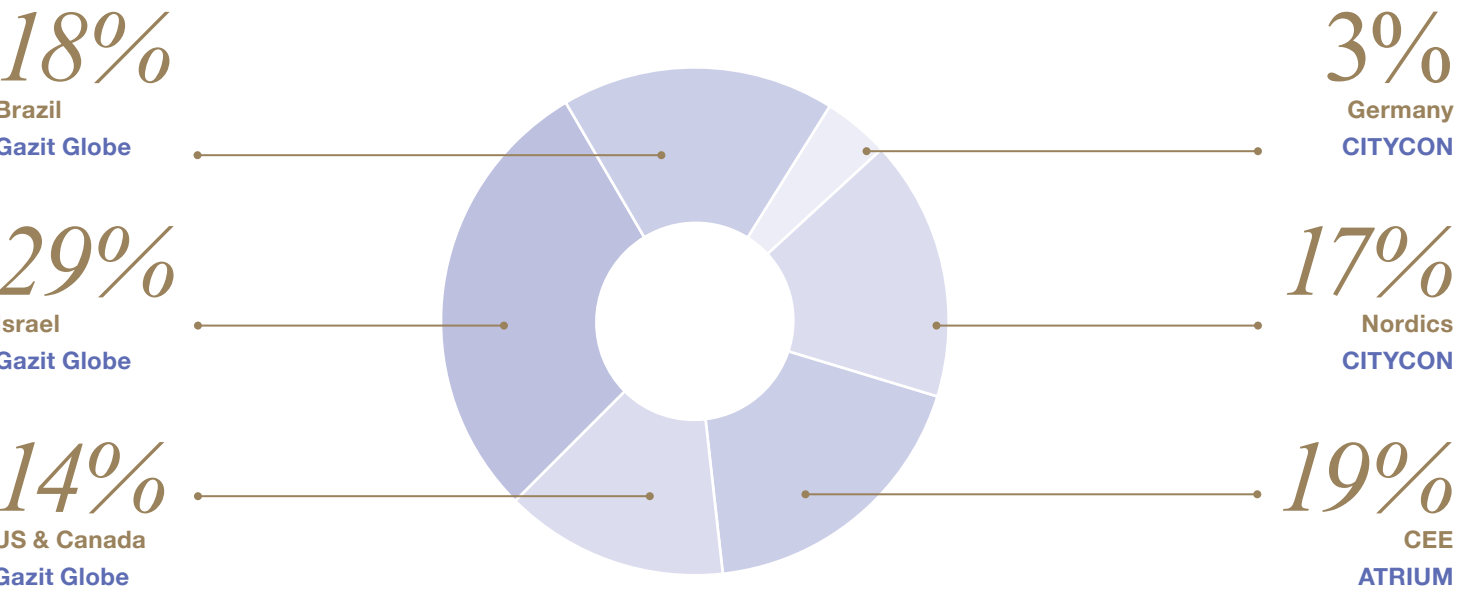


Global Presence

As of 31/12/2020



Listen on the Tel-Aviv Stock Exchange



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, located in urban growth markets. The company's headquarters are in Israel. As of December 31, 2020, Gazit Globe owns and operates 109 properties, with a gross leasable area of approximately 2.5 million square meters and a total value of approximately NIS 41 billion. 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. During 2020 the subsidiary Gazit Israel, merged into the Gazit Globe Group and is now called "Israel real estate division"

The Company's business is currently in two types of investments, and as part of its strategy, the Company usually operates to increase the share of private real estate activity (operations that are not owned through public companies):

- Wholly owned private companies, in which the Company implements its strategy exclusively, is responsible for financing their operations and is supervising their management.
- Public companies controlled by the Company which have a similar strategy, and in which the Company is the largest shareholder. This activity takes place through Citycon Oyj ("CTY") and through Atrium European Real Estate Limited ("ATR"). Both CTY and ATR are consolidated in the Company's financial statements and each constitute separate operating segments of the



Our Vision

Creating value for shareholders: We seek to maximize shareholder value over time by maintaining 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.



# Gazit 2025 – What We have Updated:

Spaces where people spend their leisure time play an important role in physical and psychological health. The real estate sector, and in the Gazit Globe, can ensure the well-being of our stakeholders, and from that gain a lot in return. Thriving tenants, customers and employees hold the key to making our business successful, and as such, sit at the core of it.

Our Sustainability Strategy sets long-term main objectives that will be implemented, as well as short-term strategic visions that have are helping us build a base and are set for 2025.

In this report we are proud to show the work we have begun to form a unified global corporate identity and structure our work plans and strategic actions to complement our diverse and synergistic international portfolio. Through a process of listening and engaging with our key stakeholders and looking within the company we decided moving forward, our new social and environmental initiatives will focus on three improvement areas:



G CITY - Rishon LeZion, Israel

## Green Building and Green Growth:

Gazit Globe is committed to pioneering the development of green buildings across our regions, spurring a new future of green growth by designing to achieve BREEAM, LEED, and Israel ILGBC certifications in our various subsidiaries and in Israel. To achieve our green growth goals, we are investing into renewable energy generation facilities on site and implementing electric vehicle charging infrastructure, at both Citycon and Gazit Israel. To improve the efficiency with which we use natural and generated resources, we will also implement LED lighting, “smart” building efficiency systems, advanced HVAC technology, water-conserving systems, and grid interactivity equipment (for energy storage and generation) into a number of our spaces globally.

## Local Social and Economic Development

To promote local social and economic development, we will continue to initiate additional impactful community initiatives, focus on hiring local people, and engage even more deeply in corporate philanthropy. Our focus will be on serving our tenants, visitors and local communities with quality access to health services, educational programs and social safety net resources.

## Responsible Procurement

To align our use of goods and services with the rest of our sustainability efforts, we are working to implement responsible procurement policies and procedures to ensure the majority of our suppliers adhere to our Supplier Code of Ethics and Responsible Procurement Policy in Israel.

## Our Global Vision

As Gazit Globe looks towards the future of socially and environmentally responsible real estate development, we have established ambitious goals for our global operations. Globally, our portfolio expansions will focus on residential rental properties and office space. In Europe, our primary focus will be to improve our existing portfolio properties to improve their environmental and social quality and profitability. We have taken the crisis of COVID-19 over the past year to “think outside the box” and develop capabilities for ESG innovation.

In recent years, Gazit Globe has executed multiple successful renewable energy projects within our properties in Israel and Europe. In Israel, Gazit Globe is now in the final stages of negotiations with a leading developer and operator of solar energy projects to establish a renewable energy platform to be operated within our operating countries.



Sustainability Key Figures at CityCon:



-73%

Greenhouse Gas Intensity  
from Baseline 2014



-15%

Energy Intensity  
from Baseline 2014



-74%

Climate Change impact  
from Baseline 2014



77%

BREEAM in-use Certified  
Shopping Centers Measured  
by Fair Value %



56%

Share of Shopping Center  
with Youth Cooperation  
Projects Held



388

Community  
Engagement Events  
Held



100%

Share of Shopping Centers  
Accessible by Public  
Transportation



4,374

Bicycle  
Parking Spaces



100%

Share of Renewable  
Electricity Used for Own  
Consumption

Sustainability Policies

At Atrium, we have formalized our sustainability policy by choosing to focus on three main pillars: Our Customers, Our Places and Our People. In Israel we are currently working on publishing our Sustainability Policy that will help guide all of our future endeavors. Through active management and investment, data collection and sharing of best practices we aim to control and minimize the environmental impact of our operations. At the same time we aim to further improve our relationships with all stakeholders.

