



# *Corporate Responsibility Report*



**EGGED 2008**  
**EGGED 3008**

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## A Word from the Chairman



A decade ago we began a process at Egged to improve our environmental and social performance. At that time we thought that we were ready to implement this process in all of the organizational levels. It has, however, taken time for the process to evolve. Today one senses a genuine change at Egged and I know we are headed in the right direction which will allow us to ensure continued improvement.

We have succeeded in achieving almost all of our goals which include a 30% decrease in air pollution levels, a 40% increase in the number of fully accessible buses, a significant expansion of informational services and the completion of a fleet management system installation which provides us with supervision and control of all Egged buses. The yet to be implemented Water and Waste Information Management Systems have been earmarked as a goal for 2010.

The most important step we have taken in preparation for this report was the holding of open discussions with Egged stakeholders. Various subjects were raised during these meetings most of which are covered in this report. We hope to continue our talks with stakeholders in order to bridge existing gaps and meet their expectations. Service reliability is considered to be one of the most important issues in increasing the use of public transportation over private vehicles. It is important for me to mention that Egged is making supreme efforts to provide efficient and reliable service. GPS systems, providing current updated information, have been installed on all buses. These systems are designed to provide passengers with the most accurate information and with the least number of changes. In Jerusalem this topic has progressed considerably. Egged has integrated with the Traffic Management Center and provides assistance in giving priority to public transportation. Furthermore, six passenger routes in the city are already using specially designated public transportation traffic lanes. There is no doubt that the cooperation between Egged, the Ministry of Transport and Road Safety, the Jerusalem Municipality and the Transportation Master Plan team has benefited the users of public transportation significantly.

In this report we have emphasized the socio-environmental advantages of public transportation over private transportation. We applaud the pro-active steps taken to encourage the use of public transportation which has recently started to gather momentum. I believe that the continuation of this trend, combined with continuous improvement at Egged, will increase the public's awareness of the advantages of public transportation and will allow us all to progress towards a sustainable environment which is cleaner and more pleasant.

  
**Gideon Mizrahi**  
Chairman





***Chapter 1***

***Achievements and Objectives***



## Transparency and Public Leadership

## Environmental Quality

## Society and Community

### Reducing Air Pollutants

### Waste and Hazardous Materials

### Water and Wastewater

### Noise

### Service and Travel Experience

### Passenger Information

### Improving Accessibility

### Strengthening Community Ties

Egged's Commitments	Provide information to enhance a pertinent dialogue with both the passenger public and civilian organizations	Egged's Commitments	Operational improvements, determining policy and developing procedures	Minimizing Egged's environmental impacts while improving system efficiency	Reducing water and wastewater consumption and effluent qualities	Reducing noise pollution
Achievements in 2008	<p>✓</p> <ul style="list-style-type: none"> <li>The 2008 report was prepared in accordance with recognized GRI format and according to level 'C' report standards</li> </ul>	Achievements in 2008	<p>✓</p> <ul style="list-style-type: none"> <li>The average level of air pollutants has been reduced by 30% since the previous report</li> </ul>	<p>✗</p>	<p>✗</p>	<p>✓</p> <ul style="list-style-type: none"> <li>Very few noise complaints received</li> <li>Those that were received were handled successfully</li> </ul>
Objectives	<ul style="list-style-type: none"> <li>Publishing a 2010 report in accordance with GRI level 'B' standards</li> <li>By 2010: increase the availability of corporate information</li> </ul>	Objectives	<ul style="list-style-type: none"> <li>By 2012: additional 20% decrease in air pollutants emissions</li> </ul>	<ul style="list-style-type: none"> <li>By 2010: Creation of a waste quantity reporting platform</li> <li>By 2012: 10% decrease in waste volume</li> <li>By 2010: Position paper recycling bins at all Egged locations</li> <li>By 2012: 20% decrease in the use of paper</li> </ul>	<ul style="list-style-type: none"> <li>By 2010: Installation of water recycling systems in 70% of Egged's operational sites and by 2012, in 100% of the sites</li> <li>By 2010: Creation of a water quantity reporting platform</li> </ul>	<ul style="list-style-type: none"> <li>Handle received complaints immediately</li> </ul>

Egged's Commitments	Expedient service and a positive passenger travel experience	Passenger Information Services – part of the modern transportation service concept	Accessibility for everyone – with an emphasis on services for disabled passengers	Broadening the stakeholders' understanding and support is a vital factor in improving the service provided by Egged
Achievements in 2008	<p>✓</p>	<p>✓</p> <ul style="list-style-type: none"> <li>Egged's information services were expanded significantly during 2007</li> <li>The installation of a Fleet Management System to manage Egged's fleet was completed during 2008</li> </ul>	<p>✓</p> <ul style="list-style-type: none"> <li>Since 2004 the number of fully accessible buses has increased by more than 40% and today they constitute 56% of the urban fleet</li> <li>Drivers continue to receive accessibility bus training</li> </ul>	<p>✓</p> <ul style="list-style-type: none"> <li>Public Transportation promotional days are an annual tradition at Egged</li> </ul>
Objectives	<ul style="list-style-type: none"> <li>By 2010: Joint activity with the Ministry of Transport and Road Safety and the Central Bus Station owners to improve both maintenance and passenger services</li> <li>By 2010: Introduce 'smart' ticket operations</li> <li>By 2009: Integrating with the Jerusalem Traffic Management Center</li> <li>By 2009: Increase in the number of express routes in Jerusalem travelling in dedicated public transportation lanes</li> </ul>	<ul style="list-style-type: none"> <li>By 2010: installation of updating informational screens in 500 buses</li> </ul>	<ul style="list-style-type: none"> <li>By 2010: Full accessibility on 85% of the urban buses increasing to 100% by 2013</li> </ul>	<ul style="list-style-type: none"> <li>By 2010: Creation of a joint forum with Egged's stakeholders, to help promote public transportation</li> <li>By 2010: Creation of a platform for promoting road safety</li> </ul>



***Chapter 2***

***Profile and Policy***



## Environmental Principles and Policy

### ⊙ Sustainability

Developing a public transportation service based on sustainable social, environmental and economic principles.

### ⊙ Continuous Environmental Improvement

Consistent minimizing environmental impacts while making systems more efficient, continuously improving corporate environmental management and retaining a leadership role in the field of public transportation in Israel.

### ⊙ Transparency

Providing clear and complete information that promotes a pertinent and productive dialogue with the travelling public, social and environmental organizations, decision makers and the general public.

### ⊙ Meeting Statutory Requirements

Meeting legal requirements by cooperating fully with the authorities in preventing environmental damage.

### ⊙ Travel Experience

Creating a convenient, efficient and quality travel service experience.

### ⊙ Accessibility

Improving public transportation accessibility for the general public, the elderly, and the disabled as well as for children and parents with baby prams.

### ⊙ Passenger Information Availability

Improving the availability of passenger information – expand the range of resources to provide complete and accurate information.



2.2

**Organizational Profile**

*Egged operates 55% of the country's public transportation service lines*

The Egged Cooperative, the largest transportation operator in Israel, was established in 1933 when four public transportation companies were merged into one. Egged operates 55% of the country's public transportation service lines. The service lines are divided into three operating areas – Northern, Southern and Jerusalem.

**Egged has set itself four objectives in promoting its operations:**

1. Focus on the customer and improve the level of service
2. Stress safety and driver professionalism
3. Preserve profits amidst increasing competitive conditions
4. Business development through diverse revenue sources

**National Coverage**

The operational infrastructure includes:

Parking Lots	18
Central Bus Stations	20
Garages	25
Branches	31
Terminals	23
Central Warehouses	1
Regional Offices	3
Pensioner Clubs	31

**3,033** service line buses (71 of which are bullet proof)

**945** service lines (3,199 alternatives)

**1,000,000** daily passengers

**45,000** daily service line trips

**810,500** km travelled daily

Annual turnover – NIS **2.866** billion





## Corporate Governance

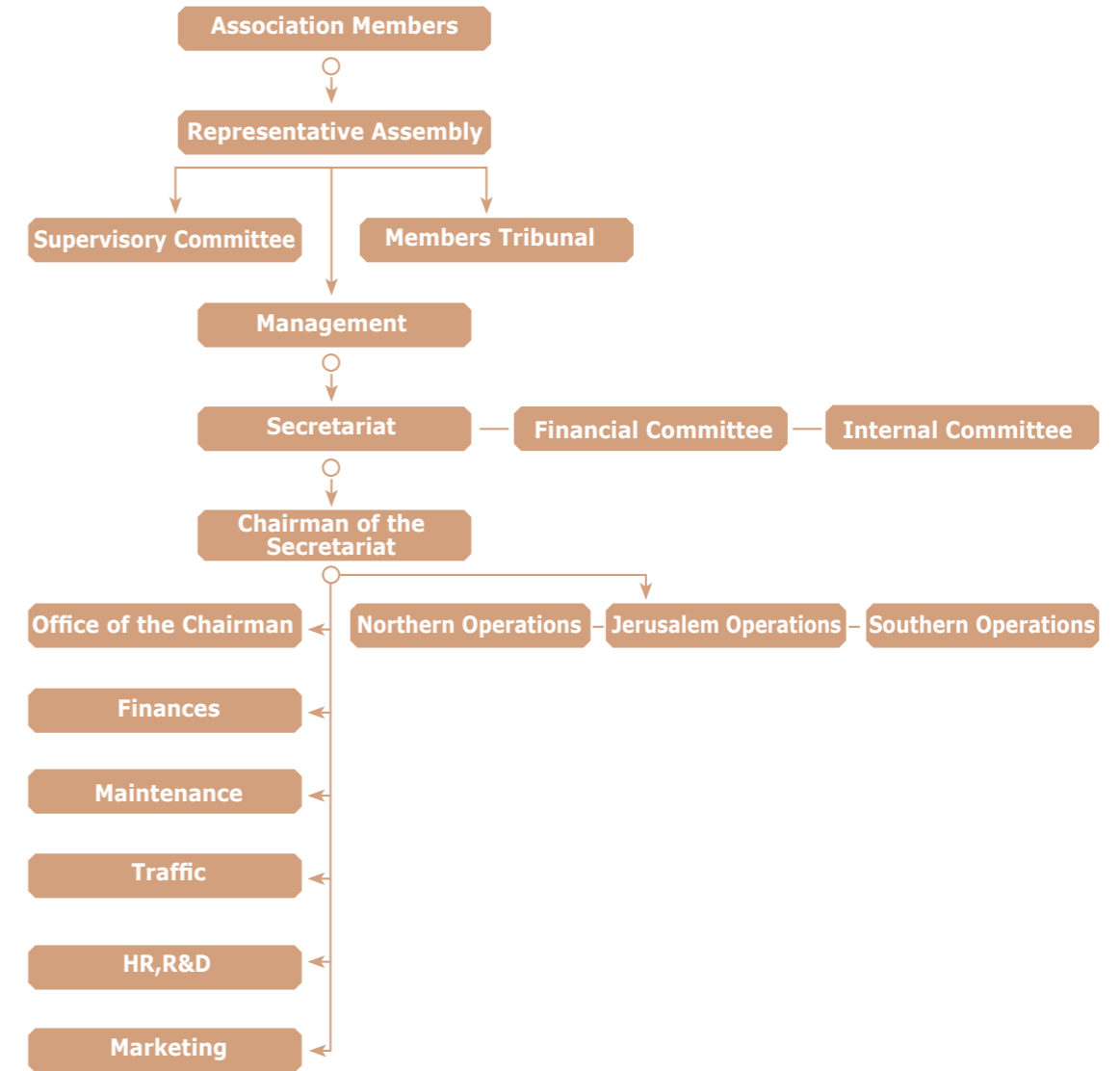
Egged considers proper corporate governance to be of great importance and strives to ensure that its entire management level personnel perform in a suitable manner. As a cooperative, Egged's goal is to preserve the interests of its members while maintaining the principles of democracy, fairness and responsibility.

The management election process at Egged is implemented in accordance with the regulations governing 'Cooperative Associations', Egged regulations and various rules that are amended by the organization as a result of the aforementioned regulations. Once every four years elections are held amongst the members to elect representatives for the various institutions in the organization such as the representative assembly and the management, supervisory and member tribunal committees. The Secretariat, the body's executive arm, is elected by the management from amongst its members. The Secretariat members then elect a Chairman. All members of the Egged Secretariat play a specific role in the organization. Egged employs both members (shareholders) and regular salaried workers.

- Representative Assembly** - The assembly has 85 members who are chosen in internal elections. Each sector of the organization (branches, garages etc.) is represented in the assembly according to its relative size. The management members are chosen during the second phase by the Delegate Assembly electorates who were selected in the initial phase.
- Management** - The management is comprised of 19 members and their role is to approve the association's budget, outline Egged policies in various areas and approve investments and loans.
- Supervisory Committee** - This body is comprised of 6 members chosen by ballot. Their role is to supervise all of the association's business interests, from the smallest to the largest.
- Members Tribunal** - This committee is comprised of 40 members who are specifically elected to act as judges. Their role is to discuss and pass judgment on the Egged members and employees disciplinary issues. The hearings are conducted with panels of different sizes, based on the issue at hand, and includes both first and appeal court levels.

