

# UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS

Baran Group Ltd

November 2012



[www.barangroup.com](http://www.barangroup.com)

## About This Report

In September 2010, Baran Group Ltd first made a formal commitment to participate in the United Nations Global Compact and uphold and promote the Ten Principles, and report annually on progress. We maintain this commitment.

This is Baran Group's second Communication on Progress, covering progress made during 2011 and the early part of 2012 in the areas of social and environmental responsibility, ethical conduct and anti-corruption. Our first COP was integrated into our global Sustainability Report which covered our activities during 2009-2010. We publish Sustainability Reports every two years.

We are currently preparing our global Sustainability Report for 2011-2012, scheduled for publication in mid-2013. This forthcoming Sustainability Report will provide fuller details of our impacts on society and the environment, in line with the Global Reporting Initiative reporting framework. Therefore, for the purposes of maintaining continuity and upholding our obligation to communicate annually to the UN Global Compact, we submit this standalone COP as a brief reconfirmation of our approach and commitment.

This Communication on Progress will not be printed in hard copy. It will be available through the UN Global Compact website and our corporate website. Baran employees around the world will be informed of this communication and encouraged to consider their own contribution in advancing our responsible business practices.



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## Profile

### Overview

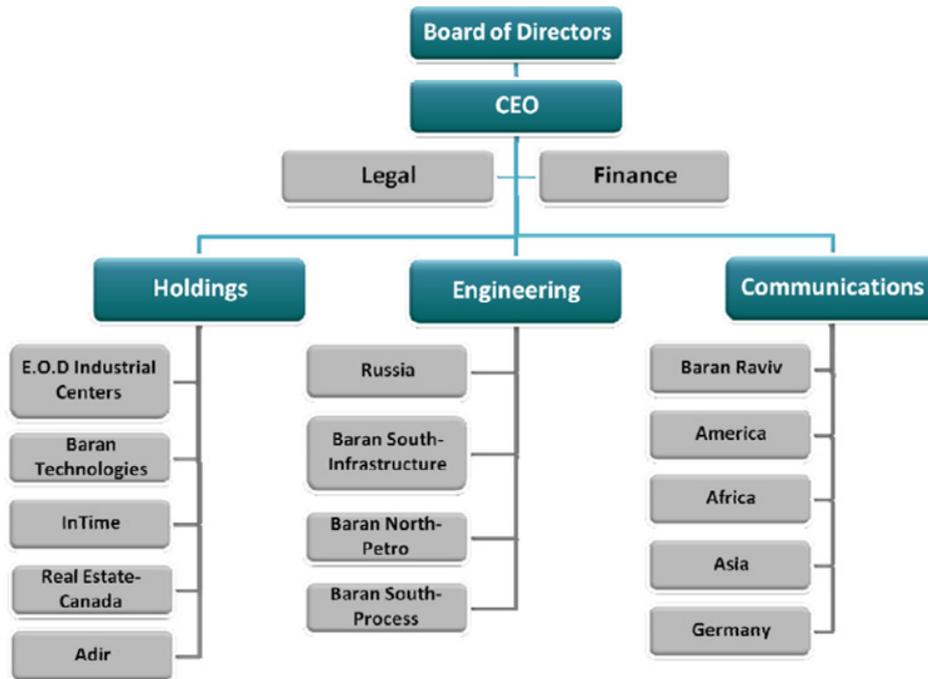
Baran Group Ltd is a publicly traded Company, a global provider of Engineering, Technology, Telecommunication and Construction solutions, headquartered in Beit Dagan, Israel.

We provide creative, innovative and proven integrated sustainable engineering solutions to complex and challenging projects, customized to clients' unique requirements. Baran sustainable engineering solutions include feasibility studies, engineering and detailed design solutions, preparation for obtaining regulatory permits, construction and site management, project management and control including Engineering, Procurement and Construction Management (ECPM) services and turnkey projects. Baran solutions apply to a wide range of processes including manufacturing, industrial processes, power generation and distribution, petroleum production, water supply, sewerage and hazardous waste treatment in several sectors such as general building, transportation and telecommunications.