Stakeholder Engagement

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 stakeholders include our shareholders, Board of Directors, subsidiaries, employees, bondholders, debtors, 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:

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 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 annual and quarterly conference calls in Hebrew 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. 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.

At CityCon, it is a priority for us to maintain cooperative relationships with local residents, tenants, municipalities and visitors in and around our shopping centers. We are committed

to highly ethical principles and we strive to offer carbon neutral, accessible, convenient and safe shopping centers to all of our visitors. We aim to continuously further explore ways of improving interaction and consider issues identified in dealings with stakeholders.



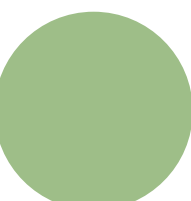
Gazit Globe - Materiality



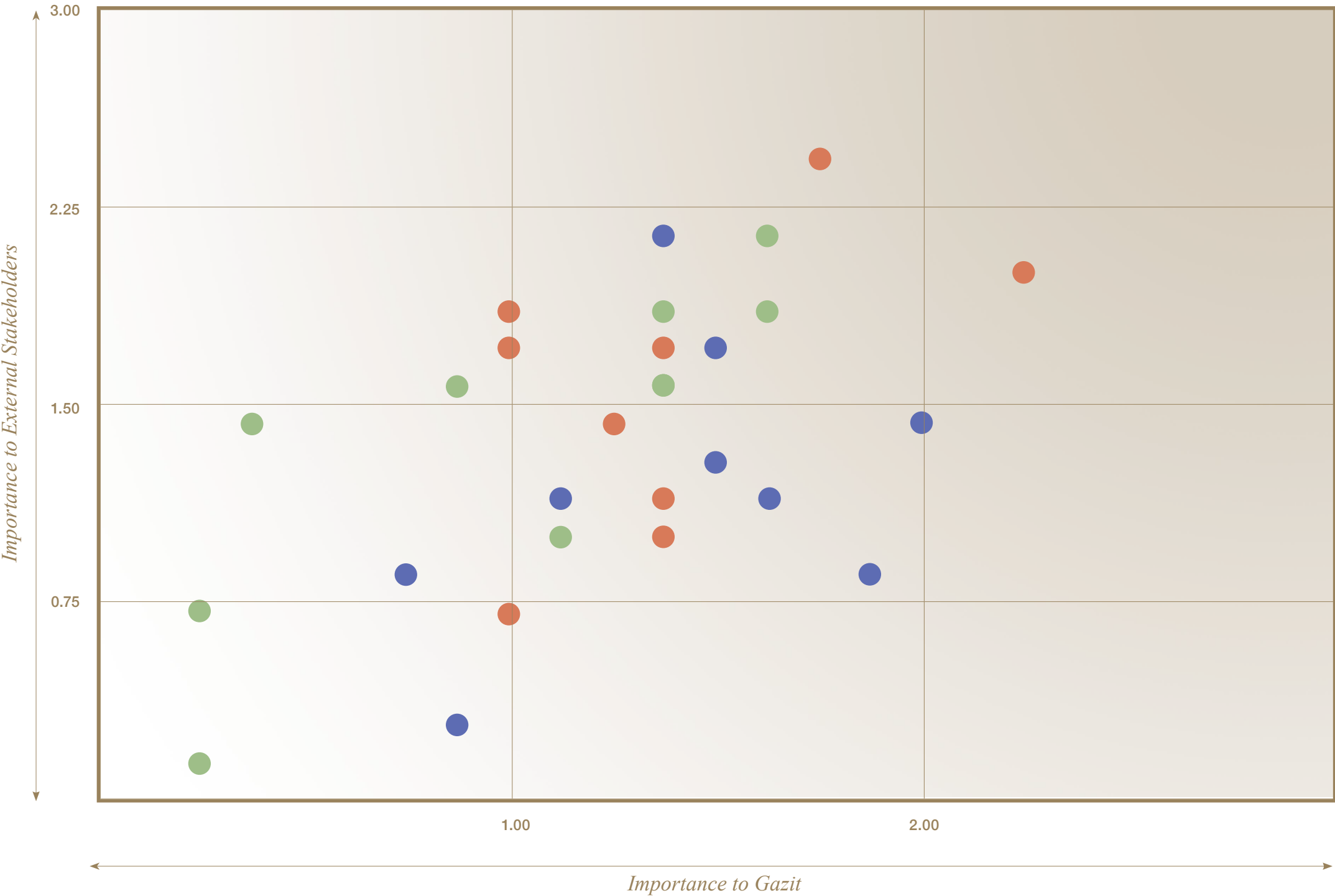
Economic and Governance



Social



Environment



Materiality

We began working to identify our material issues for 2019-2020 by conducting a materiality assessment. This process consisted of analyzing importance of topics to both internal and external stakeholders of the company.

The results of the materiality analysis, presented below, shows the relative correlation between matters of interest

to Gazit's external stakeholders and internal stakeholders in accordance with their significance to the Company's impacts on the one hand and our business strategy on the other. These issues – addressed in the scope of this report - reflect the significant economic, environmental and social impacts of the organization together with their degree of influence on the assessments. In order to conduct a full materiality analysis we considered the following: 1) Considerations identified during stakeholder surveys and interviews 2) Strategic policies 3) Risk

management program 4) Changes in internal and external operating environments (including trends) 5) Industry best practices and benchmarks 6) Framework of sustainable development 7) Principles regarding the scope of reporting. Through the steps previously mentioned, we prepared a materiality matrix that outlines the importance of different ESG topics to our stakeholders







From this materiality assessment, we recognized the following topics as material to Gazit and its operations:

- Health and Safety at work
- Community involvement
- Energy
- GHG emissions
- Business Ethics
- Corporate Governance
- Environmental Management
- Waste and Effluent Management
- Proper Working Conditions
- Stakeholder Engagement
- Training, Development and Retention of Employees
- Transparency, Accessibility of Data and
- Responsible Marketing

Applying Materiality to Sector Trends

As part of the research conducted to identify the material topics to Gazit, we identified key trends that have been determined as influential in the coming years in the real estate sector. Following the identification of material topics and leading sector trends, we have linked them together in order to better show how Gazit can create value, impact and to guide our approach to sustainability.