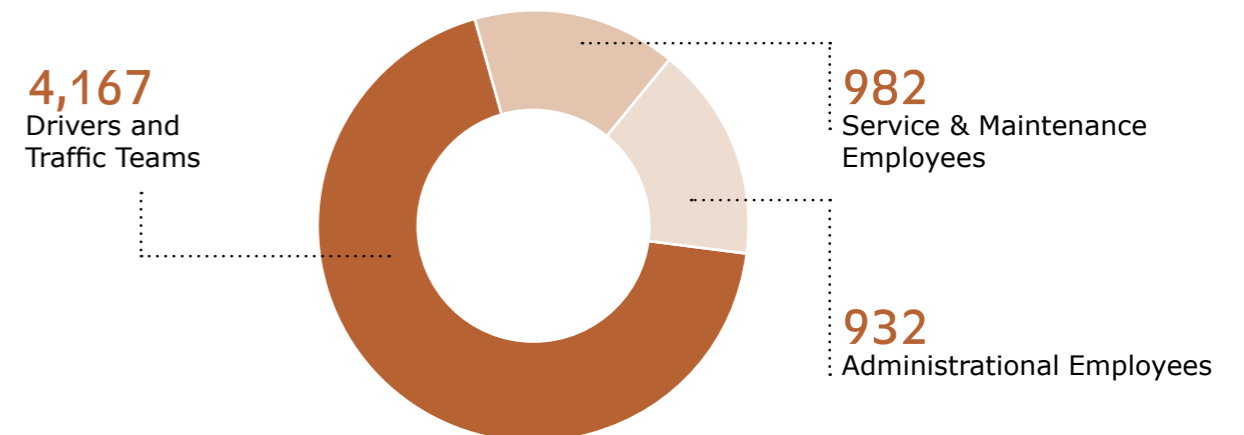


## Organizational Structure



All of the Egged management mechanisms are staffed by Egged members who are continuously examining and recommending improved methods of operation. Any changes made in the organization such as the introduction of new procedures are forwarded to members by various means that include: via the 'Protocols' website,

email messages sent directly to the various operating sites, notices on the organization's notice boards and by updating functionaries at departmental meetings. Items of a special and / or personal nature are relayed directly to each member and employee by personal letter.



## Subsidiary Companies

Eged has a number of subsidiary companies – ‘Eged Taavura’, ‘Eged Tours & Recreation’, ‘Eged Holdings’ and ‘Derech Eged’ (ceased operations in 2008).

- ‘Eged Taavura’** - A company jointly and equally owned by Eged Cooperative (50%) and the Taavura Group (50%). The company operates both public and private transportation services. The company operates mainly in two areas:

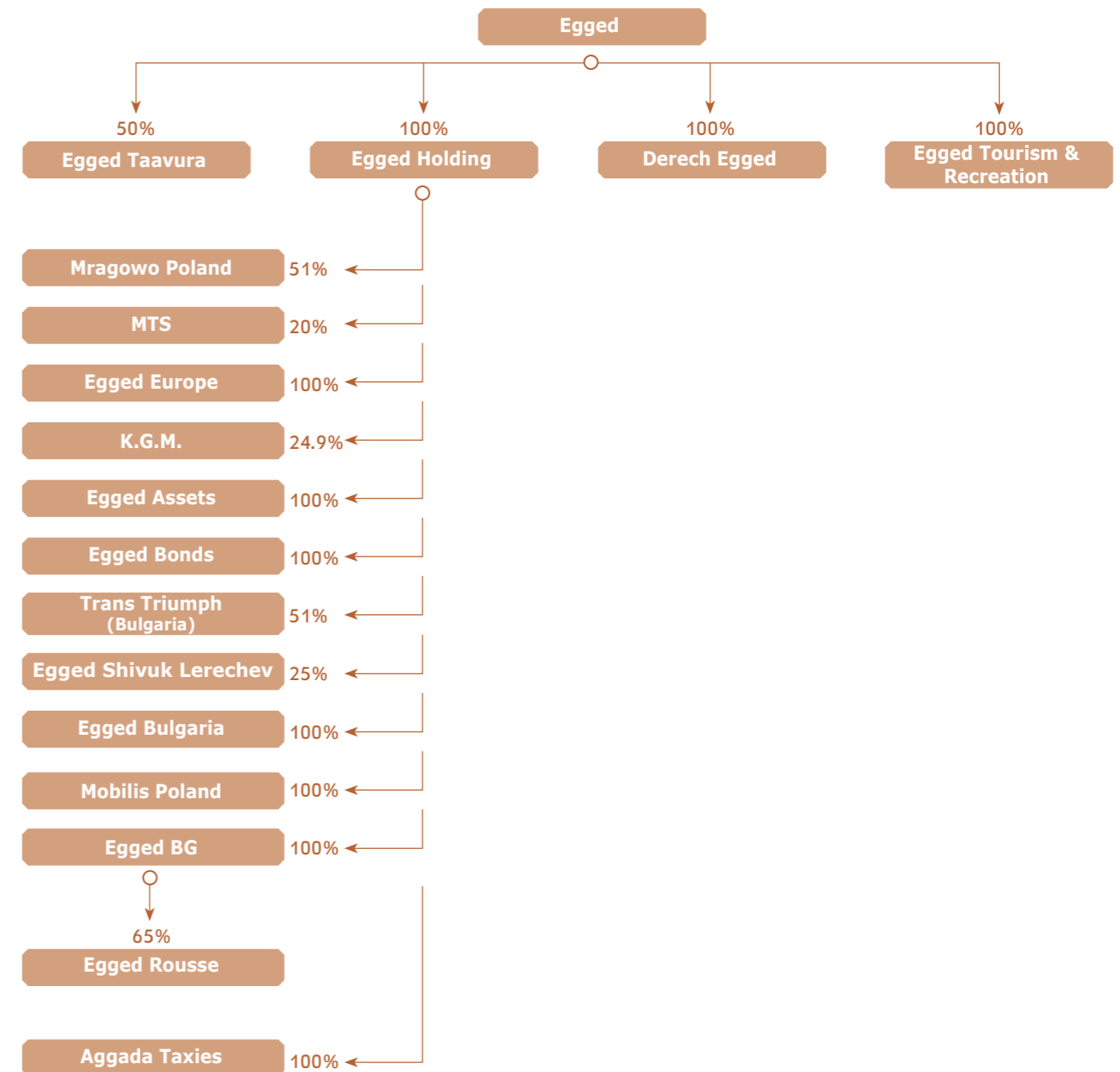
**Public Transportation:** Operates public transportation in the cities of Elad, Netania, Ashdod, Ashkelon and the northern Negev with a fleet of 313 modern buses in addition to competing for service line tenders published by the government.

**Personal Travel Services:** Provides nationwide private travel services using taxis, minivans, limousines and other vehicle types.

- ‘Eged Tours & Recreation’** - The company is engaged in all tourist related services including both incoming and outgoing tourism, transportation, accommodation and guides. Amongst its activities are: planning and organizing events and vacations, trips, conventions and daily tours for tourists. The company has a fleet of 249 modern tourist buses. ‘Eged Tours and Recreations’ is in partnership (50%) with ‘Nadir’ (ceased operations in 2008).

- ‘Eged Holdings’** - Engaged in locating and developing additional service line sources. Their activities include the following holdings:

- 20% partnership in the MTS Group who were recently awarded the “Dan Area Light Railway’ Red line
- 51% partnership in ‘Trans Triumph’, a company in Varna, Bulgaria (ceased to exist during 2008)
- Total ownership of ‘Eged BG’
- 65% partnership in ‘Eged Rousse’, a company that operates public transportation in Rousse, Bulgaria
- Full ownership of ‘Mobilis Poland’
- Full ownership of ‘Agada Taxis’, a company operating communal taxis
- 25% partnership in ‘Eged Shivuk Lerechev’ who distribute Continental tires
- 24.9% partnership in ‘K.G.M.’, a company that imports tires and spare parts (ceased operations in 2008)
- Full ownership of ‘Eged Assets 2002’ and ‘Eged Bonds 2004’ which were established to raise capital and issue bonds





*Chapter 3*

*Reporting Process*



***Egged is proud to be one of the first companies in the Israeli market to publish a comprehensive corporate responsibility report***

Following the 2002 and 2004 reports the 2008 report is the third to be published by Egged. This report, similar to its predecessors, also follows GRI (Global Reporting Initiative) reporting principles – an inter-sectorial socio-environmental business and reporting framework - which is recognized and accepted globally. This year the report has been guided by the amended GRI G-3 instructions which were published in 2006. Reports based on GRI principles are graded from level 'A' to level 'C' in accordance with their level of detail (for additional information refer to: [www.globalreporting.org](http://www.globalreporting.org)). This Egged report meets level 'C' requirements. All of the data has been derived from direct measures (unless otherwise mentioned) performed by the appropriate elements of the organization's internal frameworks.

Egged is proud to be one of the first companies in the Israeli market to publish a comprehensive corporate responsibility report on environmental, social and community issues.

**Egged will continue to publish this type of responsibility report and has set a goal to publish a report every two years.**

#### **Materiality**

The corporate responsibility report is available and accessible for viewing by any interested party. The content of this report is based on an analysis of the company's main areas of impact as well as an analysis of additional benchmarks related to the public transportation field. In addition to the above, an open dialogue was held with the various stakeholder groups regarding significant issues they wanted to see included in the report (refer to the 'Discussion with Stakeholders' chapter on pages 22-23).

#### **Reporting Scope**

The data on which the report is based refers to 'Egged – Cooperative Association of Transportation in Israel', and includes its activities throughout the country; branches, parking lots, garages and company fleet. The report does not contain data about holdings and subsidiaries.

#### **Significant Changes**

No significant changes were required in this report, as compared to previous reports. In addition, with the exception of the Company Holdings, there were no significant changes at Egged (for details please refer to page 16-17).

#### **For additional information contact:**

Avi Petizer,  
Environmental Quality Manager  
Tel: 03-9142503  
Fax: 03-9142504  
[avip@egged.co.il](mailto:avip@egged.co.il)



### 3.2

## Discussions with Stakeholders

Efficient public transportation plays a significant role in the company's success. Public transportation affects many sectors of the population and it both impacts and is impacted by legislators as well as service recipients. We, at Egged, understand the importance of our role and are trying in various ways to improve the quality and comfort of service we provide. Our relationship with stakeholders is one of the tools assisting us in achieving this objective. Stakeholders are people, organizations and bodies who are impacted by or impact organizations activities. Egged has many stakeholders and in order to identify them we began by mapping those who are impacted by our service versus those that have an impact on Egged. The mapping directed us to focus on the following groups:

- Local Council Authorities – Local council heads, transportation planners
- Government Offices – Ministry of Environmental Protection, Ministry of Transport and Road Safety, Ministry of Finance, Ministry of Industry, Trade & Labor
- Statutory Authorities – Society for the Protection of Nature, Keren Kayemeth LeIsrael, Israel Institute for Occupational Safety and Hygiene
- Civic Organizations – Academic, environmental and accessibility organizations as well as neighborhood and community committees
- Company employees and Cooperative members
- Public transportation users







An open channel of communication with our stakeholders enables us to understand and promote public needs. A number of the social and environmental issues raised through this channel of communication have helped us bridge information and performance gaps. Feedback and criticism are important tools for us as they help us to improve our quality of service, minimize our environmental impact and strengthen our ties with the communities in which we operate.

We have held open discussions with our stakeholders in order to identify the essential report content as well as subjects that were important to the stakeholders and this has helped us to crystallize the report structure. Various important issues were raised during the discussions, some of which are expressed in the framework of this report while others are being handled through different frameworks.















Listed below are the main items raised by Egged's stakeholders: environmental and accessibility organizations as well as social responsibility, local council and government representatives:

- |   |  |
|---|--|
|  Regulatory                        |  Civic organizations with an environmental emphasis |
|  Civic accessibility organizations |  Civic organizations with a social prominence       |













### What Points Did The Stakeholders Raise Regarding The Report?

	Quantitative multi-annual objectives should be set without being concerned about their possible non-realization. Credibility and experience are as important as the objective itself.	p. 6-7
	Dialogue with stakeholders is a very important step in the report procedure	p. 22-23
	Corporate responsibility and the accompanying report should be highlighted on the Egged website	*
	It is important to maintain the continuity of successive reports	p. 20
	In the report it is important to mention the expenditure budgeted by Egged to promote corporate responsibility	p. 35
	It is advisable to outsource a portion of the goals and surveys.	p. 53

### What Did The Stakeholders Say About Environmental Issues?

	A bus is a social-environmental product and it is important to compare its performance to that of a private vehicle	p. 26-29
	The use of alternative fuels should be considered and the attributes of using hybrid buses should be examined	--
	The more environmentally friendly the buses the greater the incentive to promote dedicated public transportation lanes in the country should be examined	p. 37
	The replacement of buses in the bus fleet must be accomplished in a timely manner and in accordance with the law	p. 38
	The policy regarding bus scrapping needs to be clarified.	p. 46
	It should be explained how buses affect noise levels	p. 48
	It should be explained how Egged is dealing with the water crisis	p. 6,42-43
	Air quality in the Central Bus Stations should be monitored	p. 57
	Sulphur emission data should be published	p. 40
	Ground and underground water contamination checks should be carried out at fuelling stations	p. 42-43
	The establishment of a joint government entities and public transportation operators forum should be considered	p. 7
	It is important to arrange 'economic driving' training and publish the number of completed training hours	p. 41
	Environmental protection should be promoted amongst the employees through various programs such as awarding a prize to the employee who most excels in protecting the environment	---
	The drivers could be trained as 'Cleanliness Trustees'	---

### What Did The Stakeholders Say About Service And Accessibility Issues?

	Egged should attempt to build cooperative ties with workplaces in its attempt to promote organized employee transportation	---
	Egged must provide superior and efficient service to all of its passengers and adapt itself to the different sectors of the population	p. 52-53
	Egged should promote joint programs with other operators	p. 57
	The transporting of bicycles on buses should be allowed	p. 56
	The various service programs should be published – night routes, bus tariffs etc.	p. 59
	It is important to conduct passenger satisfaction surveys	p. 57
	It is important to publicize complaints received from the public and the handling of these complaints	p. 57
	It is important to promote candidness with the authorities in order to promote processes at Egged	p. 22
	The necessary measures should be taken to ensure that people who are color blind or sight challenged are able to read the report.	**
	The goal of training all Egged drivers on fully accessible buses must be achieved	p. 7,52-53
	The accessibility issue is regulated and it is important to clarify that the regulations on this issue will continue to be reinforced	p. 7,52-53
	Fully accessible buses should also be available on short inter-city routes even though this is not mandated by law	p. 53

\* The report is available on Egged's Website.