Baran Group and its 60 subsidiaries and affiliates employ over 1,300 people worldwide, with major operations in Israel, USA, Russia and Germany. In 2011, Baran Group reported a turnover of \$260 million, and an annual gross profit of \$42 million.

### Organization Structure

Effective January 2012, Baran Group operates in line with a new organization structure which can be seen in the chart below.



## Vision and Values

Since its establishment in the late 1970's, the Baran Group has succeeded in securing market leadership among Israel's engineering companies, winning the highest esteem of the professional and business community and making a unique contribution to Israel's industrial infrastructure. The Baran Group continues to promote its management and engineering capabilities, with hands-on involvement by senior executives, nurturing our staff, and continuously improving our unique work environment. Baran Group's strategy for sustained growth is to continue its development and expansion locally and internationally while maintaining profitability in a sustainable way.

## Baran Group Vision

**Become a recognized global provider of sustainable engineering and technology solutions.**

The delivery of this vision is supported by a base of strongly embedded values, which date back to the early days of the founding of the Company and which are respected every day in every single business decision.

## Baran Group Values

- Maximum personal commitment to promote the organization's goals based on cooperation, mutual respect and understanding.

- Increasing the market value of the Group, its subsidiary companies, business units and employees as a whole, whilst ensuring the continuous allocation of the Group's profits to employees, executives and shareholders, in the form of dividends and bonuses.
- Nurturing personal and business relationships based on honesty, friendship, respect, support, credibility and attentiveness.
- Focusing all personal, professional and business efforts in the Group in order to meet the company's goals, while aiming for continuous learning and improvement.
- Adhering to the company's rules, regulations and decisions while retaining the freedom of thought, argument and preliminary discussion.
- Willingness to engage in specially concerted efforts to provide the client with the best quality service and solutions.
- Project excellence execution while implementing a culture of safety and maximizing environmental safeguards.
- Nurturing long-term friendly and professional relationships with clients and suppliers .
- Aiming for optimal return on quality services and products, while maintaining maximum efficiency.
- Involvement and social accountability of the Group and its employees to community and national issues, through the provision of engineering services to the community.

## CEO Commitment



I joined Baran Group in January 2012 and I am pleased to be part of a leading engineering solutions group which has its foundations in responsible and sustainable operations and highly specialist expertise which is deployed for the benefit of people around the world in the many and varied operations of Baran Group globally.

Engineering is all about people. People grow and thrive when they live and work to a set of core values which drive them. At Baran, the presence of core values has been a characteristic of our business from the first activities of our Founders, and, as the company grows, continues to help us be successful.

Our commitment to the UN Global Compact and the Ten Principles of Responsible Business, as well as to the wider objectives of the Millennium Goals, remains valid as an important anchor for all that we do. On behalf of Baran's Founders, Directors and all employees, I reconfirm our commitment to the UN Global Compact and our intention to communicate our progress every year. Our next communication will be integrated into a full Sustainability Report which is

currently in preparation. This report is an interim update which serves to reinforce our declaration of commitment.

Nahman Tsabar  
CEO  
Baran Group

## Principle 1

### **Businesses should support and respect the protection of internationally proclaimed human rights.**

Baran Group is committed to upholding all laws, regulations and practices which are designed to protect human rights. Baran Group strictly opposes all form of discrimination and actively recruits all individuals without regard to differences of color, race, gender, nationality, religion, sexual orientation or other dimensions of diversity. Baran Group is strictly committed to practices which prevent all forms of sexual discrimination, sexual harassment, child labor and forced labor. This commitment is encompassed in the range of ethical standards that Baran applies in all its business operations .

#### **Ethical Standards**

Baran Group was founded on principles of ethical behavior, and its founders, management and employees have always conducted business on behalf of the company with strict adherence to a commonly accepted ethical code. In 2004, Baran formalized the elements of this common code into a formal Code of Ethics which was adopted and endorsed by the Baran Board of Directors. Employees and executives took part in this process of formalizing the code through "Round Table" meetings in which issues and suggestions were raised, contributing to a comprehensive and inclusive Code of Ethics, binding employees and executives through all their business activities on behalf of the Baran Group.