Trend	Material Topic	Value Creation	Disclosure
Climate Change	Energy	Resource Efficiency	GRI 302 Energy
	GHG emissions	Climate Resilience	GRI 305 Emissions
	Environmental Management	Resource Efficiency	GRI 103 Management Approach
	Waste and Effluent Management	Environmental Protection	GRI 303 Water and Effluents GRI 306 Waste
Enhancing Health and Well-Being	Health and Safety at Work	Health and Safety	GRI 403 Occupational Health and Safety
	Proper Working Conditions	Ensuring Employee Health and Well-Being	GRI 401 Employment
Social Change	Community Involvement	Social License to Operate	GRI 413 Local Communities
	Training, Development and Retention of Employees	Employee Engagement and Satisfaction	GRI 404 Training and Education
Growth in Pension Fund Capital	Corporate Governance	Responsible Governance	GRI 103 Management Approach
	Business Ethics	Respectable Functioning	GRI 102 Ethics and Integrity, Governance
	Transparency, Accessibility of Data and Responsible Marketing	Corporate Governance	GRI 417 Marketing and Labeling
Sustainable Growth and Investments	Stakeholder Engagement	Upholding Expectations	GRI 102 Stakeholder Engagement





# THE GLOBAL GOALS

## For Sustainable Development

### SDGs



The United Nations 2030 Agenda for Sustainable Development established 17 Sustainable Development Goals (SDGs) in 2015, setting into motion a coordinated effort “to end poverty, fight inequality and tackle climate change.” (GRESB 2020) Accepted by all 193 U.N. member states, the SDGs outline 169 target “indicators” (KPIs) and call upon all sectors of society to engage in achieving the objectives.

Real estate developers and managers play a critical role in helping the world achieve its Sustainable Development Goals. The real estate industry accounts for 50% of global wealth, 40% of primary global energy consumption and 1/3 of global

CO2 emissions. As such a driver of wealth, consumption and emissions, we have a responsibility to direct our investments, innovations, development and employees towards a more sustainable future.

Gazit Globe has identified 4 Priority Sustainable Development Goals (SDGs) that reflect our group’s commitment to the United Nation’s 2030 Agenda for Sustainable Development and relate to the areas where we believe Gazit Globe can have a meaningful impact.



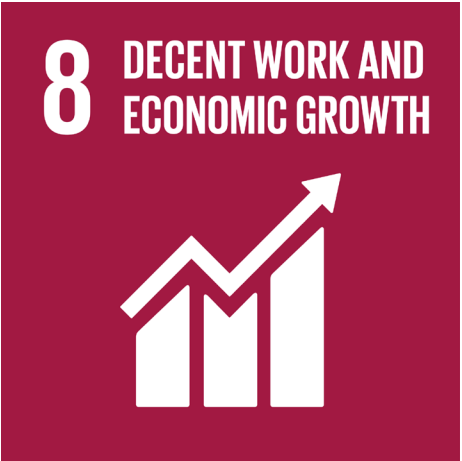
Our Priority SDGs

While the pandemic is not over, we remain optimistically engaged in our social and environmental sustainability work. We have seen that when lockdown restrictions ease, foot traffic in our stores rapidly returns and our community environment accompanies it. Our aspiration to lead our communities towards a more sustainable future will continue to guide our work post-COVID-19. Impacts, initiatives and key takeaways that came about during the COVID crisis:



5: Gender Equality and Women’s Empowerment

Impact: Gazit Globe is committed to supporting and empowering women to reach leadership roles within the group. In 2020, 54% of Citycon’s management committee was women and 58% of managers were women, with an overall average gender balance of 58% men, 42% women across Citycon. At Atrium in 2020, group executive management was 16% women, 49% of managers were women and overall gender balance was 66% women. Future: Gazit Globe is deeply invested in continuing to increase gender equality in both representation across all roles and in eliminating the gender pay gap. By working towards a more welcoming and equal workplace for women, we are helping our communities progress towards the U.N.’s Sustainable Development vision.



8: Decent Work and Economic Growth

Impact: Gazit Globe prioritizes the advancement, health, safety and prosperity of its employees. We support our global team with extensive and continuous skill development and professional education opportunities, ensure safe and healthy working conditions (especially during the COVID-19 pandemic), and pay competitive wages to all employees. Future: COVID-19 has brought about large shifts in the nature of our administrative and development work, and Gazit Globe and its subsidiaries have provided employees with unprecedented flexibility in determining their work schedules, locations, and formats while investing deeply into ensuring team well-being and mental health. These changes are here to stay, and while we have begun shifting many of our professionals back into the office in 2021, the flexibility we implemented in 2020 is here to stay. Moving past the COVID-19 pandemic and preparing for an increasingly automated and streamlined future of real estate management, Gazit Globe has already made significant investments into hygiene, safety, and process acceleration technologies and infrastructure throughout its portfolio and will continue to invest in tools to make our employee’s work easier, safer, more efficient, and more fulfilling.TBD



9: Industry, Innovation and Infrastructure

Impact: Gazit Globe is an active adopter of new technologies, innovative systems, and creative models for growth TBD. We also serve as an engine for infrastructure development through our local government partnerships and collaborations with municipalities, in our subsidiaries in Europe, to link our properties with major transit and green mobility infrastructure. Future: As we continue to grow, develop new projects, and add new real estate under our group, we are looking forward to including green buildings into our future. This is also shown by the various green certifications for our buildings, that include also infrastructure that supports a greener and more inclusive future.



11: Sustainable Cities and Communities

Impact: Our infrastructure initiatives are directed towards helping our communities realize a new vision of urban sustainability. We to make our facilities of Citycon and Atrium accessible by public transport, cycling and electric vehicles, and invest directly into our local communities and renewable energy sources to create a healthier Globe and a more stable business environment. Future: Our first urban mixed-use infill development strategy project at the Lippulavia site in Espoo, Finland will connect eight residential towers with a shopping center, public services office, kindergarten, metro and bus stations, and 100% green energy generation capability. We look forward to pioneering more innovative developments like Lippulavia in the coming years.





# Memberships of Association

## Membership of associations:



GRI  
Community Mark



EPRA

EPRA  
European Public  
Real Estate Association



לשכת מסחר ישראל-אמריקה  
ISRAEL - AMERICA  
Chamber of Commerce

Israel - America  
Chamber Of Commerce



Israel - Canada  
Chamber Of Commerce



REALpac  
Real Property Association  
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

## Awards



GRESB 2020



EPRA sBPR GOLD



02



Social Performance



Section 02

# Social Performance

## The importance of our centers, tenants, customers and employees

Customers have been a key part in our joint effort to prevent the spread of COVID-19 and to manage the global crisis.

Thriving tenants are the very core of Citycon's business and cooperating with our tenants is key for making our shopping centers convenient and safe. Our tenants also play an important role in keeping our centers energy efficient and our recycling rates at a high level.

We maintain an active and open dialogue with our tenants. During the pandemic, the health and security of people working and shopping at our centers has been top priority for us.

CityCon Convenient and safe: Visitors, customers and personnel all feel right at home.

Target 2020	Status 2020
Safety standard for our business: play a proactive role to establish an industry standard certification on safety and security	Target achieved SAFE Shopping centers have created the Safe retail destination certificate in cooperation with Citycon. 7 of our centers are certified safe retail destinations.
Youth cooperation: Testing different cooperation and involvement projects, spreading best practices. All assets will have youth involvement activities in place	Target partially achieved • 56% of Shopping centers had youth involvement projects. Due to COVID, all projects that require physical presence has been minimized during 2020.
Volunteering: Each Citycon employee can use one work day per year for voluntary work in our shopping centres.	Target achieved. All employees can use one work day per year for voluntary work under the concept "Charity day".