\*\* The report was designed according to Urban Area Accessibility (Communication) standards.



**Chapter 4**

***Public Transportation:  
a Social-Environmental Solution***



## 4.1

### Public Transportation: Environmental, Social and Economic Advantages

Public transportation is a socio-environmental product the aim of which is to enable mobility of the general population while – at the same time - safeguarding sustainable principles to reduce air pollution, greenhouse gas emissions, accidents and road congestion.

The use of different types of transportation for daily mobility is an integral part of modern life. There are those who have chosen private vehicles whilst others have opted for public transportation. Today, due to various constraints, it is very difficult to maintain a public transportation system that is as efficient as using a private vehicle. However, if we succeed in equalizing conditions, then public transportation would be preferable for daily trips both an environmental aspect – a decrease in air pollution and less greenhouse gas emissions, and from a social aspect – a decrease in costs, accidents and road congestion.

From a socio-environmental aspect the past few years have been a significant public transportation springboard, especially regarding bus fleets. The new regulations which came into effect have allowed a substantial improvement in bus fleets. Since 2005 the number of fully accessible Egged buses has increased by 19% and today they constitute 56% of total urban buses. In addition, health pollution emissions have been reduced by approximately 20%.

**In a number of social-environmental areas public transportation is preferable to private vehicles. Egged continues to promote increased progress in these areas and is working towards improving and stressing the need to promote the use of public transportation as a sustainable alternative to the use of a private vehicle.**

The number of public transportation passengers has increased by 15% since 2005 and Egged hopes that this trend will continue.

#### Air Quality

The level of pollution and green house emissions per passenger is significantly lower on buses in comparison to private vehicles.

In total, buses do indeed emit more health pollutants than private vehicles. However that calculation is irrelevant as there are approximately 20 passengers per bus compared to an average of 1.1 passengers per private vehicle. Therefore, on an average, a bus carries almost 20 times the number of passengers per engine than a private vehicle.

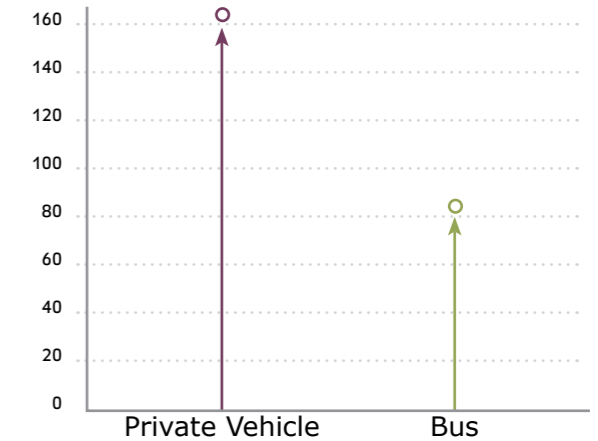
*From both an environmental aspect – a decrease in air pollution and less greenhouse gas emissions, and from a social aspect – a decrease in costs, accidents and road congestion*

The calculation of carbon dioxide emissions per kilometer, per single passenger indicates that private vehicles emit almost double the level of carbon dioxide emitted on a similar trip by a bus.

**The significance of this is that carbon dioxide emissions would be reduced by half if all trips made by private vehicles in Israel were converted to bus trips.**

In the same manner, other pollutant emission levels are also significantly lower per passenger on bus trips in comparison to private vehicle trips.

#### Carbon Dioxide Emissions (gram/km) Per Passenger

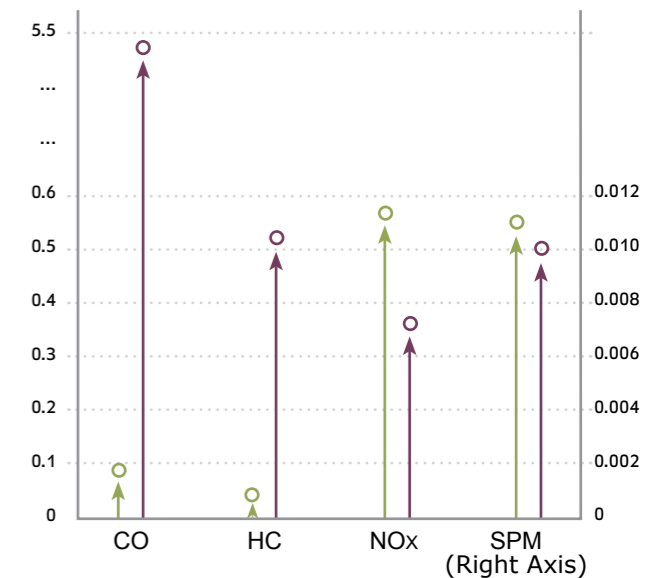


\* Emission Data: Central Bureau of Statistics, Egged's data.

\* Occupancy Data: "Transport Today and Tomorrow" as well as additional transportation experts.

#### Comparison of Health Pollution Emissions: Passenger Travelling in an Egged Bus Compared to a Passenger Travelling in a Private Vehicle (gram/km)

- Egged Bus (average)
- Private Vehicle (average)



\* Emission Data: Central Bureau of Statistics, Egged's data.

\* Occupancy Data: "Transport Today and Tomorrow" as well as additional transportation experts.

## Road Congestion

Traffic congestion, caused mainly by high volumes of traffic, combined with road accidents, hampers all users of transportation. Road congestion can be reduced significantly by changing the mode of travel from a private vehicle to public transportation, especially for regular daily trips. Road congestion causes both a large amount of wasted passenger time, for which the economy pays a high price, and an increased level of air pollution as disrupted travel causes higher pollution.

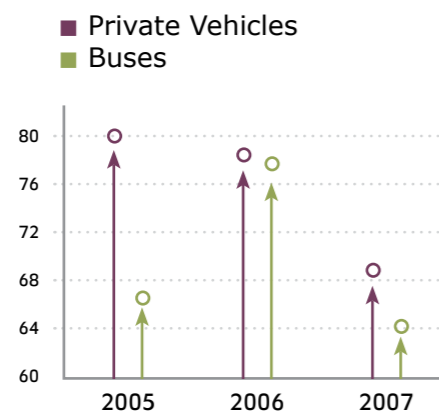
**According to the Tax Authority's 'Green Tax Committee', the cost of road congestion to the Israeli economy is 1.92% of the gross domestic product.**

## Road Safety

The number of vehicles on the road is growing every year; this intensifies road congestion which in turn increases the probability of an accident. The Ministry of Transport and Road Safety as well as additional organizations such as the National Road Safety Authority and the 'Or Yarok' (Green Light) Association is operating on different levels to reduce the number of road accidents in the country. There has been a marked improvement during the past few years. At Egged we believe that reducing the number of vehicles on the road can significantly help to reduce road accidents and increase road safety as the number of accidents is also influenced by the number of vehicles on the road at any given time. The average number of passengers travelling on a bus is almost twenty times greater than the number travelling in a private vehicle. The significance of this is that the potential decrease in the number of vehicles travelling on the road daily is enormous.

**Buses, similar to other vehicles, are also involved in road accidents. However, in comparison to the distances they cover the number of accidents in which they are involved is much lower than those of private vehicles.**

### Number of Accidents per 100 Million KM travelled



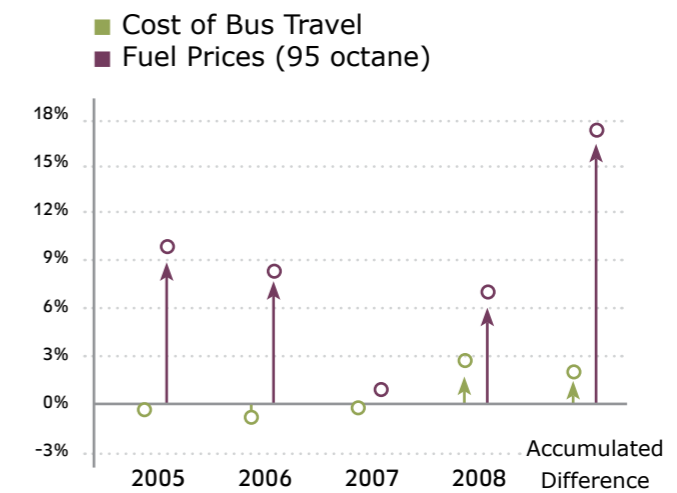
\* Data: Central Bureau of Statistics.

## Costs

Public transportation is a cheaper mode of transport than a private vehicle. The costs of running a private vehicle include fuel, maintenance and various insurance costs. These expenses tend to fluctuate frequently due to changes in fuel prices. **On the other hand the cost of travelling by bus remains fairly consistent and is much lower.**

**Additional travel cost calculations have revealed that people who live in one town and travel to and from work in another specific town on a daily basis could save hundreds, or even thousands of shekels, per month on travel expenses if they were to use public transportation.**

## Varying Rate of Travel Expenses



\* Data: Central Bureau of Statistics.

## Total Monthly Savings by Travelling on Buses Instead of Private Vehicles (NIS)

	Mazda 3, Ford Focus, Hyundai Getz	Mazda 6, Nissan Almera	Daihatsu Sirion, Toyota Corolla, Nissan Tiida	Daihatsu Sirion, Toyota Corolla, Nissan Tiida
Ashdod – Tel Aviv	742	956	540	463
Jerusalem – Tel Aviv	1,128	1,478	798	671
Haifa – Tel Aviv	1,626	2,135	1,145	961
Beersheba - Tel Aviv	2,392	2,962	1,853	1,646
Beersheba - Ashdod	1,544	1,958	1,153	1,003
Rehovot – Tel Aviv	142	279	13	-37

\* From: Bizportal - 'After the sharp increase in fuel prices 'Bizportal' checked which is the cheapest mode of travelling to work; train, car or bus?', Moshe Benjamin ad Ariel Attias. 23.7.08







***Chapter 5***

***Environmental Quality***



5.1

**Environmental Quality**

*At Egged we are working on improving our buses environmental performance and minimizing their ecological footprint*

**Public transportation, of all types, is an environmental product whose goal is to offer an efficient and convenient mass transportation solution.** A combination of different types of transportation (buses, trains and other similar means) can provide a comprehensive solution for various types of trips. In order for private vehicle travelers to consider public transportation as an attractive alternative it is essential for these systems to be efficient. The private vehicle causes many socio-environmental impacts such as emitting double the amount of air pollution per passenger than that of a bus or train, causing road congestion which increases pollution, delaying the travelling public and causing an increase in the paving of new roads that reduce land and open spaces.

For this reason, we at Egged are improving travel conditions, focusing especially on maintaining an on-time schedule which is the largest challenge facing bus companies in Israel.

At Egged we are working on improving our buses environmental performance and minimizing their ecological footprint. Egged's main environmental impact stems from the use of fossil fuels to drive its buses. These fuels are expendable resources and cause air pollution. Egged has set itself a goal to pioneer the decrease of air pollution created by these fuels by purchasing buses with modern engines and by using low-sulphur fuels. Egged is striving to reduce additional environmental impacts by activating various water, oil and waste recycling methods.



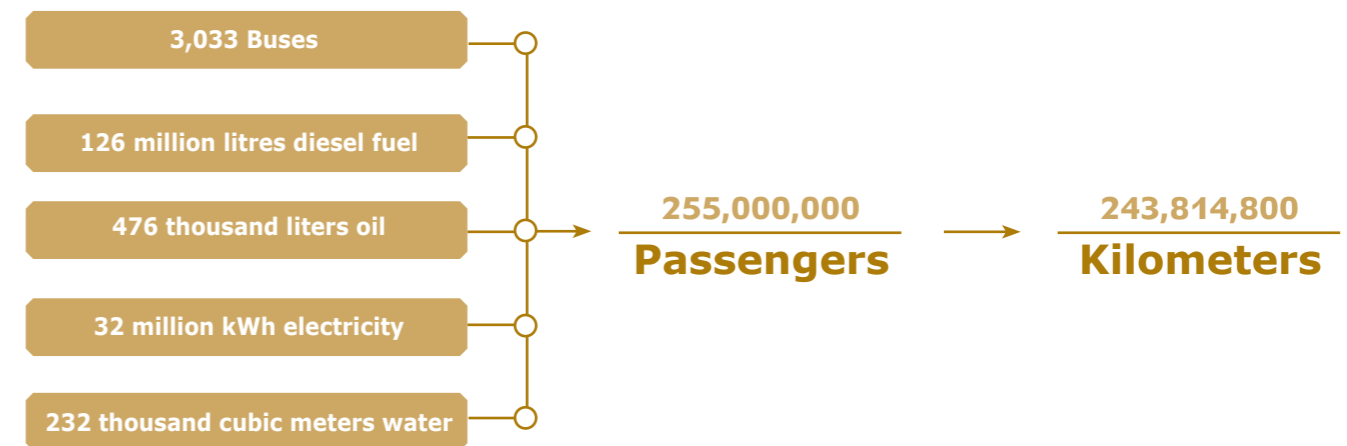
In addition, Egged is actively engaged in applying for and receiving ISO 14001 certification, an international standard awarded to organizations implementing an environmental management system.

In 2008 Egged began the process of receiving this certificated standard for its Holon manufacturing plant. The preliminary survey has been completed and quality procedures on various subjects have been prepared and forwarded to the Israel Standards Institute for their approval. The procedures deal with a number of issues that

include the handling, analysis and treatment of discrepancies, management surveys as well as the identification, analysis and handling of environmental aspects. A preliminary review is planned for October 2009 and the certification review is planned for January 2010.

Since 2002 Egged has been measuring its environmental impact on a number of levels such as air pollutant and carbon dioxide emissions, water consumption and different waste type volumes.