#### **The Baran Code of Ethics**

Key elements of the Code of Ethics include honest and ethical conduct, ethical management of conflicts of interest, full, fair, accurate, clear and timely disclosure of reports and documents published by Baran, compliance with all laws and government regulations and procedures for reporting compliance violations.

Baran's Chief Financial Officer and Chief Legal Counsel are responsible for the implementation, enforcement and supervision of the Code of Ethics and report to the Board of Directors on a regular basis. In addition, Baran's internal auditors conduct an ethics audit in the first quarter of every year, examining process, practices and effectiveness of the Company's ethics policies. The auditors submit a report to the Executive Management Team together with recommendations for improvement, which are subsequently agreed and implemented.

The Baran Code of Ethics is updated every two years, following which ethics training is conducted as a refresher for all employees in the Company. In addition, all new employees are trained in ethical conduct with a short time of joining the Company and are required to sign their agreement to complying with Baran's Code of Ethics. All other employees renew their signatures every year.

To read Baran Groups' Code of Ethics, please visit:

<http://www.barangroup.com/SiteFiles/File/CSR/Code of ethics.pdf>

## Workplace

Baran Group recognizes that its employees are an invaluable resource of knowledge and experience and strives to provide a responsible, caring, supportive and energizing workplace so that Baran's talented employees can focus on the important work of developing sustainable engineering solutions. The commitment and professionalism that Baran demonstrates in each and every project is a direct result of the motivation and hard work of its employees.

### **Employee compensation, benefits and welfare**

Baran targets to provide competitive terms and conditions for all employees, using market norms as a benchmark and aligning salaries and benefits with individual performance and contribution. Employees are paid a basic salary and are entitled to a range of benefits which comply with or exceed national labor laws. The average starting salary at Baran, for example, is 54% above the statutory minimum wage. Baran employees are also eligible for annual bonuses, subject to performance. Baran senior employees are awarded stock options annually.

Additional benefits provided for employees include pension fund payments, severance pay fund equal to one month salary for each year worked (as required by law), loss of workability fund, a tax-free study fund with an employer contribution of 7.5% of annual salary, subsidized health and dental insurance for employees and their families and highly subsidized lunches in the Company dining rooms. Baran also facilitates loans on preferable terms for employees.

### **Employee health, safety and security**

Baran sees the health, safety and security of its employees as an issue of prime importance and has policies and guidance which are basic work requirements for all employees. These include internal safety guidelines and safety training in all aspects of business operations which are strictly enforced and monitored at all times. Baran provides employees with safe work clothing and equipment, free extended medical insurance and healthy menu options in the cafeteria. We also maintain a dedicated website for safety, health and environmental responsibility within the Company's internal portal. The website provides freely accessible information for employees

### **Training and Development**

Baran is committed to contribute to its employees' professional and personal growth, and encourages them to participate in training and learning and development activities organized both internally and externally. Employees are offered a range of professional and management training programs throughout the year, and are assigned to attend training based on their job and personal development needs.

Baran supports employees who participate in academic educational programs or external vocational training through time-off to attend classes and examinations and interest free loans for academic programs.

### **Supporting and empowering communities**

Baran Group's involvement in the community plays an important part of the company's culture since its foundation. At Baran, we believe that volunteering not only benefits the community but also empowers employees and contributes to their personal growth and sense of responsibility. In 2011, 130 employees volunteered in the community in various programs, of which 115 volunteer on a regular basis.

Volunteering opportunities in the community include taking part in education programs for disadvantaged children or children at risk, or volunteer through pro-bono engineering projects to build or renovate facilities that improve community life.

In 2011, Baran donated \$225,000 for a range of community activities, which includes annual contributions to support Israeli soldiers and students' scholarship funds.

## **Principle 2**

### **Businesses should ensure that they are not complicit in human rights abuses.**

Baran Group is committed to avoiding complicity in human rights abuses. Baran Group's Code of Ethics guides employees in their relationships with customers, suppliers and other partners. This includes behaving ethically and morally, and also being aware of potential risks for human rights abuses and ensuring safeguards are in place.