03



Our People



Section 03

# Our People

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 short and long term 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.

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.

## Employment Diversity and Equal Opportunity

Highlight: In Atrium, by the end of 2020 66% of our 377 employees were female, and 49% of our managerial positions are filled by women.

We are committed to promoting diversity, and believe it is an essential part of building a strong culture with our associates. These are the people who live our values, and we believe that the more diverse the team, the more they will help us reaching goals and business targets.

We have always been a company with a strong female presence, and this continues to show throughout all our operations, locations and subsidiaries. A strong balance in our female to male ratios forms a solid basis for the company's future diversity and depth of expertise. 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 or when they occur.

## Safety and Health at Work

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. This year has posed new challenges due to COVID-19 regarding the need for safe and secure centers for our employees.

At the start of the COVID-19 crisis, we put into effect crisis management teams and crisis protocols for all organization levels at our subsidiaries all over the globe, and in Israel. To safeguard people's health and safety, all shopping centers



and offices were provided with the required hygienic supplies instructions that were constantly updated and communicated in accordance to the local government of each location.

Office workspaces were adjusted to comply with the local physical distance regulations. As a result, employees were requested to work in teams in a rotating schedule, creating more workspace for employees and preventing the risk of possible infection of other colleagues and by doing so, safeguarding business continuity. Furthermore, Atrium is very much aware of the mental effects of working from home for extended periods of time. Besides helping where we could

and having implemented structured team and one-on-one meetings throughout the company, we found it very important to also continue to connect socially online and to offer online entertainment for employees and family members. Virtual coffee breaks, online kindergarten, and constant check-ins to ensure the mental health of our employees was of top-priority.





## Training, Development and Retention

Gazit invests heavily in job training and career development in order to enhance and develop employees' skills, motivation, and ethical behavior while encouraging positive attitudes. We strive to support long term self-development and increase the skill levels of all our employees 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.

For both of our subsidiaries, Citycon and Atrium, investing in training for new hires and developing existing employees, especially in the everchanging retail and technological environment, remains a key focus. At CityCon, new hires go through an excellent onboarding program to secure solid and safe on-the-job learning. We believe that the first year for a new hire should be focused on learning on the job and getting to know the company, which motivates our continued investment in development programs. Our guiding development principle is the 70-20-10 model, which states that 70% of learning happens through the job experience itself, 20% of learning comes from interactions with colleagues, and the remaining 10% can be attributed to external trainings such as traditional classroom training, virtual seminars, and professional networking. Citycon has a strong value-based performance culture, which helps our associates feel proud of their work and accomplishments.

We promote internal mobility and, celebrate having associates moving into new positions, across functions and even across country borders. We promote internal moves and like to see critical roles to be filled from within. In fact, Citycon is so intent to support our associates to further grow in their roles the company that we sponsor programs such as “License to Lead” for our new managers and offer the “Ambassador program” for our senior professionals. The aim of these development programs is to give associates the opportunity to develop themselves as both professionals and leaders.

All associates take part in the annual Performance management process (The CODE process) with Objective-setting taking place in Q1, and review discussions held in Q3 with immediate manager. As a part of these discussions, employees review their development needs together with their manager and agree on a development plan. These actions might include job learning, internal or external training, job rotation, participation in a project, benchmarking, mentoring, coaching, etc. We believe that the best results are achieved through individual development plans and we encourage our associates to proactively discuss with their manager what kind of development actions would benefit them best.

Our development philosophy is similar at Atrium, where close to 9,000 training hours were provided during 2020 to develop our employees. With the arrival of the COVID-19 pandemic, there was a clear shift from individual physical training formats to virtual group training. We introduced an online learning and development program, consisting of courses and webinars, mainly focused around the effects of COVID-19 on people's resilience, dealing with working from home, motivation, and virtual communication. By the end of 2020, 50% of our employees had attended one or more of the online courses and webinars we offered.

On Gazit level, all of our employees (including employees of our private subs) have an annual training in various matters, focusing mainly on our code of ethics, sexual harassment, cyber security, anti corruption and bribery, and securities regulation.



## Employee performance reviews

*100% of the employees get employee feedback every year and within that, in order to improve the process*

### Commitment:

- In 2022 we will digitalize the processes of employee engagement and feedback all across the company to ensure that we can efficiently compare and implement results.

Throughout our main office and across our subsidiaries, Gazit is committed to ensuring mutual accountability and satisfaction with employees. Through comprehensive and personal performance management, communication of best practices, and engagement with reward structures, we support employees in being optimally productive, professionally recognized and financially supported. We believe that the best results are achieved through individual development plans and we encourage our employees to proactively discuss with their manager what kind of development actions would benefit them best.

Working with each employee to conduct an annual performance appraisal, Gazit managers establish a shared understanding of expectations and benchmark employee performance and satisfaction against standardized KPIs. Alongside detailed personal feedback on performance for the previous year, each employee is also eligible for financial rewards (bonuses) to recognize their excellence. Managers and employees also work together to establish short- and long-term goals and a tailored performance development plan.

In 2020, Gazit has begun experimenting with an employee engagement survey for Atrium (our Central and Eastern European subsidiary) employees to improve three employee traits: leadership, agility, and talent focus. With a 94% response rate, the survey examined these three categories through 24 questions. Employees scored 63% for positive engagement, which according to survey provider Kincentric is a "very solid" initial result compared to geographically proximate competitors. In 2021, we are working towards implementing learnings from these initial surveys to improve employee leadership, agility, and talent capabilities.

At CityCon, all associates take part in the annual Performance management process (The CODE process) with Objective-

setting taking place in Q1, and review discussions held in Q3 with immediate manager. As a part of these discussions, employees review their development needs together with their manager and agree on a development plan. These actions might include job learning, internal or external training, job rotation, participation in a project, benchmarking, mentoring, coaching, etc.

## Human Rights

Respecting and protecting human rights is one of the core values at Gazit Globe Group, including subsidiaries Atrium and Citycon. 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, including fair wages, rest times, annual leave, convalescence, etc. We denounce and strongly oppose any forms of forced labor and unlawful employment of underage minors. Throughout our years of operation, there has never been a single complaint, investigation or action pertaining to forced, compulsory, or child labor at Gazit Globe Group.

Similarly, Citycon respects and supports internationally acknowledged human rights as expressed in the United Nations Universal Declaration of Human Rights and the basic labour rights stated in the ILO Declaration on Fundamental Principles and Rights at Work. Citycon will not employ forced labour or child labour and respects our employees' right to join and form trade unions. Furthermore, Citycon stands strongly against harassment and discrimination. Citycon personnel are instructed to report all work-related accidents and injuries, unsafe equipment, practices or conditions as well as any potential discrimination and harassment without delay.

Atrium also upholds fundamental principles of human rights. As a company listed on the Vienna Stock Exchange, Atrium complies with the Austrian Code of Corporate Governance, including the code's statements on human rights.