**Ecological Balance 2008**



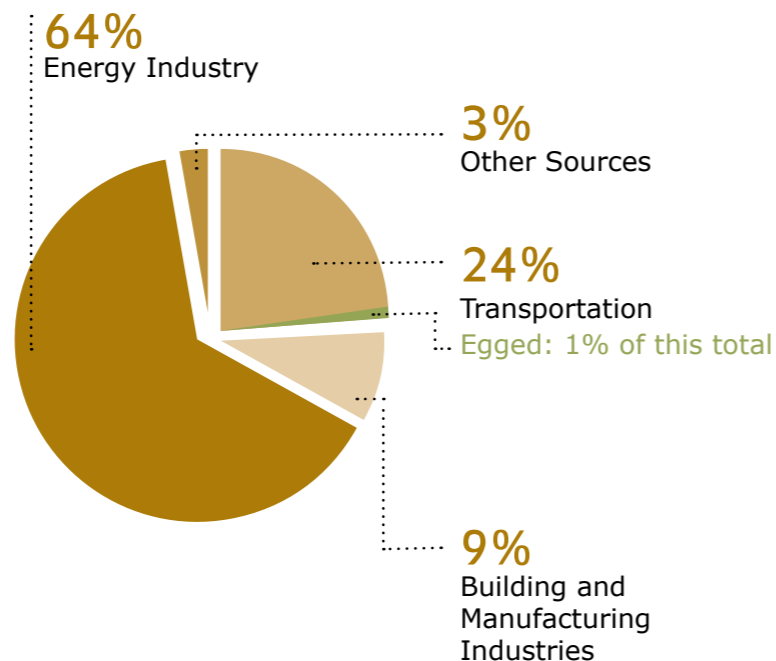
**Global Warming: Opportunities and Risks**

*The increasing struggle with global warming focuses on reducing the two main sources of greenhouse gas emitted by transportation: the first, reducing fossil fuel consumption by developing alternative fuels and electrically powered vehicles etc.; the second, making private vehicle travel less worthwhile*

In the past few years, recognition that mankind's activities have influenced global warming has been the instigator of numerous activities on the subject and has intensified regulations on all matters pertaining to greenhouse gas emissions. 13% of global greenhouse gas emissions are attributed to transportation. As a result, various sectors in this field are directing resources towards improving efficiency on this subject. Egged has been faced with the challenge of operating successfully in this changing world. Global warming also includes certain risks which may arise from fluctuating oil prices. As a regular bus is powered by fossil fuel there is a possibility of bus fare increases. A steep rise in the price of crude oil over a long period of time could cause a significant increase in bus operating costs which in turn could result in higher bus fares.

**Egged is a member of a national work panel which is involved in the establishment of a greenhouse gas emissions registration and reporting mechanism in Israel. This panel is part of the country's preparation for the second commitment period of the Kyoto Protocol, an addendum to the United Nations Framework Convention on Climate Change (within the framework of the Climate Treaty).** The committee includes members from many different groups such as the Ministry of Environmental Protection, Ministry of Industry, Trade and Labor, Ministry of National Infrastructures, Ministry of Agriculture and Rural Development, Ministry of Transport & Road Safety, Central Bureau of Statistics, Manufacturers Association, Forum of 15 Independent Cities, Adam Teva V'din, Israeli Institute of Energy and Environment as well as leading market companies such as the Electricity Corporation, Neshet Israel Cement Enterprises Ltd. and the Dan Bus Company.

**Distribution of Carbon Emissions in Israel**



The increasing struggle with global warming focuses on reducing the two main sources of greenhouse gas emitted by transportation: the first, reducing fossil fuel consumption by developing alternative fuels and electrically powered vehicles etc.; the second, making private vehicle travel less worthwhile so as to give preference to travel on public transportation. As mass transportation vehicles are capable of carrying many more passengers than a private vehicle (often only a single passenger is travelling in a private vehicle) the amount of greenhouse gas emissions per passenger is significantly lower on public transportation in comparison to a private vehicle. The global trend of promoting the use of public transportation offers the public transportation sector many regulatory and business opportunities. Today, one finds many examples of employers who provide incentives to employees travelling to work by public transportation, bicycle or in carpool. In addition, there are national programs that promote the use of public transportation such as the 'smart' ticket program used by various public transportation operators. Making bus fleets more efficient is the quick solution to redirect travelers from private vehicles to public transportation. Nevertheless,

this requires an investment in specifically designated lanes so that passengers receive efficient, reliable service and also to prevent wasted resources such as time, fuel etc.

**Investments in Environmental Quality**

Most of the environmental quality related expenses originate mainly from the socio-environmental aspect of passenger service improvements.

**Corporate Responsibility Expenses (NIS Thousands)**

Fleet improvement expenses – Prevention of air pollution and accessible buses for the disabled.	166,600
Recycling and removal of hazardous substances	296
Prevention of environmental pollution (ground, water and air)	448
Training, consulting and allocating resources for environmental co-operations	685

**Glossary**

- ⊙ **Ecological Footprint** – A quantitative index that estimates the amount of natural resources required to provide the needs of a given population and absorb their waste materials.
- ⊙ **Greenhouse Gases** – Gases that cause the sun's rays to be confined within the atmosphere. Part of the sun's radiation, reaching Earth, is absorbed while other parts are deflected back into space in the form of infra red radiation. Greenhouse gases obstruct the radiation from being deflected back into space causing it to be converted into heat which causes warming (greenhouse effect). Greenhouse gas contains the following types of gas; carbon dioxide, methane, nitric oxides and other types of gases.
- ⊙ **Kyoto Protocol** – The Kyoto Protocol is a legal agreement obligating signee member states to reduce greenhouse gas emissions. The agreement obligates a joint reduction of 5.2% relative to the rate measured in 1990. The protocol is an addendum to the United Nations Framework Convention on Climate Change (UNFCCC), an international treaty on the subject of global warming.
- ⊙ **Fossil Fuel** – A type of fuel formed from the fossilization of organic matter in a non-oxidized environment. This type of fuel is formed by the settling, interring and compressing of material below the earth's surface and then being 'cooked' at specific temperatures and pressures over a long period of time. Coal, oil and natural gas are the different types of fuel formed from this process.
- ⊙ **Air Pollution** – This is a change in the natural characteristics of the earth's atmosphere caused by chemicals, particles or biological materials. Air pollution causes environmental disturbances such as acid rain, global dimming, a thinner ozone layer and global warming which in turn cause eco-system disturbances.

5.3

**Energy and Air Quality**

*Egged upgrades its bus fleet on an regular basis*

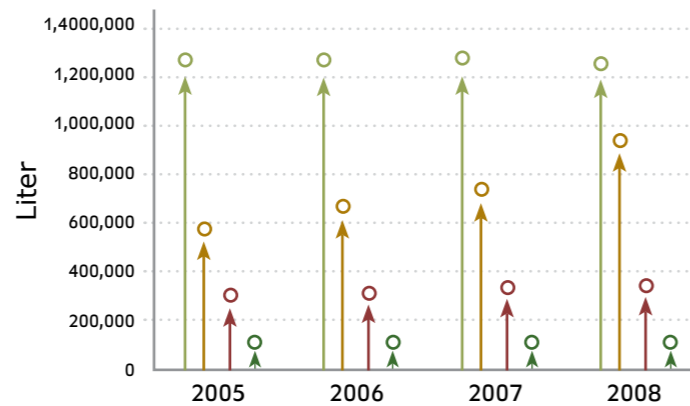
Transportation is one of the main causes of air pollution and is responsible for most of the carbon monoxide and nitrogen oxide emissions. As buses are no small contributor to this pollution we at Egged are striving to reduce this impact in various ways.

In 2002 urban bus air pollution hazard prevention instructions ('personal order') were established for Egged in accordance with the hazard prevention regulations. All of the pollution reduction objectives determined by this program were achieved completely by 2004.

**Energy Consumption**

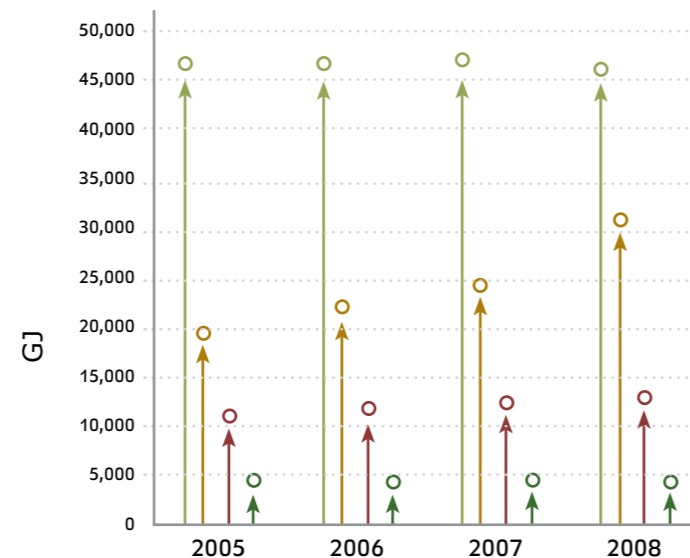
**Liters**

- Diesel for Transportation (hundreds of liters)
- Diesel for Other Use (heating)
- Kerosene (heating)
- Fuel (private vehicles)



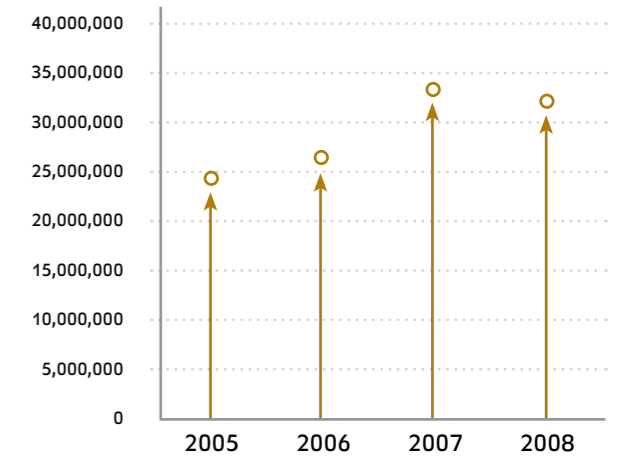
**GJ**

- Diesel for Transportation (hundreds of GJ)
- Diesel for Other Use (heating)
- Kerosene (heating)
- Fuel (private vehicles)



**Electricity Consumption**

The increase in electricity consumption was caused due the extension of work hours in the Egged Garage which became effective in 2007.



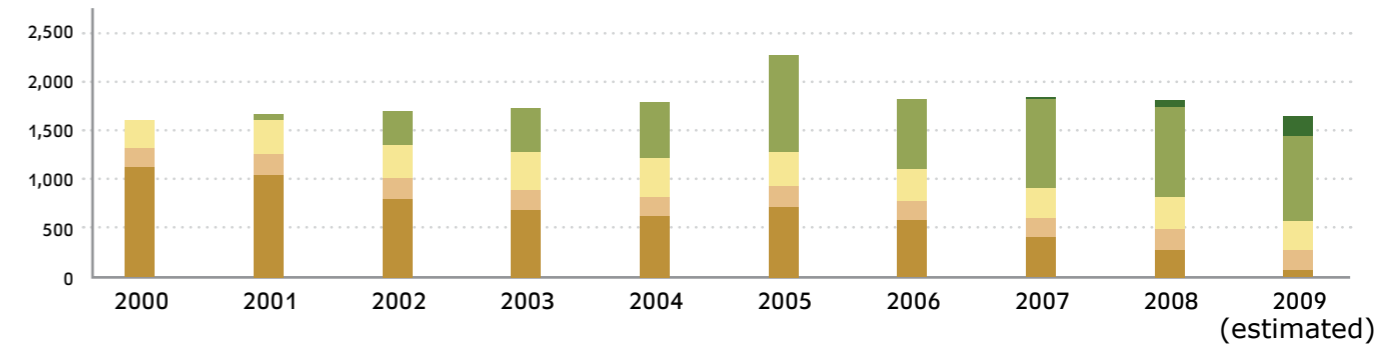
\* 2005-2006 data, an estimate based on electricity prices.

**Egged's Bus Fleet**

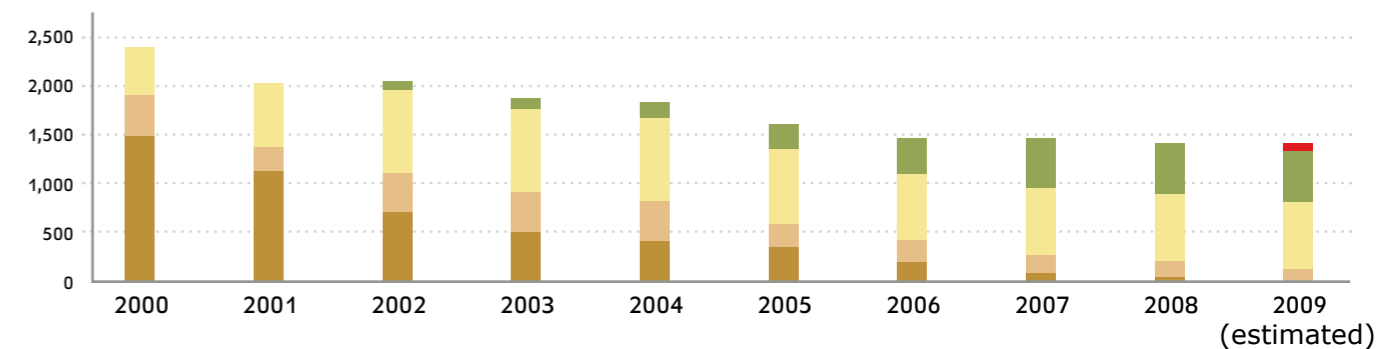
Egged upgrades its bus fleet on an regular basis, this is in line with the goal of improving fleet performance and reducing bus air pollution emissions.