We are confident that our suppliers and partners are not complicit in human rights abuses. We have developed long-term relationships with key local suppliers which allow us to work in partnership and be very familiar with different aspects of our suppliers' business. Many of our suppliers are small, privately-owned businesses who operate on a basis of positive values and ethics.

### Principle 3

#### **Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining**

Baran is a responsible employer and upholds all established labor conventions with regard to human rights and employee rights .

Baran respects the right of all employees to freedom of association and collective bargaining, and encourages open and free dialog with employees at all times. All Baran employees are hired on the basis of open term personal contracts.

### Principle 4

#### **Businesses should support the elimination of all forms of forced and compulsory labor**

Baran Group supports the elimination of all forms of forced labor and, as a responsible employer, upholds all established labor conventions with regard to human rights and employee rights. Our employees join Baran of their own free will after understanding the detailed terms and conditions of employment we offered. Prior to joining the Company, every new employee is offered a written employment contract which contains all the terms and conditions relative to the proposed role and employment. Employees are free to choose to join Baran and sign the contract as confirmation of their agreement to these terms .

### Principle 5

#### **Business should support the effective abolition of child labor**

Baran does not employ children under the age of 16 in any of its operations at any time and ensures that children are not involved in any way in construction projects that Baran supervises everywhere in the world.

### Principle 6

#### **Business should support the elimination of discrimination in respect of employment and occupation**

Baran believes in equal opportunity and seeks to hire and retain a diverse employee workforce. We practice equal pay policy and compensation and benefits packages apply equally to both men and women.

## Principle 7

### **Businesses should support a precautionary approach to environmental challenges**

Baran strives to minimize its environmental impact in all its operations, and places emphasis on sustainable engineering solutions and responsible project management. In addition, we constantly work to reduce the impacts generated through daily activities in Baran Group's offices around the world. Managing our impacts on the environment rests on a strong platform of adherence to quality standards in all our operations. Baran holds ISO certifications for Quality (ISO 9001), EHS (ISO 18001) and for our Environmental Management System (ISO 14001).

#### **Climate Change**

Baran's engineering skills and capabilities include advanced methodologies which provide protection against aspects of climate change, such as earthquake-resistant structures etc, which in some cases form part of customer specifications or new legal requirements. As a provider of engineering services, Baran is conscious of customer exposure in new engineering projects and always targets to provide leading edge support.

#### **Baran's Environment Guidelines**

In 2005, Baran formulated and adopted a set of voluntary Environment Guidelines applicable in all the Company's global operations. The Guidelines, which continue to guide our operations, serve to ensure that environmental considerations, including biodiversity impacts, are taken into account at every stage of new project development as well as in the management of Baran's internal operations and infrastructure. Baran invests efforts in ensuring all our employees are familiar with the Environment Guidelines and observe its provisions in their daily work. We organize training sessions and content that is accessible to all employees through our intranet portal.

## Principle 8

### **Businesses should undertake initiatives to promote greater environmental responsibility**

Baran is committed to managing its environmental impacts responsibly and to measuring its progress.

**Energy Consumption**

Baran strives to minimize its energy consumption in all its operations and places emphasis on energy efficiency in Baran office locations. The key practices maintained by Baran in terms of energy consumption include use of energy efficient light bulbs, central electricity control systems in all buildings and air conditioner monitoring and savings. 100% of Baran's energy consumption is based on indirect energy (electricity) sourced from the Israel National Grid.

**Water Consumption**

Overall, Baran's water consumption is relatively modest and is used mainly for office hygiene, cleaning and garden irrigation purposes. Where possible, we control water consumption through water-flow controllers and employee practices.

**Waste Management**

As a planning and engineering firm with no industrial operations or processes, Baran produces low levels of waste, none of which is hazardous. Nonetheless, Baran believes it is importance to minimize all waste and makes constant efforts to do so in all activities. Waste that is generated by Baran operations is from regular office activities and includes some organic waste and paper or plastics. There is also a low level of electronic waste from batteries, cell phones and computer and related products.