04



Our Customers



Section 04

# Our Customers

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

## Ensuring Satisfaction, Safety and Quality

The COVID-19 pandemic and subsequent crisis highlighted the importance of creating spaces that are convenient and safe. During the pandemic, the health and security of people shopping at our centers has been top priority for us. Understanding our customers’ needs Understanding and engaging with our shopping center customers is crucial to our business. Through tailored surveys, we are able to measure the quality of our properties. the services we provide and how those are valued by the local community. In 2019, Atrium once again conducted these surveys for 21 centers, receiving input from over 13,000 customers, which identified essential data points that are valuable for further improving the services and quality of the properties. In 2019, our marketing teams were very active in organizing events to forge stronger relationships with the communities surrounding our centers, with over 700 events organized to help increase numbers.

### Citycon Sustainability Awards

We strive to support and engage with our tenants in our efforts to operate our shopping centers in a sustainable fashion. In 2019, we launched the Citycon Sustainability Awards. The award is given to a tenant, service provider, or cooperation partner that through their actions has excelled in supporting and promoting sustainability in our shopping centers.







Our Visitors

Accessibility

100% of CityCon shopping centers are accessible by public transportation.

CityCon: Accesible – Encouraging Green Transportation

Target 2020	Status 2020
Enabling EV uptake: All assets will offer electrical vehicle charging possibility for cars and bikes	Target partially achieved Significant increase in amounts of chargers in our centers. <ul style="list-style-type: none"><li>• 71% of centers have EV charging.</li><li>• EV charger amount increased 47% since 2019.</li></ul>
Bicycling: All assets will promote cycling, with different methods tested and the best practices spread across all sites.	Target partially achieved <ul style="list-style-type: none"><li>• 88% of Shopping centers have dedicated bicycle parking spaces. Bicycle parking space amount increased 23% since 2019</li><li>• Tested solutions for e-bike charging</li></ul>
Public transport: Public transport options will be proactively developed together with local stakeholders.	Target achieved Public transport is a key criterion for all development projects. • 100% of Centers accessible by public transport.
Rail transport: Citycon will focus on shopping centers connected to rail transport.	Target achieved All development projects are connected to rail transport.

Being connected to public transport is an integral part not only of our sustainability strategy, but also our overall strategy. All of our shopping centers are connected to public transport and our aim is to make our shopping centers integrate seamlessly with the transport systems of the cities in which we operate. All Citycon’s ongoing and planned development projects are situated in locations that already are or will become public transport hubs. The aim is to increase and ease the use of public transport, bicycles or visiting our centres by foot. To best serve consumers, we focus on creating a consumer

friendly and safe environment, a diverse shopping experience, and easy accessibility for disadvantaged populations During the year, the Covid-19 pandemic has affected the opening hours and areas accessible to the public in our shopping centers in different countries in different ways.



# 05

Gazit in Our Community



## Section 05

# Gazit in Our Community

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.

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.

At Atrium We take our role in our communities very seriously and this year refocused our efforts on helping them deal with the pressing issues related to the pandemic, by supporting local hospitals, nursing homes and medical workers with provision of PPE and testing programs. At Citycon, we also adapted the more enjoyable elements of our community program by taking many of our customer events, including language and cooking classes, online.

### Social Investment Policy

As part of Gazit Globe's vision, 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 of organizations and initiatives related generally to health, education, and welfare.

The main area in which we seek to contribute is education, with a particular emphasis on achievement, leadership, and social responsibility. We believe that education is a fundamental and essential element to bringing about change and reduce social and economic inequalities.

We are proud that our activities have been recognized by the Maala Organization for Social Responsibility, Israel's leading advocate for corporate citizenship and values. Maala has awarded our company with its highest 'Platinum+' ranking for the past nine years. We are also making sure that the company is controlled and directed based on the highest standards of corporate governance.





## Contributions to Our Communities

*The total contributions  
of the **Gazit Globe** in  
2020 amounted to NIS  
4.0 million*

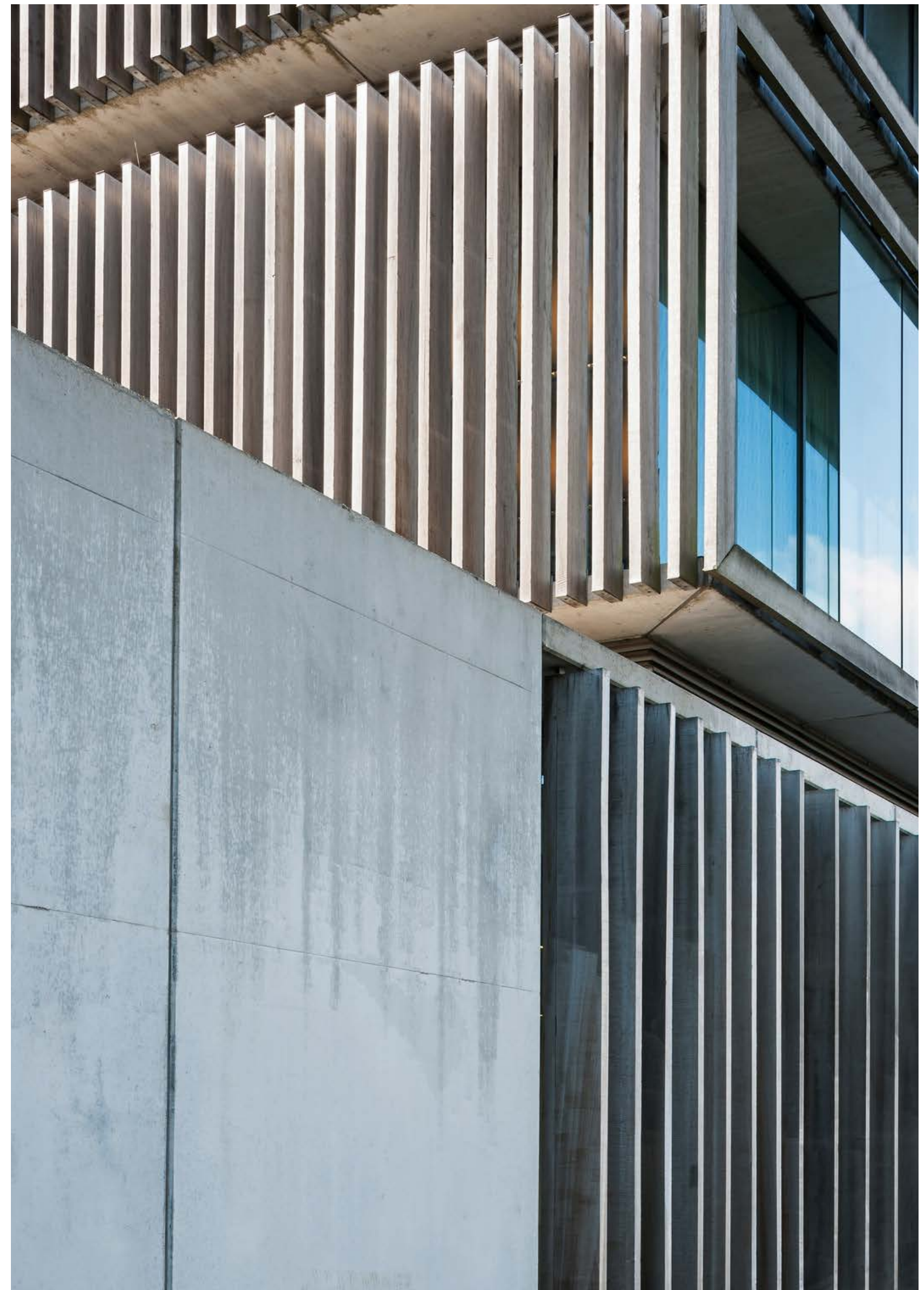
The Company considers itself committed to assisting the communities in which it operates, in accordance with the social investment policy approved by its management. In 2020, the Group contributed to various educational, welfare, health and cultural entities in the different countries in which it operates. The majority of the social investments in Israel were directed to education.

