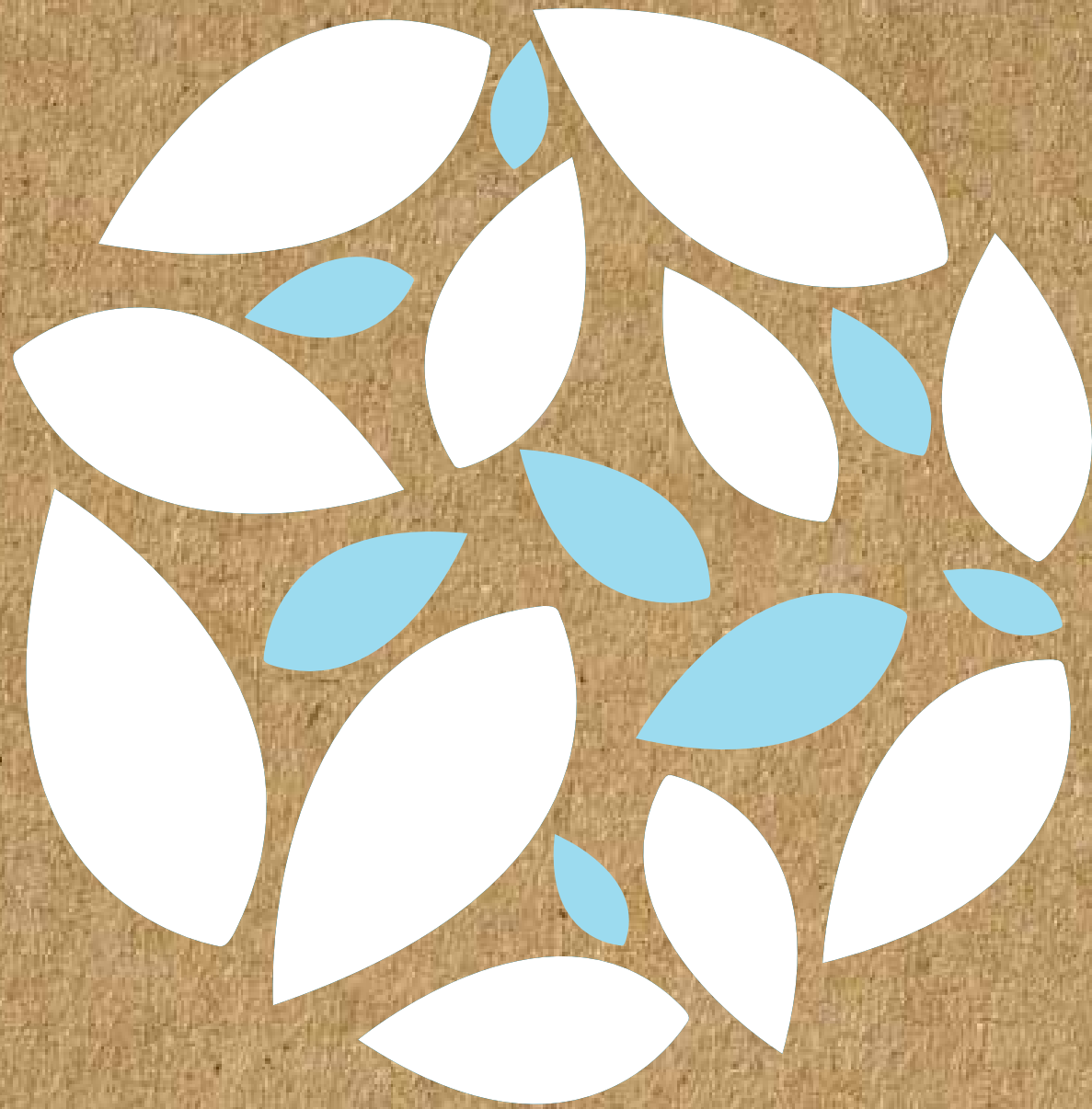




Corporate Responsibility Report 2010
Driven By Responsibility





— Driven By
Responsibility



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About This Report

We are proud to present Strauss Group's fourth annual Corporate Responsibility Report, written in accordance with the Global Reporting Initiative (GRI) guidelines. As in the past, this report meets the requirements of GRI Application Level A, the most transparent level of corporate responsibility reporting within the GRI framework.

Defining the Report Content

At Strauss Group, we follow an established process, adopted for the development of our first report four years ago, for defining our report content. This process follows the GRI 'Guidance on Defining Report Content' and entails detailed mapping of issues that reflect Strauss's significant economic, environmental, and social impacts and prioritizing them according to the level of their importance to different stakeholder groups.

In order to understand which issues are most material to Strauss's business, we engage in ongoing dialog with our stakeholders and learn from their feedback, benchmark our activities against global best practices in Corporate Responsibility and maintain wide-ranging cross-functional discussion within the Group.