**Bus Fleet Breakdown of Urban Buses**

- Euro 0 (and before)
- Euro 1
- Euro 2
- Euro 3
- Euro 4
- Euro 5



**Bus Fleet Breakdown of Inter City Buses**



## Meeting Legal Requirements

During the 1990's the European Union began a program aimed at reducing transportation pollution emissions by publishing emission standards that would be amended from time to time. These standards were named 'Euro' and their level indicates the progression in the standard. To date, the Euro standard only relates to pollution and not to greenhouse gases. As the Euro standard advances it becomes stricter and the permissible emission levels are lowered.

Standard	Year	Emission Standards				
		CO	HC	NOx	PM	Smoke
Euro I	1992	4.5	1.1	8	0.612	
Euro II	1998	4	1.1	7	0.15	
Euro III	2000	2.1	0.66	5	0.1	0.8
Euro IV	2005	1.5	0.46	3.5	0.02	0.5
Euro V	2008	1.5	0.46	2	0.02	0.5
Euro VI+	2013	1.5	0.13	0.4	0.01	

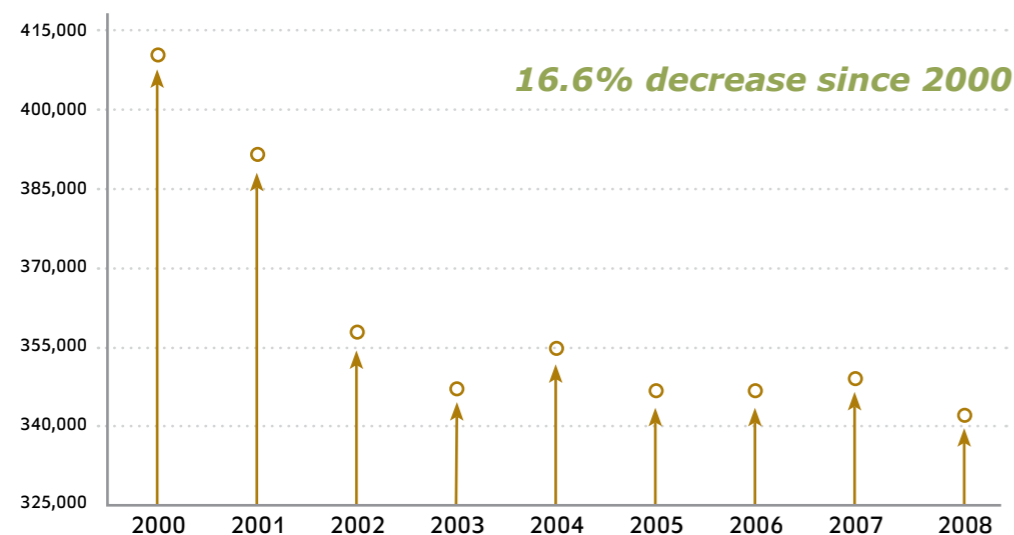
The engines that have been developed to meet Euro standards are obliged to reduce pollution emissions. However, in order to accomplish this they consume slightly more fuel than the older engines. This has, therefore, contributed to increased fuel consumption during the past few years and for this reason CO<sub>2</sub> emissions are not being lowered but in fact are increasing slightly while in contrast, other types of emissions are being reduced considerably every year.

The most updated standard is Euro 5 which becomes effective from October 2009. **From mid-2008 Egged has begun equipping itself with buses meeting these standards. 78 inter-city Euro 5 standard buses were ordered in 2008 and during 2009 we expect to purchase an additional 178 urban and inter-city buses that meet Euro 5 standards.**

The bus fleet has been upgraded based on Egged's understanding and in accordance with the Ministry of Environmental Protection requirements. Despite this, Egged was prosecuted for purchasing Euro 3 type buses as the Ministry of the Environmental Protection claimed that Egged should have purchased Euro 4 type buses. Egged insists that it acted in accordance with the 'personal order' instructions.

## Air Emissions

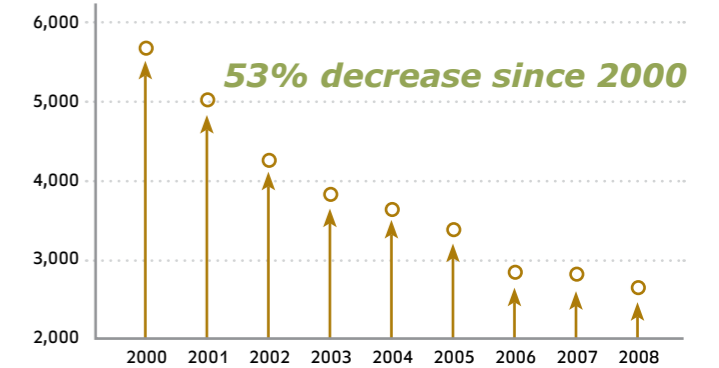
### CO<sub>2</sub> Emissions from Egged Buses (ton/year)



## Air Pollution Emissions from Egged Buses\*\*

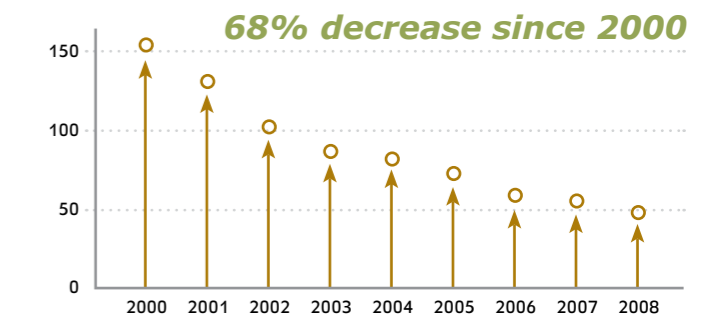
### NO<sub>x</sub> (tons per year)

**NO<sub>x</sub>** - Various nitric oxides are produced by both industrial and natural elements. Nitric oxide and nitrogen dioxide emissions originate mainly from transportation and industry, caused mainly by the oxidization of nitric oxide in various processes.



### PM (tons per year)

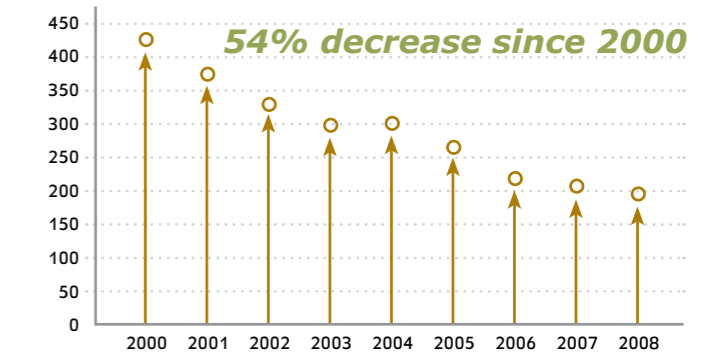
**PM (Particulate Matter)** - Particles originating mainly from carbon, ash, sand, dust, soot and metals. The main sources of these particles are motorized vehicles, chimney smoke, mining, construction as well as natural sources such as sandstorms.



### HC (tons per year)

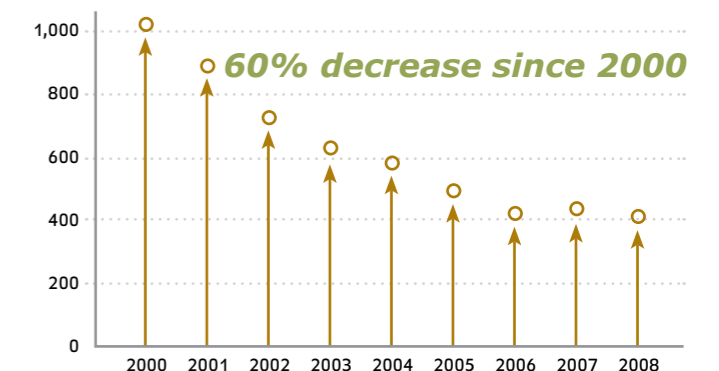
**HC** - Hydrocarbons. A group of chemical compounds constructed from hydrogen and carbon atoms. These compounds are an ingredient of various materials such as oil, paint, solvents and fuels.

Hydrocarbons originate from vehicles, refineries, residential heating and factories using organic solvents. Hydrocarbons natural sources are vegetation, forest fires and natural fuel reservoir emissions.



### CO (tons per year)

**CO** - Carbon Monoxide. A colorless and odorless gas that is a by-product of the incomplete burning of fossil fuel. The incomplete burning of fuel means burning with insufficient oxygen. The main origin of carbon monoxide emissions is the incomplete burning of fuel in motor vehicle engines.



\*\* All of the data is calculated according to 50 ppm fuel emission calculation co-efficients. In practice, the 2007-2008 co-efficients are actually lower as regular diesel was replaced by ultra low Sulphur diesel (10 ppm) during this period.

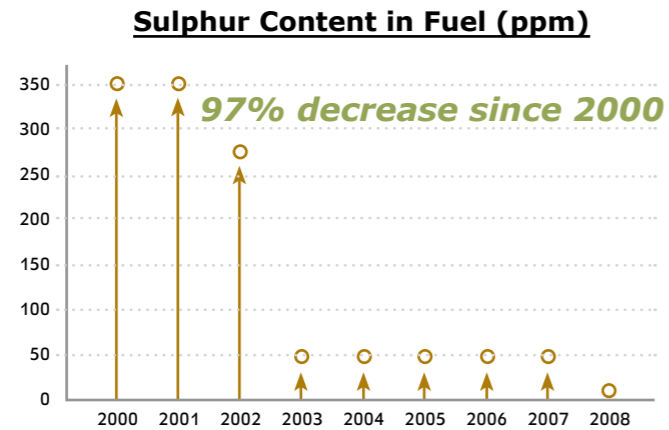
The above mentioned emission data is absolute and does not include the number of passengers on a bus in its calculation. In practice, **an increase in the number of passengers travelling by bus, as a result of a decrease**

**in the number of passengers traveling in private vehicles would increase the absolute amount of Egged's emissions. However national emission levels would be reduced significantly.**

### Transition to Low-Sulphur Diesel

Sulphur oxides can cause breathing and lung functioning disturbances especially amongst high risk groups such as children and asthma sufferers. Sulphur oxide air pollution is mainly associated with various industry and electricity production fields and not with the transportation field. Sulphur oxide emissions stem directly from the type of fuel consumed by a vehicle regardless of the engine type.

Since the end of 2007 all of Egged's buses have been refueling with diesel fuel that contains 10 ppm (particles per million) instead of diesel fuel that contains 50 sulphur ppm's. As sulphur oxide emission levels are mainly influenced by the type of fuel the significance of this move was an 80% decrease in sulphur emissions in addition to a decrease in other air pollutants.



### Tracking and Handling Bus Smoke Emissions

Bus smoke emissions have been tracked continuously since 2001. Anyone who spots a smoke-emitting bus can contact the Egged National Safety and Hygiene Officer directly on a dedicated telephone line which is advertized on the bus. The complaint is registered and the reported bus is neutralized, removed from its assignments and sent to the closest Egged garage for examination and handling. A summary report of the examination is sent to the complainant as well as to the relevant authorities within Egged for tracking and supervision purposes.

A National Call Center telephone number has been advertized on buses since 2005 and this has resulted in an increase in the number of calls from the public.

#### The telephone number for reporting smoke emissions is: 04-854-9597

Whenever a person contacts the center to complain they are required to relay the bus registration number. All buses that are the subject of a complaint are examined. On an average, over 85% of the reported defects were found to be unjustified.

Year	Number of Bus Smoke Complaints		
	No. of Complaints	Faults Found	No Faults Found
2005	37	6	31
2006	27	4	23
2007	25	2	23
2008	31	4	27

\* The data does not include complaints received by Egged for buses not belonging to the organization.

Each bus undergoes an annual smoke examination. Buses which are older than seven years are committed to a bi-annual smoke examination. The examination results are forwarded directly to the Ministry of Environmental Protection for tracking and control.

### Economical Driving Training

The manner in which a bus or private vehicle is driven can influence fuel consumption significantly. Egged began training its drivers on economical driving methods in 2008 in order to both reduce fuel consumption and decrease carbon and pollutant emissions. The training included three hours of instruction conducted by instructors from Mercedes Benz. The training dealt with methods of driving and principles that needed to be implemented by the drivers for optimal fuel conservation. These principles include:

- Tranquil driving– avoiding sudden speed fluctuations
- Maintaining standard tyre air pressures
- High quality bus maintenance
- Turning off the engine during lengthy stops

3,000 drivers completed the training in 2008. Training will continue on an ongoing basis during 2009.

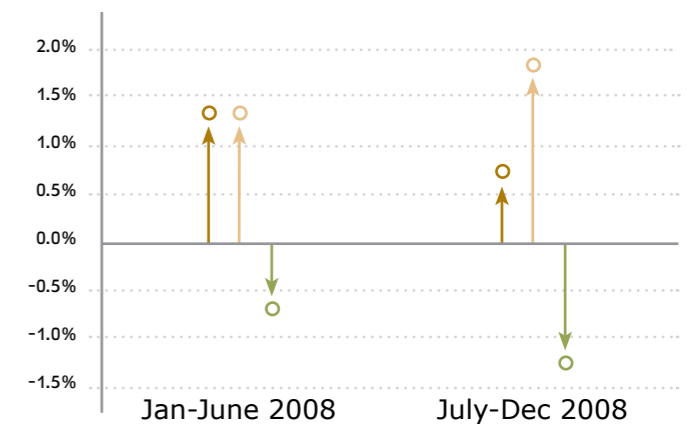
**Economic bus driving can reduce fuel consumption by 10%.**



By awarding bonuses Egged encourages its branches to conserve diesel fuel. Diesel consumptions are examined every six months and bonuses are awarded in accordance with reduced rate levels.