Donations and Volunteering Above and beyond our business activities, we believe 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 actively seeks to contribute to the communities in which it operates. We provide 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. In the Reporting Period, it continued supporting social organizations, including the Jaffa Institute and Larger than Life which Mr. Chaim Katzman, founder and CEO of the Company, serves as Global President. 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 Jaffa institute and other programs.

Supporting the South initiative – 2020 was the tenth operating year of the initiative. During this year, the Company invested NIS 2.2 million (NIS 2.4 million in 2019) in education projects in the cities Kiryat Malakhi and Yeruham, 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.

The Gazit-Globe Real Estate Institute – The Company has established and supports a real estate research institute at the Interdisciplinary Center (IDC) Herzliya, Israel. In 2020, the third class specializing in real estate completed their MBA program, the fourth class completed their first year of studies and the fifth class started its studies. The institute also ran a real estate management and financing course. This year, the institute held online events and continued publishing a quarterly index of housing prices. 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





# 06



Economic Performance



## Section 06

# Economic Performance

With over a hundred shopping centers visited by millions of consumers, our businesses affect not only our stakeholders but also communities worldwide. Gazit Globe Group strives to be a business leader in its areas of activity. 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 Impacts

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 Gazit Globe wishes to cut back its operations. As part of its strategy, we operate 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 2019 and 2020 annual reports.

## Indirect Economic Impacts

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. At Citycon, the purchases related to property maintenance totaled EUR 158.1 million in 2020. Which had direct contributions to local suppliers as services related to property maintenance always require the use of local employees. Additionally, 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



07





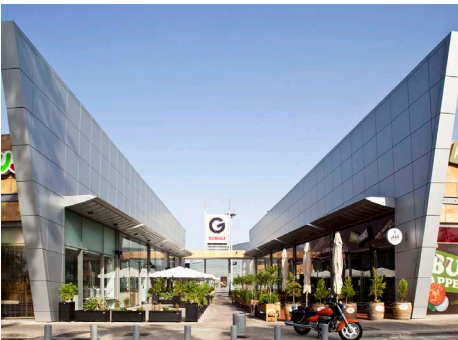
Section 07

Environmental Performance



MARKET PLACE - Boston, US

• *All Atrium core assets should received BREEAM certification by the 2021 year end, and all Citycon assets are inline to be certified by 2022.*



G KFAR SABA - Israel

• *Future goals: Implement an environmental policy at Gazit Israel by 2021*

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



ATRIUM TARGOWEK - Warsaw, Poland

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. 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.

Gazit Israel is proud to be reporting this year on various environmental aspects, including the company's carbon

footprint. As such, 2020 has been defined as the base year for environmental data collection in Israel and will allow us a platform of which to jump off to show future efficiencies and improvements, implement goals and KPIs, and keep in line with our commitments.

To assist in enforcing and show our commitment to environmental aspects, two years ago we defined the position of national operations manager in Israel. The manager oversees many environmental aspects, among them all activities and operations relating to energy.





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.

Gazit Israel:

Within our locations in Israel, we are working on projects that would provide improved energy efficiencies and financial savings. Operating in a country benefiting from the most powerful energy source, the sun, we understood the potential and the impact this may have on our operations. As such, in 2020 we initiated the installation process of solar panel on the roof tops of the majority of our centers in Israel. We have thus far invested approximately NIS 12 million in this project, with the knowledge this investment would return itself both financially and in environmental prosperity.

Atrium:

Atrium Reduta and Atrium Copernicus. As part of ongoing improvements we decided to replace the lighting in different areas of these centers, such as car parking, arcades and toilets, with over 1.600 LED’s. A major investment that will pay for itself within just a few years because of its significant impact on energy costs. The new lamps are covered by a 5-year manufacturer’s warranty and their brightness is better than the old lights even though they require less power. Energy consumption drops, as well as our carbon footprint.

CityCon:

Citycon’s target is to become carbon neutral by 2030. This means that by 2030 we will have no direct carbon emissions from our own assets and all our purchased energy will be carbon neutral. We aim to achieve this target by energy efficiency measures, increasing our own renewable energy production, cooperating with our tenants for energy conservation and by increasing the share of carbon neutral energy purchased. In 2020, 100% of the electricity bought for own use was green.



Waste

Preserving the environment, as well as the health and wellbeing of our employees and visitors are the main drivers in managing waste and ensuring proper dealings. 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. Property and waste management at Gazit Israel, Citycon and Atrium are organized in accordance with country-specific waste legislation and other local regulations.

Citycon:

The recycling rate in our shopping centers were at 99% in both 2019 and 2020. That being said, the total amount of waste generated in our shopping centers decreased by 9.6% between 2019 and 2020. These improvements and great performance are due in large part to long-term cooperation between our various stakeholders, and with the providing guidelines, online trainings and hands-on advice. In 2020, we provided recycling training for our tenants in 8 shopping centers in Finland and Estonia, 12 centers in Norway and 2 Swedish centers.

Atrium:

According to our BREEAM certifications, we received a score of 100% for our waste management. We accredit this to our modern and state of the art waste sorting facility that is located on-site and allows for the sorting of four waste streams. In 2019 and 2020, more than 35% of our waste was recycled, reused or composted.

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:

Rainwater tank technology at Atrium Flora. With climate change bringing drought and heat waves to previously mild climate areas, responsible and innovative use of water has become a more pressing issue. At Atrium Flora, a rainwater tank and harvesting system were installed in 2019 which are projected to save 8% of total water consumption from the grid. Harvested water is used as process water for irrigation and flushing toilets. This measure is calculated to save €13.000 a year in water costs which translates into a six year return on investment period. The project is planned to be extended in 2020 and the following years with the aim to cover around 20% of water consumption

we have reduced water consumption through installation of water efficient fixtures such as water sensors in public restrooms. The center has two sedimentation tanks where all rainwater is stored from the roofs and car parking areas – the water evaporates into the atmosphere and the sediment remains in the tanks. To support local natural habitats, we have introduced four insect boxes and five bee hives.



08

Corporate Governance



## Section 08

# Corporate Governance

## Board of Directors

Our Board of Directors writes Company strategy and supervises its performance, business functions and operations. During 2019, the Board held 21 meetings, the Audit, Financial and Remuneration Committee conducted 14 meetings, the Investment Committee held 3 meetings, the Nomination Committee and the Corporate Governance Committee met once. In 2020, the Board met 28 times, the Audit, Financial Statements and Remuneration Committee met 21 times, the Nomination and the Corporate Governance Committee held 2 meetings, the Investment Committee met 4 times. 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.