This Year – Ongoing Online Reporting

This year, for the first time, we present our report in digital format to make it more dynamic, interactive and accessible in a fully dedicated Corporate Responsibility (CR) website which will house Strauss Group's annual Corporate Responsibility Report and other relevant and timely CR information. We believe this provides an improved platform for transparency and enhanced dialog with stakeholders, allowing for continuous reporting updates and real-time discussion.

In addition to the information included in the annual report, the new CR website contains a wealth of information about Strauss Group's ongoing CR activities, as well as videos, interactive feedback mechanisms, contact points to Strauss staff with responsibility for CR issues and links to all Strauss social media activities. In this way, we offer internet users the maximum number of ways to obtain information about Corporate Responsibility at Strauss and interact with us, because we genuinely want to hear from readers. The CR website will be updated regularly to ensure that that news about Strauss's Corporate Responsibility activities is available all year round.

The printed version of our 2010 report is a summary version of the full Corporate Responsibility Report, which focuses mainly on progress made during 2010.

Additional information appears in full on the CR website, including expanded reports on our performance in 2010, our performance in previous years and other information.

Sector Reporting for the Food Processing Sector

The Food Processing Sector has several sector-specific issues which are material for sustainability impacts. The GRI has developed a Food Processing Sector Supplement for reporting by companies in this sector which will become mandatory to meet the requirements of Application Level A transparency from 2012. Strauss, recognizing the value of transparency on specific relevant issues, has applied the Food Sector Supplement in the writing of this 2010 report and is among the first companies in the world to use the Food Processing Sector Supplement.

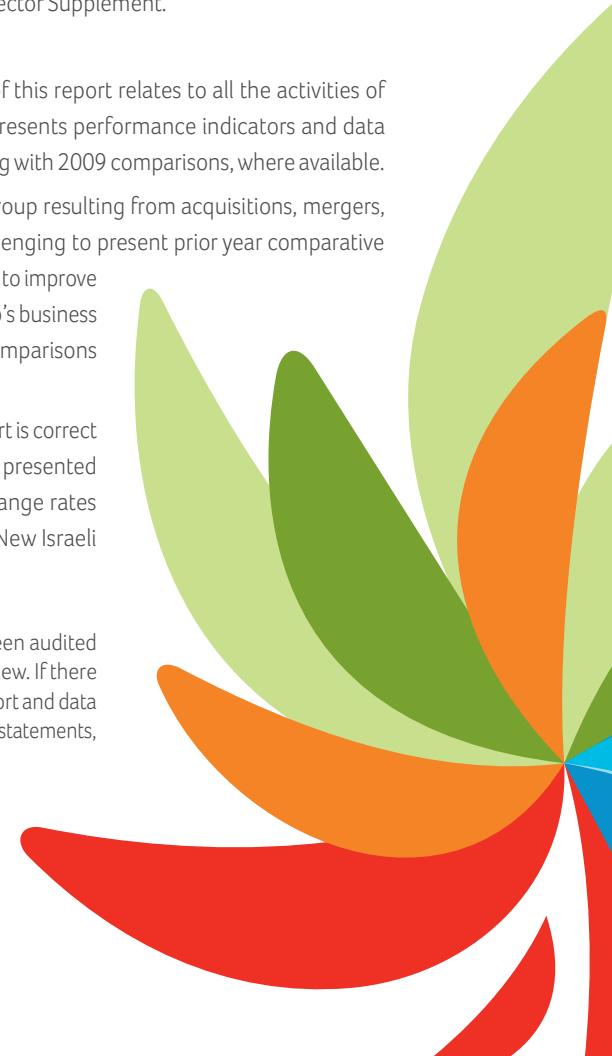
The Content of this Report

Unless otherwise stated, the content of this report relates to all the activities of Strauss Group all over the world and presents performance indicators and data collected for performance in 2010, along with 2009 comparisons, where available.

Due to structural changes in Strauss Group resulting from acquisitions, mergers, new partnerships etc., it has been challenging to present prior year comparative data. However, we are constantly working to improve the reporting processes of Strauss Group's business units and aim to present multi-year comparisons in the future.

Unless otherwise stated, data in this report is correct as of December 31, 2010. Financial data presented in US\$ has been converted using exchange rates applying at December 31, 2010 from New Israeli Shekels (NIS) or other local currencies.

Please note: Data in this report has not been audited or subject to an independent external review. If there is any conflict between the data in this Report and data provided in the Company's audited financial statements, the data provided in the latter prevails.





” Because we are influential, we must accept the fact that without scrutiny that is transparent and communicated in terms of how we run our business, it is not only us who are liable to be harmed – the whole world is liable to be harmed. ”

Ofra Strauss, Chairperson, Strauss Group

AN INTERVIEW WITH OFRA STRAUSS,
CHAIRPERSON, AND GADI LESIN,
PRESIDENT & CEO OF STRAUSS GROUP



? How would you describe Strauss Group's attitude to corporate responsibility?

Gadi Lesin:

"Corporate responsibility is part of Strauss Group's business strategy, and we manage it just as we manage the rest of our business activities – consistently, to the most advanced standards and subject to binding objectives and measurement tools.