### Rate of Diesel Savings

- South
- Jerusalem
- North



**Water and Wastewater**

*Egged has been actively measuring and attempting to reduce water consumption at all of its locations for a number of years.*

**Water Consumption**

The serious drought which Israel is facing obligates us all to conserve water. Egged has been actively measuring and attempting to reduce water consumption at all of its locations for a number of years.

A major portion of Egged’s water consumption is used for washing the vehicles and their different parts. In addition, water is used for various sanitary purposes such as restrooms, showers and kitchens.

**Water Consumption at Egged (m³)**

2007	271,843
2008	232,248

**Industrial Wastewater**

The industrial wastewater produced by Egged derives from washing floors, vehicles and various vehicle parts. The wastewater is filtered in a separation device before draining off into the public sewers. The separation device is a tank that utilizes different oil and water densities. The sludge and sand debris settles on the bottom of the tank, the water floats above the sludge and the oil floats above both the water and the sludge. The device only allows the middle layer of water to be drained. The sludge and oil are removed on a regular basis to prevent the oil from draining off into the sewers. The sludge and oil remains are sent for recycling (refer to the chapter on Waste for additional details).

**Water Recycling** – Bus washing, Egged’s main source of water consumption, takes place at 29 locations. Water recycling systems that recycle 70% of the used water have been installed at 21 locations. Egged has set a goal of installing water recycling systems in all of its locations.

**Meeting Legal Requirements**

As required by the 1997 Water Regulations (prevention of water contamination) (fuelling stations), Egged tested the impermeability of all subterranean fuel tanks and fuel flow pipes at their internal fuelling stations in 2006. The results of the impermeability test revealed no faults at any of the stations.

The process, involving 20 stations with subterranean fuel tanks (only diesel fuel), also included the installation of monitoring devices (piezometers) which increase the control and supervision of seepage at Egged immensely. Even though the law only mandates testing every 5 years, Egged intends to carry out additional tests in 2009.

**Incompliance with Effluent Quality Standards** – Egged had 3 incidents of incompliance with effluent quality standards in 2008 and 5 in 2007. Egged was fined by the Green Police for an oil overflow from drums that occurred at the Bet Shemesh garage in 2007. An investigation revealed that the oil overflow was caused by the mechanical failure of the storeroom oil supply pump. Egged paid a fine of NIS 6,582 for this irregularity. As a result of this incident Egged has purchased two additional spill containment pallets.



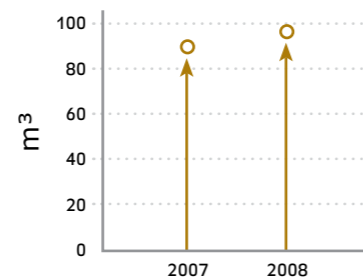
*Egged is making efforts to decrease the waste volumes it produces as well as the amount of waste sent to landfill sites.*

The various types of waste produced by Egged sites are a by-product that we are attempting to reduce. Hazardous waste is sent to regulated hazardous landfill waste sites, recyclable waste is sent to recycling companies and the remaining waste is sent to regular landfill sites. Egged is making efforts to decrease the waste volumes it produces as well as the amount of waste sent to landfill sites.

**Hazardous Waste**

Egged's manufacturing plant produces hazardous waste which, by law, is directed to the regulated hazardous waste absorption site at Ramat Hovav. The hazardous waste is created from the cleaning, refurbishing and reconditioning of bus parts in the plant.

**Hazardous Waste Sent to Ramat Hovav**



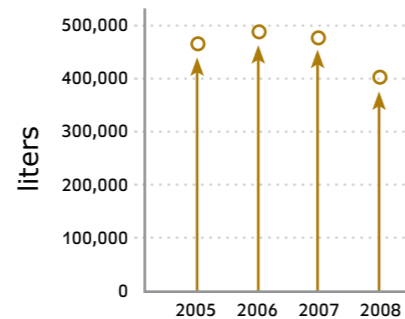
The increase in the amount of landfill hazardous waste arises from the requirement to reduce the workload of the plant waste separation device to ensure that it meets the Ministry of Environmental Protection efficiency standards.

**Oil Recycling**

Engine and gear oil is collected for recycling by the Egged garages in an organized manner. Egged locations transfer the accumulated sludge from all of their oil and fuel separators to the at Lipodan site for recycling.

Egged also transfers used vegetable oils from its kitchens for recycling.

**Oil Sent for Recycling**



**Tires**

Each year 3 million used tires, representing a significant combustion potential, pollute open spaces and water sources in Israel. Tire waste is a severe environmental problem especially due to the mass volume they take up in landfills and the fact that rubber is not biodegradable.

**Vulcanized Tires**

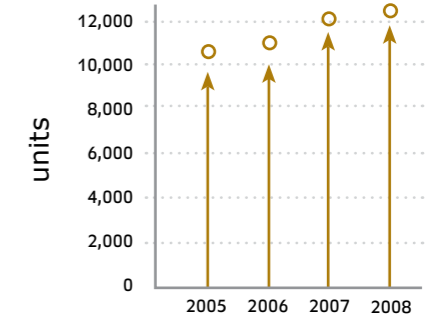
The vulcanization process extends the life of a tire by using technological processes to strengthen its durability. This both extends the life span of the tire and delays it from being discarded. During the vulcanization process the tire's top layer is removed and replaced with a new layer which results in 80% of the tire being recycled.

**Reject Tires**

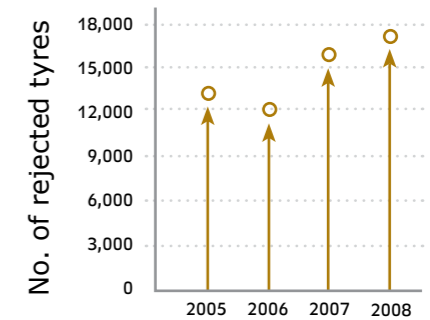
Egged, both a large tire consumer in the Israeli market and a partner in 'Egged Shivuk Lerechev' - the importers of Continental tires, is responsible for collecting and recycling tires.

The Tire Recycling Law came into effect in July 2007. Its aim was to regulate the collection and recycling of rejected tires thereby minimizing the environmental damage caused by tire waste. The law is based on assigning 'manufacturer responsibility' to the product's manufacturer, or importer, who is responsible for handling environmental problems that are caused by the use of their product. The manufacturer or importer is legally responsible for ensuring appropriate removal during the first four years and from the fifth year they are responsible for recycling the tires at designated locations. As stipulated by legal requirements organized tire recycling is due to commence within a few years. Egged presently sends its reject tires to the Dudaim landfill.

**Vulcanized Tires**



**Removal of Rejected Tires**





## Removing Buses from Service

Eged removes a bus from service for one of the following two reasons; either an initiated removal from service that takes place after comparing the regulatory bus standards with the current bus fleet characteristics, or a market-related removal from service which takes place as a result of an accident or damage to the bus.

**Initiated Removal from Service** – The decision making process for the initiated removal of a bus from service is managed by a designated committee which is comprised of the Maintenance Manager, the Traffic Manager, the Vehicle Command Center Manager and the Coordinator of Removal from Service. The parameters for removing a bus from service are age, licensing month and general condition (especially buses that are 15 years old) or if the fleet size is larger than required. If and as required, the bus's mechanical condition may be added as an additional grading level.

**Market-Related Removal from Service** – This occurs when a bus is damaged in an accident. Usually a bus will be removed from service when it is approaching its removal age or if a large investment is required to make it roadworthy.

All bus removals are centralized in three locations; Achisemach Parking Lot, Netanya Garage Parking Lot and Ir Ganim Parking Lot. Bus dismantling only takes place at the Ir Ganim garage. A bus that has been removed from service is a bus that has been withdrawn from the list of operational buses and a bus that has been completely removed from the fleet is considered scrapped, sold or donated. Buses destined for scrap are dismantled in accordance with logistical requirements and needs. The parts are collected for recycling, some after having undergone a reconditioning process. The scrap remaining at the end of the dismantling process is sold as scrap metal.

**The scrap-purchase ratio of urban buses during 2009 is expected to be 1:1.**

175 buses were deactivated during 2008:

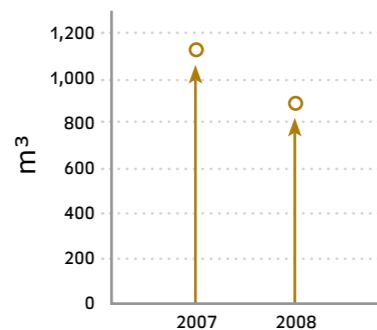
- 97 were removed from the active list
- 73 were scrapped
- 5 were sold

### Sold as Scrap Metal (tons)

2005	230
2006	1,490
2007	1,500
2008	365

## Landfill Waste

### Waste to be Landfilled



## Office Waste

Eged's office waste consists mainly of paper, ink toner and electronic waste. The different types of waste are sorted and sent for recycling:

▪ **Paper Waste** – Each month, containers of paper and cartons from the various Eged centers are sent for recycling. Specially designated paper waste containers are scattered amongst the Eged offices. 6 tons of cartons and 15 tons of paper are collected annually for recycling.

▪ **Ink Toners** – Ink toner containers are returned to the supplier for recycling purposes. 2,700 ink toner containers from Eged offices are recycled annually.

▪ **Electronic Waste** – 5% of Eged's electronic products are replaced annually. All of this waste, 400 tons of machinery per year, is sent for recycling.



Certificate of Merit to Eged for transferring electronic waste to 'Ecology for the Sheltered Community' for recycling.

## Eged, SPIDER and HURLEY in a Recycling Campaign

Eged began a joint campaign of environmental awareness together with international brand-name fashion surfing wear manufacturers. During the campaign customers who deposited their monthly bus passes for recycling at one of the company's recycling stands were awarded discounts for purchasing products manufactured by SPIDER and HURLEY. The cooperation and campaign contributed to environmental protection and recycling awareness, especially amongst teenagers.



***The noise level of all bus models used by Egged is checked prior to commencing service***

Noise originating from vehicles does not damage the auditory system but it can become a nuisance that disturbs daily functioning and concentration as well as causing sleep disturbances. The noise volume of vehicles depends on the following factors: the volume of traffic – the larger the volume the higher the noise level; the traffic structure – trucks, buses and motorcycles increase noise levels; the traffic speed – continuous traffic creates lower noise levels than intermittent traffic (for example, stopping at road intersections). Naturally, the age and maintenance of a vehicle also influence noise levels.

Buses produce more noise than private vehicles because of their large engines and the frequent stops they are required to make. In addition, the use of air conditioning contributes to increased noise levels. As a result, most buses in Israel have higher noise levels than buses in Europe.

The noise level of all bus models used by Egged is checked prior to commencing service and only buses meeting the required standards are authorized for use.

The installation of a fleet management system was completed at Egged during 2008. All of the buses were equipped with satellite GPS systems which are used to track the vehicles. A screen, enabling the driver to receive messages from the command center (for additional information refer to the Responsibility and Credibility chapter), was also installed. This system allows drivers to receive 'Breaking Message' warnings on their screen advising them that their engine has been running for a lengthy period while motionless which results in wasted fuel and impacts the noise environment. In addition the system forwards a complaint report to the authorized association representative regarding the disciplinary deviation.

### ***Noise Complaints***

Except for one single complaint in 2008, Egged has not received any complaints about noise during the past few years. The single complaint was made on behalf of residents living in proximity to the Herzlia Central Station and it was handled in coordination with the city environmental unit.





***Chapter 6***

***Accessibility***

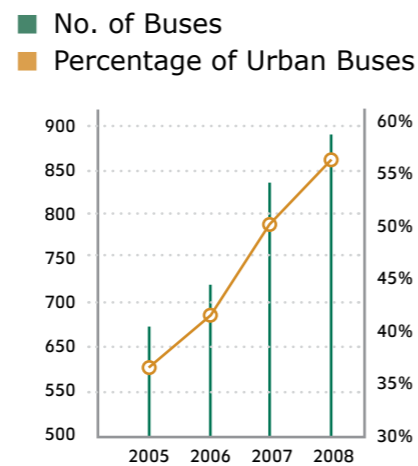


**Egged trains its drivers on how to operate the fully accessible buses in order to improve the quality of service given to the various types of disabled passengers**

Public transportation is a mass transportation tool and as such it needs to suit as many sectors of the population as possible. Equal Rights Regulations for Persons with Disabilities (regulating accessibility to public transportation services) 2003 stipulate that every urban bus manufactured from 2003 is to be accessible and suitable for people with disabilities. In addition, a wheelchair entrance / exit lift device needs to be installed.

Today, over 56% of Egged's urban buses are fully accessible and this number is expected to increase in the future. Furthermore, Egged trains its drivers on how to operate the fully accessible buses in order to improve the quality of service given to the various types of disabled passengers.

#### Fully Accessible Urban Buses



#### Accessibility Training

Egged drivers undergo training to ensure that disabled passengers receive the best level of service. The training includes workshops; academic lectures as well as meetings with the disabled population to fully understand the difficulties they face daily on public transportation. The drivers undergo half day training; during the first portion they learn about various types of disabilities and how to cope with the dilemmas they may confront in passenger encounters. The second portion is dedicated to meetings with the disabled who explain the complications they face in their daily functioning. The training's objective is to provide disabled passengers with an improved and more efficient service. This serves to give the drivers a deeper understanding of the difficulties faced by these passengers as well as supplying them with the necessary tools to assist disabled passengers and provide them with the best possible service.

11 training sessions with a total of more than 600 participating drivers were held during 2008. At the conclusion of each session the drivers completed feedback forms which examined the training's effectiveness and included improvement suggestions. The feedback results showed that the training was helpful in increasing the drivers' understanding of disabled passenger needs and also revealed that the level of training was very much in line with their expectations.