Baran disposes of waste in an environmentally responsible manner including the recycling of all paper waste. Electronic waste in Israel is sent to the social enterprise Ecommunity for dismantling and recycling. Ecommunity recycles electronic waste using the services of people with special needs, thus creating employment opportunities and funding for the rehabilitation of this population.

## Principle 9

**Businesses should encourage the development and diffusion of environmentally friendly technologies.**

We provide engineering solutions that meet customer requirements in functionality and design, as well as contributing to a more sustainable environment. Utilizing the experience and knowledge of our employees, we have successfully developed unique engineering departments which specialize in environmentally friendly engineering solutions for our customers.

**Green Procurement**

In order to ensure environmental considerations are effectively deployed in procurement decisions, Baran has developed a comprehensive Environmental Procurement Guide for

procurement staff to assist them in selecting appropriate suppliers, materials and products in order to support environmental objectives. Examples of areas covered by the Environmental Procurement Guide include minimization of waste resulting from efficient use of materials, detailed planning, efficient storage of materials, and prevention of damage to materials, using industrial multiple-use dies for concrete casting, preventing unnecessary use of packaging, and recycling.

### **Green Building**

We maintain a company division which specializes in construction and infrastructure projects that integrate sustainability and green building principles. This unique division provides consulting and certification services for buildings which meet green building standards, as well as conducts techno-economic feasibility studies and return-on-investment (ROI) analyses using local and international green building standards. The Baran Green Building Division works primarily with leading standards including LEED (Lead in Leadership in Energy and Environmental Design – U.S), BREEAM (U. K.) and the Israeli Green Building Standard 5281. Our Green Building Division is staffed with LEED accredited professionals who are licensed to train and certify others as LEED professionals.

A further demonstration of Baran's commitment to Green Building and promoting awareness and education of different aspects of green construction is Baran's founding membership of the Israeli Green Building Council (ILGBC). Baran Green Building experts regularly participate in ILGBC meetings and Baran is a member of the ILGBC's Regulation Committee. Experts from Baran's Green Building Division deliver lectures at various ILGBC events throughout the year.

The ILGBC was established in early 2007 as a non-profit organization. The ILGBC is uniquely supported by industry, government and academic institutions, together with leading professional, social and environmental organizations. For more information about the ILBC, please visit: [www.ilgbc.org](http://www.ilgbc.org)

### **Powering up with Solar Energy**

Baran has undertaken numerous solar power projects in Israel, supporting the development of solar as a viable energy source in Israel. Solar energy is one of the most significant sources of clean energy. Understanding the importance of reducing carbon emissions generated by energy sources for global sustainability, as well as the growing market for solar energy, Baran has developed unique expertise in the planning and installation of solar energy systems.

## Principle 10

**Businesses should work against corruption in all its forms, including extortion and bribery.**

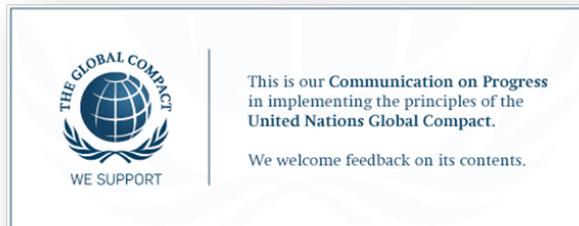
Baran Group expressly forbids corruption in all its forms, including extortion and bribery, and makes this clear to all employees through the Code of Ethics and related training.

### **A precautionary approach to compliance and risk management**

As a public company, Baran Group maintains mechanisms to ensure the company operates within legal limits and to the highest ethical standards. Baran Group is Sarbanes–Oxley (SOX) compliant in accordance with the Israeli version of this legislation. The Sarbanes–Oxley legislation of 2002 set new or enhanced standards for all U.S. public company boards, management and public accounting firms including additional responsibilities to the board. In Israel, the act was implemented in 2009 with some modifications for the local market. Baran has implemented the SOX principles in all aspects of the company, identifying and analyzing Baran's core processes and all associated risks, with a focus on financial risk. All employees have been trained in risk management processes.

## Contact Details

Baran Group welcomes the opportunity to discuss any aspect of this report, and welcomes queries and feedback.



Please consider providing your feedback to:

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**Thank You!**

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