At Atrium, the Board of Directors is responsible for all matters related to sustainability and reviews and endorses the Company's sustainability strategy, reporting and planned initiatives on an annual basis. The day to day governance and implementation lies with a Sustainability Committee. This committee is responsible for defining the sustainability strategy, seeing long term targets and monitoring company-wide environmental and social performance. Senior management and various departments are represented in this committee sending a clear message about our commitment to manage and lead our sustainability agenda.

## Business Ethics

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. 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. 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 or the Code of Ethics. 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.

### CityCon:

Citycon strives to maintain a transparent business climate and high business ethics. Citycon's Code of Conduct reinforces the company's values and lays the foundation for its business operations, guiding it to act CASE both ethically and responsibly. The Code also expresses the continuous desire to be a reliable partner. The Code of Conduct governs all of Citycon's business decisions and actions and applies to every employee and executive (including employees of our subsidiaries and joint ventures, over which Citycon has management control).

## Risks and Opportunities

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.





# 09

About This Report





Section 09

# About This Report



G ROTCHILD - Rishon Lezion, Israel

## Report scope and reporting limits

Changes that took place:

Israel: Our urban properties portfolio in Israel demonstrated stability during the COVID-19 pandemic and its occupancy rate amounted to 97.7%. The portfolio contains 60% open air complexes and is located in areas with high socioeconomic demographic levels and with a high degree of access to public transport. This leads to extremely high demand for our quality properties. Despite the crisis, 182 new lease agreements were signed in Israel during the year, including option renewals over a total area of 31,000 sqm with rental rates 1% higher than the in-place, expiring contracts. During 2020, we commenced occupancy upon the completion of the development project for our new property in the Kochav Hatzafon (North Star) neighborhood in Tel Aviv, covering an area of 2,300 sqm, and we completed expansion of the G City property in Rishon Lezion, adding 13,500 sqm, and increasing the asset’s NOI by NIS ~22 million per annum



RAV HEN CINEMA - Tel Aviv, Israel



# GRI Index

Disclosure Source - Sustainability Report

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	102-3	Location of organization's headquarters	7
	102-4	Location of operations: Number of countries where the organization operates, and names of countries where it has significant operations and/or that are relevant to the topics covered in the report	7
	102-5	Nature of ownership and legal form	7
	102-6	Markets served, including geographic breakdown, sectors served, and types of customers/beneficiaries	7
	102-7	Scale of the reporting organization	7
	102-8	Total number of employees by employment contract (permanent and temporary) by region; Total number of employees by employment type (full-time and part-time) by gender; Whether a significant portion of the organization's activities are performed by workers who are not employees; Any significant variations in the numbers reported above (such as seasonal variations)	GRI Index
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	102-13	Memberships in industry or other associations, and national or international advocacy organizations	14
Strategy	102-14	Statement from the most senior decision-maker of the organization	2
	102-15	Description of key impacts, risks, and opportunities Key impacts, risks, and opportunities	33
Ethics and Integrity	102-16	Describe the organization's values, principles, standards and norms of behavior	12
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Stakeholder Engagement	102-40	List of stakeholder groups engaged by the organization	9
	102-42	Basis for identification and selection of stakeholders with whom to engage	9
	102-43	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	9
	102-44	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	9
Reporting Practice	102-46	Process for defining report content and topic boundaries; explain how the organization has implemented the Reporting Principles for defining report content	10

Section?	GRI Indicator	Description	Page
Reporting Practice	102-47	List the material topics identified in the process for defining report content	10
	102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries	10
	102-50	Reporting period for information provided	36
	102-51	Date of most recent previous report	7
	102-52	Reporting cycle (annual, biennial, etc.)	7
	102-53	Contact point for questions regarding the report or its contents	36
	102-54	Report the "in accordance" option	36
Economic Performance 2016	102-55	The GRI content index	38
	201-1	Direct economic value generated and distributed	28
Market Presence 2016	201-3	Defined benefit plan obligations and other retirement plans	17
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	GRI Index
Indirect Economic Impacts 2016	202-2	Proportion of senior management hired from the local community	GRI Index
	203-1	Infrastructure investments and services supported	28
Procurement Practices 2016	203-2	Significant indirect economic impacts, including the extent of impacts	28
	204-1	Proportion of spending on local suppliers	28
Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	33
Tax 2019	207-1	Approach to tax	28
	207-2	Tax governance, control, and risk management	28
	207-3	Stakeholder engagement and management of concerns related to tax	28
Energy 2016	302-1	Energy consumption within the organization	Pg. 30 GRI Index
	302-3	Energy intensity	GRI Index
	302-4	Reduction of energy consumption	Pg. 30 GRI Index
Water and Effluents 2018	303-1	Interactions with water as a shared resource	Pg. 30 GRI Index
	303-2	Management of water discharge-related impacts	30
	303-3	Water withdrawal	Pg. 30 GRI Index
	303-4	Water discharge	30
	303-5	Water consumption	30
Emissions 2016	305-1	Direct (Scope 1) GHG emissions	GRI Index
	305-2	Energy indirect (Scope 2) greenhouse gas emissions	GRI Index
	305-3	Other indirect (Scope 3) greenhouse gas emissions	GRI Index
	305-4	GHG emissions intensity	GRI Index
	305-5	Reduction of GHG emissions	GRI Index
Waste 2020	306-1	Waste generation and significant waste-related impacts	Pg. 31 GRI Index
	306-2	Management of significant waste-related impacts	Pg. 31 GRI Index
	306-3	Waste generated	Pg. 31 GRI Index
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	19
2016 Occupational Health and Safety 2018	403-1	Occupational health and safety management system	17
	403-6	Promotion of worker health	17
Training and Education 2016	404-1	Water discharge by quality and destination	19
	404-2	Waste by type and disposal method	19
	404-3	Significant spills	19
Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	18
Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	20
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	20
Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	22
	413-2	Operations with significant actual and potential negative impacts on local communities	22
Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	33
	414-2	Negative social impacts in the supply chain and actions taken	33
Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	??