### Accessibility Workshop for a Forum of Drivers from Egged's Northern Region

From an article by Dr. Revital Schwartz-Svirski

The training workshops for 'Egged' bus drivers on the subject of accessibility are very important for the drivers themselves but are also no less important for passengers with special needs.

Dr. Revital Schwartz-Svirski, the Northern Area Project Manager for Negishut Israel, who has been personally disabled by polio, was present during these workshops

The following is an excerpt from an article she published regarding the accessibility training conducted by Egged:

'...I was invited to a Negishut Center workshop held by the Shekel organization. The workshop was led by Mrs. Michal Masad, from Kfar Vradim, who has set herself a goal of appearing before various forums such as policemen, drivers and other service providers who serve the special needs community in order to increase their awareness

The meeting began to gather momentum; David and Souhila, who are both active in the 'Migdal Or' organization, spoke on behalf of the blind and sight challenged community. They delivered harsh reports indicating the unwillingness of drivers to allow guide dogs to board buses, buses stopping at a far distance from the sidewalk making it difficult for them to board the bus independently, the lack of bus seats for the blind, the unavailability of accessible bus route information for the blind and other such related items. On the other hand, the drivers also voiced numerous complaints: private vehicles parked in bus stop areas (and if you can believe it this also includes disabled drivers' vehicles!!!), the drivers unawareness of a blind passengers' condition (occasionally, in the absence of a guide dog or cane the only way to identify a blind person is for them to present a 'Blind Identity Card. If this document is mislaid there is an unacceptable delay before a replacement document is received.), the lack of cooperation received from the police (an additional body that has to receive vigorous informational explanations to increase their awareness of people with special needs!).

Both parties agreed that enforcing the law against illegal parking in bus stops is a necessary reality.

I talked about the restricted mobility public whose problems we are all aware of, such as bus stop accessibility, the lack of adequate buses with ramps and the drivers lack of knowledge or unwillingness to activate them, assisting the disabled to board the ramp (the incline is too steep), moving passengers who occupy the special area allocated for wheelchairs and to assist the disabled in putting on their seat belts; all of this taking place amidst the pressure of the other passengers who are hurrying to their destinations. And once again, how we long to have the type of public transportation we notice abroad where the public wait patiently for the disabled, where the electrical ramp opens automatically, at the correct level and not at a steep incline, without the drivers' intervention, where boarding is quick, independent and if the disabled person is accompanied by an escort then the escort is exempt from payment.

..This is how three challenging, thrilling, educating hours passed by - it is evident that this is just a drop in the ocean. The road to solving Egged's accessibility issues is long. We will - however - have additional meetings (we could only accommodate 30 drivers in the one meeting). It is important to know that even in Berlin, which is a very accessible city, the revolution in public transportation only took place a decade ago. However, the fact that meetings of this kind take place (and thanks to the Egged management for this), the fact that an initial dialogue was initiated and the knowledge that we are in the midst of a mutual learning process and cooperation, caused both parties to part in a very different atmosphere from the beginning, with handshakes and even smiles.'

To access the full article in Hebrew: <http://www.aisrael.org/Index.asp?CategoryID=804&ArticleID=11555>

At the beginning of 2009, Egged will begin operating a public information system that includes details of wheel chair accessible buses for the disabled. During the preliminary stage the information will be handled by the Egged Customer Call Center which can be contacted by dialing \*2800. The new system will enable the Call Center service representatives to access all bus assignments. Any passenger can call the center, indicate the bus line number they want to use and at what time, and the center will provide them with information concerning the

level of accessibility. During the second stage the information will also be made available through the websites advanced information system.

**In addition to urban routes, Egged is reviewing the possibility of fully accessible bus service on all of its suburban routes. Today, a number of suburban routes offer limited accessibility service and Egged is reviewing the possibility of improving accessibility for disabled passengers.**



***Chapter 7***

***Responsibility and Credibility***



*Egged is an active partner in dialogues that take place at the Ministry of Transport & Road Safety and Planning Committees which act as the basis for changes in public transportation*

Egged is doing its utmost to operate its service lines in the most optimal manner. Most of the efforts are invested in improving the service provided to passengers with the intention of creating a preference for public transportation by trying to make buses as convenient as private vehicles.

Egged is an active partner in dialogues that take place at the Ministry of Transport and Road Safety and Planning Committees which act as the basis for changes in public transportation. Many of the regulations influencing public transportation activities are dictated by these bodies, Egged's role is one of an advisor who expresses professional opinions. Regulations concerning the bus's route, the transporting of bicycles on board a bus and other such issues, are not under Egged's control; they are dictated by Ministry of Transport and Road Safety. In addition, the Ministry of Transport and Road Safety oversees bus fare prices and subsidizes them according to discount policies directed upon with the Ministry of Finance.

### **Fleet Management System**

The installation of a fleet management system at Egged was completed during 2008. The satellite location system enables command and control of the entire bus fleet plus other pre-defined service vehicles. The system enables efficient, optimal management of the traffic system, saves costs and increases discipline in the workplace. A satellite based GPS has been installed on every bus and this device is used to pinpoint the exact location of any vehicle at any given time. In addition, a driver's screen was installed, enabling the driver to receive messages such as warnings of sudden road condition changes, emergency technical situations and other such messages from the Control Center. A message arrival is accompanied by a repetitive sound signal that only ceases when the driver authorizes receipt of the message.

The Control Center is manned by a number of controllers 24 hours a day.

#### System Functions:

- Whenever the authorized speed is exceeded, an automatic warning message is immediately transmitted to the driver's screen. In addition, a list of all the driver's infringements is forwarded to the Safety Department. In the event of an excessive speed offense a message is forwarded to the manager of the specific site which the bus is approaching and in addition, an immediate report is forwarded to the Safety Department.
- A warning regarding stationary buses with active engines, which causes both wasted fuel and environmental noise, is sent to the driver's screen in the form of a 'breaking message'. In addition, a telephone message is sent to the responsible person at the site where the bus is parked and a complaint is forwarded to the authorized disciplinary committee representative.

- The system triggers a warning and sends a message to Egged's security and controller personnel for any unauthorized bus activations and whenever a bus exits the parking lot during unconventional hours. The system can then track the bus on a map until it is apprehended.
- Whenever the system receives an emergency message from the driver's screen which requires the intervention of security and / or rescue authorities, the center's controllers immediately contact the relevant authorities.
- The system automatically locates technical faults such as, driver screen failures, problems with the ticket issuing application, inoperative GPS antennae or faulty screens and tracks their repair to completion.
- Whenever a message is received about a blocked traffic route the system reports the event to the appropriate authorities and assists in diverting the traffic to alternate routes.

### **Customer Service**

#### Public Enquiries

Egged's Public Enquiries department is responsible for enquiries received from the public. Most of the enquiries deal with bus schedule delays, the non-collection of passengers, driver behavior and security issues.

All complainants receive a reply within four working days of the date of complaint. When the complaint concerns a complex issue, the complainant first receives a preliminary reply, then the complaint is forwarded to the relevant personnel for handling and depending on the type of complaint a final reply is sent to the complainant no later than 31 working days after the original enquiry date.

**The Public Enquiries department can be contacted at: 03-9142010**

### **Passenger Surveys**

Each year Egged conducts surveys to examine the public's satisfaction with public transportation in general and with Egged in particular. Three surveys are conducted every year, one of which is general while the other two are sectorial. The surveys encompass a sample group of 500-600 passengers categorized by gender, age and sector. The survey examines various subjects such as frequency of public transportation use, bus services satisfaction and bus company preferences.

The survey conducted in 2008, by "Mutagim", revealed that Egged has a relative advantage over its competitors in both professional driving and complaint handling.

### **Smart Ticket**

Smart tickets, electronic reloadable tickets intended to replace all the different types of public transportation tickets and cards, were introduced in Israel towards the end of 2007. The ticket contains all the passenger's details (in case of loss) and can be reloaded by the bus driver. External reloading stations will soon be inaugurated. Passengers receive a 20% discount on fare prices each time they reload; this is in addition to any other discounts for which the passenger is eligible. The ticket will gradually be introduced on all urban and inter-city bus routes throughout the country. During 2009 Egged will run a smart ticket pilot program which is expected to enter regular service during 2010.

### **Central Stations**

The maintenance of Central Stations is important to Egged as they are perceived as 'showcase windows' which influence a passengers travel experience and are a deciding factor in the use of its services. During the past few years many central stations that Egged was once responsible for have now been transferred to external ownership and this has resulted in a considerable decrease of Egged's influence on central station operations. Egged is promoting an initiative on this subject and are hoping to work together with the central station owners in order to improve the stations' maintenance and appearance.

## Improving Passenger Information

At the end of 2007 Egged significantly expanded and refined its passenger information platforms in the following areas:

- Upgrading the Egged website which operates in three languages: Hebrew, English and Russian. On the website it is possible to initiate 'free text' questions (only available in Hebrew), at no charge, about bus lines and routes and receive immediate replies.
- Cooperation between iGoogle and Egged enables detailed and immediate replies concerning service lines. The system (only available in Hebrew) provides answers to all types of questions ranging from information on inter-city lines to information on how to get from a specific address in one city to another specific address in a different city, together with the estimated travel time.
- The SMS \*2800 service (only available in Hebrew) has been expanded to include all Egged lines and various alternate types of transportation, including information about urban and inter-city travel or a combination of the two. The expanded service also provides information about travel possibilities between a street in a certain city to a street in a different city or between various travel sites (for example from the Technion Institute in Haifa to the Shalom Station in Tel Aviv).
- The telephone number of the National Passenger Service Center is: \*2800 or 03-6948888.

**Next Bus** – Egged, working together with Unicell and Cellesense to improve the present SMS service, are currently running a pilot program that integrates 'Next Bus' technology. This technology allows passengers to receive real-time bus information and to know when a bus is scheduled to arrive at a specific station. The technology is based on the GPS system installed in the bus allowing the bus to be tracked and its whereabouts known at all times. Times are measured at different hours of the day which enables the system to calculate the length of time it takes the bus to reach the station. With this new service passengers can send an SMS to \*2800 (only available in Hebrew) that contains the name of the station where they are located and the bus number they are waiting for (or their intended destination) and receive an SMS reply with the bus's planned arrival time at the requested station. The SMS \*2800 service receives hundreds of thousands information queries per month and this number is expected to increase by 25% after the service has been deployed at a national level.

**The pilot program currently incorporates a number of bus lines in Jerusalem and includes real-time reports concerning bus station arrival times. The pilot program will be expanded to additional areas during 2009.**

### Examples of questions that can be sent to the new service:

Question Type	Question	Reply
Sending only the station number	30163	To Jerusalem Central Station / Binyanei Hauma 5 14:05, 74 14:15, to Jerusalem, Ramot 34 14:46
Sending bus line and station number	Line 30 from station 31970	To Jerusalem, Mt. Scopus, 30 14:33
Sending station number and destination	From station number 31465 to Central Station	To Jerusalem central station / Binyanei Hauma 74 14:14, 5 14:18

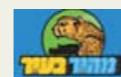
**Information Screens** – In 2009 Egged will begin the installation of an information system for the bus travelling public. Information concerning the bus route, the distance to and the arrival time at the next stop, traffic announcements, route changes, schedules, available passenger services, special events and additional information of this nature, which will also be available on the website, will be transmitted both visually and aurally on two LCD screens one of which will be installed in the front section of the bus and the second in the mid-section. This system is expected to improve the services offered to all Egged passengers including the disabled sector.

Egged believes that the introduction of the advanced information system will greatly improve the service offered to passengers travelling on public transportation; the 2009 budget includes installation of the system on 500 buses.

## Night Bus Project

A joint night bus project between the Ministry of Transport and Road Safety, Egged, the Jerusalem Municipality, Haifa Municipality, the Haifa 'Krayot' Area Municipalities and the Or Yarok organization was inaugurated in 2008. The project's goal is to provide a transportation solution for 'partying' youngsters who have been drinking alcohol or for those who do not own a private vehicle. The service, which was started in Jerusalem, Haifa and the Haifa 'Krayot' suburbs, provides a convenient, cheap and especially safe solution.

During the summer the night buses operate daily, every 30 minutes, between 23:00 and 04:00.



## Upgrading the Bus System in Jerusalem:

The Jerusalem bus lines are currently in the process of being reorganized and upgraded. These changes are part of the implementation of a mass transportation system that includes two basic elements: a light railway system and main artery bus lines that travel in designated public transportation lanes.

**The new traffic system is the result of overall in-depth planning by the Ministry of Transport and Road Safety, the Jerusalem Municipality and the Transportation Master Plan Team in collaboration with Egged.**

The plans objectives:

- Improving the quality of service and on time reliability
- Reducing travel and station waiting time
- Reducing noise and air pollution levels
- Use of 'smart' technologies and infrastructures
- Improving accessibility

An express bus route named 'city express', the first of its kind to operate in Jerusalem, which implements the new public transportation concept in the capital began service in February 2008. The bus line travels in designated public transportation lanes along its entire length; starting from Har Homa, along Hebron, Keren Hayesod and King George roads and continuing along Jaffa Street until its arrival at the Central Station.

This bus line is the first of 5 additional express lines that are planned to commence operation during 2009 (lines 71, 72, 75, 64, 67) together with other advanced, more efficient and more convenient services such as:

- Modern multi-capacity buses
- On line information at stations displaying arrival time of next bus
- Right of way at traffic light intersections for continuous and express travel
- Bus stop information and orientation maps for public transportation travellers

The changes taking place in Jerusalem are in the spirit of sustainable transportation principles with public transportation having a significant preference over private transportation

## Consolidating Bus Tickets in the Haifa Metropolitan Area

In order to make the service affordable to all sectors of the population, Egged is striving to reduce bus tariffs. In this vein, on January 1st, 2008 Egged, together with the Ministry of Transport and Road Safety, began the implementation of a ticketing issuing and payment system reform on bus lines in the Haifa metropolitan area. All the 'monthly free passage' ticket cards in the metropolitan area were merged into only four zones, thereby enabling travel to more areas for the same price. A new addition was the introduction of an 'hourly passage' ticket card which enables a passenger

to transfer to various buses during a single hour and only pay for the first trip.

The reform amends the previous concept whereby passengers pay each time they board a bus to a concept where the passenger pays a typical single fare to their destination, regardless of the number of transfers made during the allotted time period. This is a reform that creates complete synergy between the 'Krayot' suburbs, Haifa, the Tirat Carmel area, Neshar, Yokneam, Tivon and Rechasim as well as offering workers from the periphery an incentive to travel to Haifa.



***Chapter 8***

***Health & Safety***





*Besides the legal obligations imposed by the transportation regulations, the Safety Department initiates driver knowledge and professional proficiency improvement activities in order*

### Bus Safety

Eged is actively involved in reducing the number of buses involved in road accidents. Besides the legal obligations imposed by the transportation regulations, the Safety Department initiates driver knowledge and professional proficiency improvement activities in order to increase the safety of travel on Eged buses. We are striving to improve and upgrade the level of passenger safety in addition to instilling driving habits that meet the criteria set for all Eged drivers.

#### Accident Casualties For Which Eged Was Responsible

	2005	2006	2007	2008
Internal Bus Injuries	55	91	71	90
Externally Injured	7	137	151	127
Fatalities	0	0	1	0

During 2008 buses were involved in 8% of the fatal accidents on urban roads and on 4% of inter city roads. During the past few years the drivers of the Eged buses were not directly responsible for 80% of the fatal accidents in which they were involved.

#### Basic Driver Training

An Eged Driving School training course is a mandatory pre-condition for anyone requesting to become an Eged driver, regardless of whether they possess a bus driving license at the time of their application. Upon conclusion of the training the driver receives a comprehensive and detailed briefing from the safety department regarding the regulations, procedures and instructions that obligate all Eged drivers. In addition, a safety file is opened for each driver; this file will contain the driver's driving related incidents that occur during the period of employment as an Eged driver.

#### Safety Department

The safety department is involved in providing explanations, guidance and counseling for Eged drivers, especially for new drivers at the start of their employment, about all professionally related issues that affect them in their daily work. Updated information on significant changes, transportation regulations, new procedures etc. is circulated and distributed to the drivers. It is mandatory for all drivers who return to the driver's seat

after a long absence to first report to the Safety Department for a refresher briefing on all the relevant issues.

All safety complaints received by Eged are handled by the Safety Department. If the driver's driving manner is not in line with the traffic regulations and obligatory Eged safety precautions, the department takes explanatory steps, or if deemed necessary, the driver either undergoes professional refresher training conducted by the safety department or faces punitive measures.

#### Undercover Driver Tracking

Besides regular training and qualifications, Eged undercover units are used to track the buses. The undercover tracking is conducted by safety department personnel disguised as passengers who prepare a detailed report on all matters concerning the drivers driving manner and handling. In addition, the department operates safety patrol cars equipped with a driver tracking and documentation system that enables them to track the bus and document important incidents by video, such as speed, safe driving distances,

driving in the correct lane, safe overtaking etc. The driver is summoned to the safety department for clarification when an infringement has been recorded and, depending on the severity of the infringement, the findings may be forwarded to Eged's disciplinary committee. In the case of serious offences the driver is sent to the Eged Driving School for refresher training. The safety department continues to track and examine drivers with infringements to verify their degree of practical refresher training implementation.

#### Safety Training

In its efforts to minimize road accidents Eged conducts annual refresher courses that deal with safe and correct driving methods. The safety training, which refreshes the driver's knowledge of the specific Eged procedures, is intended mainly for drivers involved in road accidents or in safety-related events during which they violated a safety driving procedure. The refresher courses are conducted on a quarterly basis and take place in each of Eged's operating areas: Jerusalem, North and South. 25 drivers participate in each training cycle with a total of 200 annual participants.

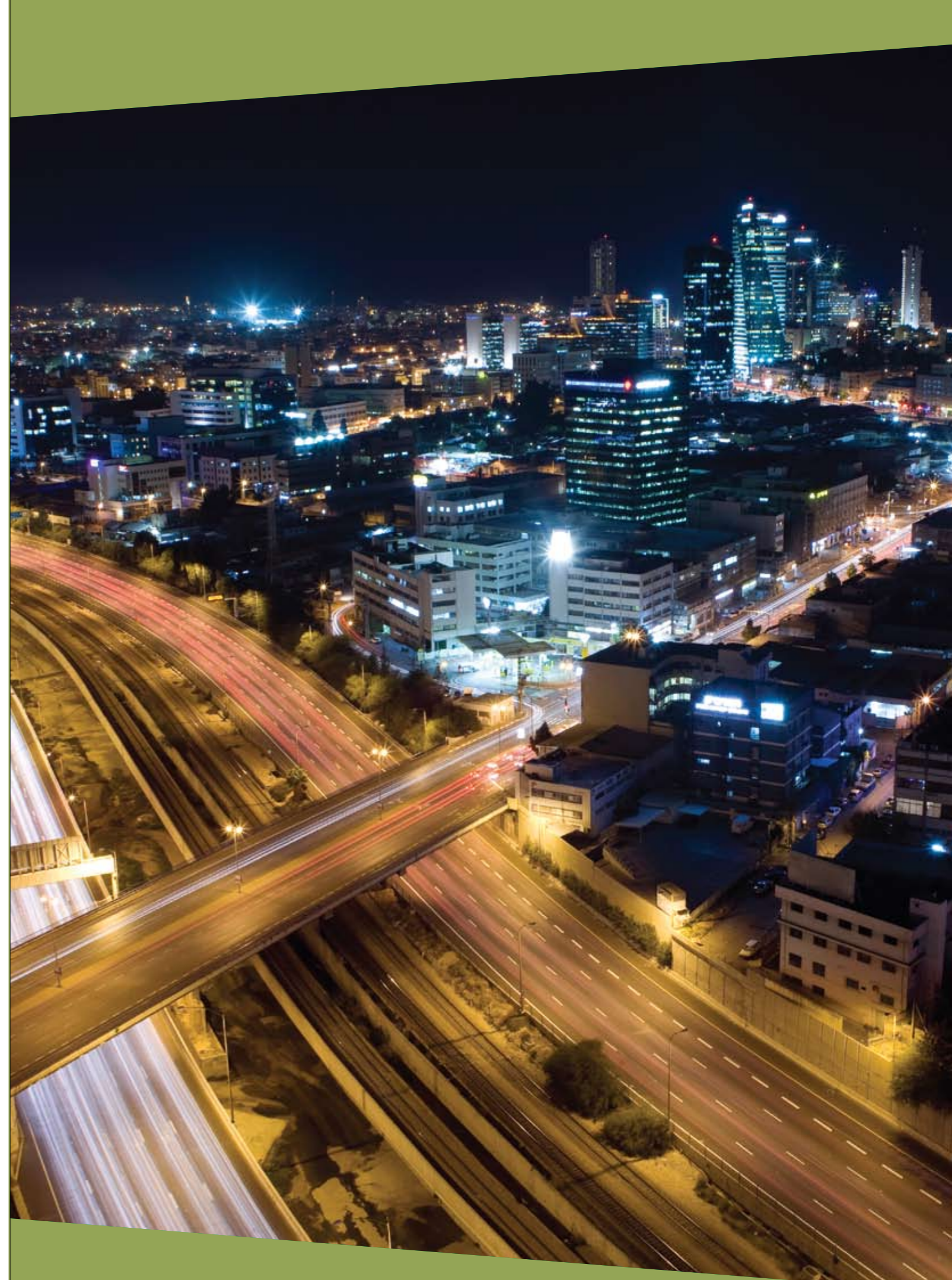


## Employee Health

Employee health supervision is conducted at all Egged sites. The number of personnel assigned to this field has grown during the past few years and regulations and internal procedures have been amplified.

Type of Activity	Legal Requirements	Field of Activity
Training	Provide employees with annual training regarding the dangers to which they are exposed at work. The training will be conducted by a Labor Inspector authorized body	<ul style="list-style-type: none"> <li>Training on the subject of safety in Egged sites is conducted by the Occupational Safety and Hygiene Institute which is a legal statutory body and is entrusted to promote safety in the Israeli market</li> <li>565 employees were trained in 2008 during 30 training sessions</li> </ul>
Mapping Garage Noise	To test noise factors once every two years in harmful noise work areas	<ul style="list-style-type: none"> <li>Egged has an authorized noise laboratory which is in the process of receiving ISO 17011 standard certification</li> <li>The noise monitors at Egged sites enabled identification of the main noise sources whose effect is reduced by acoustic walls and by purchasing relatively quiet tools</li> <li>The use of personal protective equipment, training and medical tracking has been increased</li> </ul>
Garage Environmental Monitors	Bi-annual environmental monitoring to be performed by an authorized laboratory	<ul style="list-style-type: none"> <li>During 2008 environmental monitoring was performed in garages working with lead (paint, radiator repairs and alloy soldering) and organic solvents (paints and cleaners). All of the monitor results were normal</li> </ul>
Personal Protective Equipment	Provide employees with personal protective equipment suited to the type of work performed in the work area	<ul style="list-style-type: none"> <li>The protective equipment type was determined and professional standards, updated on a regular basis, were determined for each item</li> <li>A detailed procedure for the use of protective equipment was defined</li> <li>The effort to increase employee awareness on this subject continued during this period</li> </ul>
Work Accidents	Document and investigate each work accident	<ul style="list-style-type: none"> <li>Each accident is reported to the department where it is documented and followed by a circumstantial investigation</li> <li>There were 73 accidents during 2008 compared to 85 during 2007</li> </ul>
Employee Health Examinations	Annual hearing tests, conducted by an authorized medical institute, for employees who are exposed to harmful garage noise factors	<ul style="list-style-type: none"> <li>Mobile Hearing vans conduct the employee hearing tests</li> <li>Tests were conducted at all Egged sites during 2008</li> </ul>
Handling of Safety Obstacles	Expel obstacle immediately upon its discovery	<ul style="list-style-type: none"> <li>Continuous checks take place at all of the cooperative's sites</li> <li>Each located obstacle is reported and handled appropriately</li> </ul>

The number of work accident and professional illness claims to the National Insurance Institute was reduced significantly after the introduction of more stringent procedures. 7 claims on this subject were handled during 2008 as compared with 67 claims during 2005, 48 during 2006 and 32 during 2007.





**Chapter 9**

**Society & Community**



*Egged places particular importance on its contribution to society*

Egged places particular importance on its contribution to society and strives to promote related initiatives. As Egged's core business is mass transportation we are trying to ensure that our contribution to the community focuses mainly on transportation and other bus supplying activities.

**Employing Underprivileged Youth**

Egged employs 70 underprivileged youngsters in its garages which help provide them with a normative environment. The youngsters, who work in Egged's garages on a part time basis, are studying at trade schools after having been rejected or not having adapted to regular educational frameworks. In addition to their educational framework, their work enables them to gain experience from Egged's professional employees, earn a salary and receive meals etc,

**Operating the 'Nechonit'**

Egged has operated the 'Nechonit' service since 1984. It is assigned to transport the disabled members of the National Paraplegic Association in a special-purpose vehicle. Egged finances the cost of the two drivers operating the service (additional details are listed on 20 of the 2004 report).

**Assisting the 'Ofanim' Association**

Egged assists the 'Ofanim' association which organizes computer training for children from needy families in outlying areas (mainly in the northern and western Negev as well as the Bet Shean valley). Egged donated a bus which was converted into a classroom; the donation also included a low-cost non-profit repair and handling service for additional buses that were sold to them at a reduced price.

**Donations**

Egged donates both money and other service-based contributions to various organizations in Israel. Financial donations are given to a wide range of associations and organizations such as The Israel Cancer Association, The Center for the Blind in Israel, The Israel Sports Center for the Disabled, The Israel National Heart to Heart Association, The Association for Honorable Living , Yachad Betikva Association, The Charitable Heart Association – Assistance Center for the Sick and Needy , The Association for Fighting AT (Ataxia-telangiectasia) Disease in Israel, The Tel Aviv-Jaffa Food Distribution Center, The Yad Hachessed Organization, The Israeli Spirit Organization for Children in Distress, The Rafeah Organization (Medicine According to Jewish Religious Law ), The Juvenile Diabetes Association in Israel, The Association of the Deaf in Israel, Yad Sarah, Cystic Fibrosis Foundation of Israel, the Pitchon Lev Organization, Beit Ruth – Hostel for Teenage Girls at Risk, The Association for the Wellbeing of Israel's Soldiers, The Israel Guide Dog Center for the Blind, the Kav Lachayim Organization and others.

In addition, transportation services are donated to associations such as The Israel Cancer Association, The Ilan Organization, The Akim Organization, Yad Sarah and Ezer Mizion. Transportation services are also donated to the Paratrooper Widows & Orphans Organization for orphan Bar/Bat Mitzvah services as well as to other organizations on special national donor days.

**Beersheba – Arad Branch**

Drivers belonging to the Beersheba – Arad branch, which transports the Dead Sea Hotels employees, play an active role in the transportation of the food donated by the hotels to 'Berkat Lili', a Nutrition Welfare Center in Arad. Each day the branch drivers use the bus storage area to transfer food containers from the Isrotel Group's Crowne Plaza and Daniel Dead Sea Hotels to Arad and by doing so, play an integral part in the continued existence of this project.

'Berkat Lili', the Nutrition Welfare Center in Arad was established and is maintained by 'Table to Table', a national organization that collects and distributes excess food for the needy.



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	G3 Management Approach Disclosures	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

\*Sector supplement in final version



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