Gazit				
	Fuels and Purchased Electricity	2018	2019	2020
GRI 302-2	Total Energy Consumption	69035094	69035455	56392570

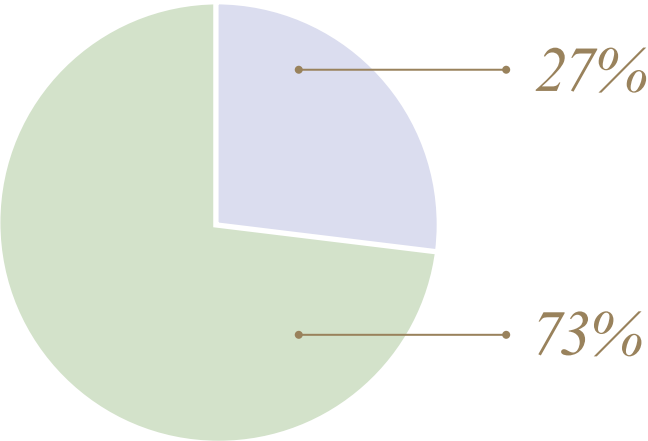
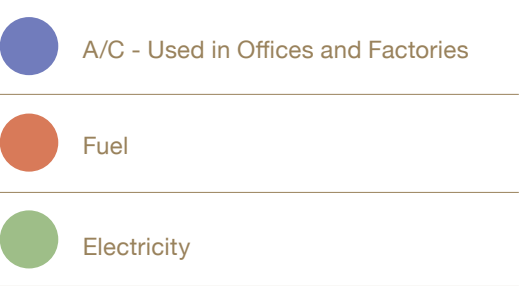
CITYCON				
	Fuels and Purchased Electricity	2018	2019	2020
	Non-renewable electricity in premises (MWh)	44860	37310	31800
	Renewable electricity in premises (MWh)	141397	136531	137023
	Total Electricity Consumption (MWh)	186315	173900	168868
	Total Energy Consumption	296999	270894	257090
GRI 302-3	Energy Intensity kWh/m2/year	119	109	94

Gazit					
	Water Withdrawn by Source	Units	2018	2019	2020
GRI 302-3	Total Water Withdrawn	m3	1,544,498	1,465,643	1,290,151

CITYCON					
	Water Withdrawn by Source	Units	2018	2019	2020
GRI 302-3	Total Water Withdrawn	m3	767,391	661,449	692,094

ATRIUM					
	Water Withdrawn by Source	Units	2018	2019	2020
GRI 302-3	Total Water Withdrawn	m3	777,107	804,194	598,057

Source breakdown (2020)



Gazit					
	Greenhouse Gas Emissions	Units	2018	2019	2020
GRI 305-1 and GRI 305-2	Direct (Scope 1) GHG Emissions	Tons CO2e	124	8677	344.97
	Indirect (Scope 2) GHG Emissions	Tons CO2e	31025	31023	25353
	Total Scope 1+2 Emissions	Tons CO2e	31149	39700	25697

CITYCON					
	Greenhouse Gas Emissions	Units	2018	2019	2020
GRI 305-1 and GRI 305-2	Direct (Scope 1) GHG Emissions	Tonnes CO2e	561	679	588
	Indirect (Scope 2) GHG Emissions	Tonnes CO2e	38154	30443	19317
	Total Scope 1+2 Emissions	Tonnes CO2e	38715	31122	19905
GRI 305-4	Emissions Intensity	Kg CO2e/ sq m gross area (incl. non-leasable area)	20	16	10

ATRIUM					
	Greenhouse Gas Emissions	Units	2018	2019	2020
GRI 305-1 and GRI 305-2	Direct (Scope 1) GHG Emissions	Tonnes CO2e	2387	2530	2019
	Indirect (Scope 2) GHG Emissions	Tonnes CO2e	75337	76682	57123
	Total Scope 1+2 Emissions	Tonnes CO2e	77724	79212	59142
GRI 305-4	Emissions Intensity	Kg CO2e/ sq m gross area	204.1	190.3	144.7



Gazit					
	Non-Hazardous Waste by Disposal Type		2018	2019	2020
GRI 302-3	Landfill	Tonnes	1672520	1716833	859179

CITYCON					
	Waste by Disposal Type		2018	2019	2020
GRI 302-3	Landfill	Tonnes	363	199	139
	Recycling	Tonnes	7699	6772	9812
	Incineration	Tonnes	7367	5515	4574
	Compost	Tonnes	3893	3650	3321
	Reused Waste	Tonnes	1038	1071	716
	Total Non-Hazardous Waste	Tonnes			

ATRIUM					
	Non-Hazardous Waste by Disposal Type		2018	2019	2020
GRI 302-3	Landfill	Tonnes	69.2%	64.7%	57%
	Recycling	Tonnes	18.8%	19.0%	21.8%
	Incineration	Tonnes	4.1%	3.9%	4.1%
	Total Non-Hazardous Waste	Tonnes	9885	10278	8174
	Hazardous Waste by Disposal Type				
	Landfill	Tonnes	0	0	0
	Recycling	Tonnes	0	0	0
	Recovery (incl. Energy Recovery)	Tonnes	0	0	0
	Total Hazardous Waste	Tonnes	0	0	0
	Total Waste	Tonnes	9885	10278	8174



Gazit						
New Employee Hires	New Hire Rates – 2019			New Hire Rates - 2020		
	Women	Men	Total	Women	Men	Total
< Age 30	2	0	2	0	0	0
Age 30-50	0	3	3	0	2	2
> Age 50	1	0	1	0	2	2
Age Not Noted	0	0	0	0	0	0
All New Hires	3	3	6	0	4	4

CITYCON									
New Employee Hires	New Hire Rates – 2018			New Hire Rates – 2019			New Hire Rates - 2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
All New Hires	28.8	20.1	48.9	20	33	33	26	25	51

ATRIUM									
New Employee Hires	New Hire Rates – 2018			New Hire Rates – 2019			New Hire Rates - 2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
All New Hires	46	21	67	53	34	87	39	15	54

Gazit						
Turnover	New Hire Rates – 2019			New Hire Rates - 2020		
	Women	Men	Total	Women	Men	Total
< Age 30	0	0	0	1	0	1
Age 30-50	2	2	4	1	3	4
> Age 50	0	0	0		0	0
Age Not Noted	0	0	0		0	0
All New Hires	2	2	4	2	3	5

CITYCON									
Turnover	New Hire Rates – 2018			New Hire Rates – 2019			New Hire Rates - 2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
All New Hires	19.8	19	39	38	33	71	14	18	32

ATRIUM									
Turnover	New Hire Rates – 2018			New Hire Rates – 2019			New Hire Rates - 2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
All New Hires	49	16	65	54	24	78	35	20	20



Gazit						
Parental Leave	2019			2020		
	Women	Men	Total	Women	Men	Total
Eligible for Leave	2	0	2	1	0	1
Took Leave	2	0	2	1	0	1
Took Leave Prior Year	0	0	0	2	0	2
Returned from Leave	2	0	2	1	0	1
Returned from Leave Prior Year	2	0	2	1	0	1
Return to Work Rate	100%	0	100%	100%	0	100%
Retention Rate	0%	0	0	50%	0	50%

CITYCON									
Gender, Age and Leve	2018			2019			2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
By Age									
Age Below 30			41.4			51.1			36
Age 30-50			162.25			155.8			163
Age Above 50			50.6			33.7			53.8
By Level									
Management Committee	1	4	5	6	8	14	7	6	13
Other Directors	8	13	21	6	7	13	5	9	14
Managers	56.55	71.7	128.25	22	8	30	18	13	31
Other Employees	44.90	55.1	100	97	86.6	183.6	77	117.8	194.8
Total	110.45	143.8	254.25	131	109.6	240.6	107	145.8	252.8

ATRIUM			
Gender, Age and Leve	2020		
	Women	Men	Total
By Age			
Age Below 25	3	2	5
Age 25-34	92	32	124
Age 35-44	113	54	167
Age 45-54	28	32	60
Age Above 55	11	10	21