As a food company, we touch people and the food they eat and serve to their children. We are partners in people's family life and social life. We influence their health and life expectancy, use agricultural crops, water and energy, run production lines, employ people – all of this imposes a great deal of responsibility on us.

In fact, in today's world, the burden of proof has shifted to the corporations, and they are put on public trial every day, in every aspect of their conduct.

Therefore, as a global company, we manage our social and environmental influence

”...The field has been given to the management of professionals, in every unit in the company. Progress and gaps are measured using professional tools, and the reporting level and scope of subjects included in the Corporate Responsibility Report are rising from one year to the next.”

in every site and in every market in which we are active, and always try to take our responsibility another step forward, and in this way, to be leaders in the field.

It is clear to me that the impact of this policy is evident in our business results and our public image. I believe that there is a direct connection between our inner motivation to do good and the professional level of our management of the field, and the fact that we really are perceived as a more responsible, better company.

For the past three years, the Group has published a Corporate Responsibility Report each year. We embarked on this process based on our perception that first you have to act responsibly and only then, to communicate, but the existence of the measurement and reporting process in itself drives us to improve and to be a better company.

What we are doing this year is actually taking the field another step forward. We chose to launch a digital channel that will enable us to conduct a daily dialog on the aspects of our business responsibility, rather than just to report on it once a year.

Our digital Corporate Responsibility Report allows for a dialog with a greater variety of groups. The report is only the start of additional moves we will be launching in the digital arena in the belief that Strauss must include its stakeholders in the range of its impacts, and that Strauss desires their involvement and partnership in advancing their quality of life, and the quality of life of others".

? Which of the areas of corporate responsibility do you consider the most challenging?

Ofra Strauss:

"Due to the nature of our business we touch directly on a broad variety of fascinating and challenging subjects, of which I can say the most important are the issues of recycling and sustainability, health and quality of life, and the prevention of obesity – particularly among children. I consider the subject of communicating nutrition information to our consumers especially interesting and challenging, in order for them to be able to make informed choices and in order for us to be able to help them to improve their quality of life. And, of course, the subject that is the closest to my heart personally is diversity and inclusion, and diversified employment as a part of this. "The subject of diversity and inclusion expresses our belief that the greater the variety of people from different places, different cultures and faiths, with different ways of thinking and diverse capabilities in all levels in the company, the more we will be a fairer, more humane company. Obviously, as a diverse company we will also enjoy greater business success, because in this way we can also better reflect the entire spectrum of the groups we target.

"As one cannot talk about human diversity without beginning with gender diversification, we have joined forces with the international Catalyst organization and initiated its activity in Israel. Only a few months ago, together we launched in Israel, in collaboration with the Israel Women's Network, a special census that examined the leading companies in the market and the connection between business success and the presence of women in senior positions.

"To drive a real and profound change in the areas of diversity and inclusion close cooperation is necessary between government, business and social elements, and we are very active in building these partnerships."

? What are the business drivers of corporate responsibility at Strauss?

Gadi Lesin:

"First of all, responsibility and caring are part of our DNA.

"And besides, doing good is good for business. This isn't just a slogan. It has proved itself daily, in all our activities:

"It directly influences the satisfaction and loyalty of our consumers and customers, who get high-quality products that are subjected to the strictest quality processes, both out of professionalism and out of genuine caring. They expect us to be a successful business while raising a real contribution to the environment, society and the community, and we are living up to their expectations.

"It has an effect on our employees – employees who enjoy a fair, stimulating work environment that encourages diversity and variance are better employees.

"The considerable resources we invest in minimizing our harmful impact on the environment reduce our carbon footprint, but also lead to huge savings in our operating costs.

"Our "beyond compliance" policy also enables us to reduce risks and to foresee them through proactive steps in various regulatory areas."

? In which of the fields of corporate responsibility has the Group succeeded in making significant progress in the past year?

Gadi Lesin:

"We are continuing to progress with determination on the way to realizing our environmental objectives. First of all, I would like to mention the fact that for the first time, cross-company environmental goals were set in Strauss Israel, and we are on the way to setting goals on the Group level.

"Another thing I would like to mention is the way we are accomplishing our environmental



Being active in different parts of the globe enables us to be active partners in the international business community and to connect to the global social and environmental agenda.



goals: to improve our environmental achievements we included the subject of meeting these goals as a criterion in the personal measurement and assessment process of our managers and employees. This had an immediate and direct effect on the level of management of the field, and one of the achievements we can already be proud of is the reduction of our carbon footprint by 15%.

"In the field of diversity and inclusion too, progress has been made by laying a cross-organizational infrastructure for the implementation of the subject on the Group level. Targets have been defined for the inclusion of diverse populations, and the issue is given expression in our recruitment processes. In addition to intra-organizational activities the subject also defines our community relations activity."

? In 2007 Strauss Group published its first Corporate Responsibility Report. How has corporate responsibility developed at Strauss since?

Gadi Lesin:

"Within a few years corporate responsibility has progressed from a new concept in our organization to becoming part of the way we do business. In 2005, we announced corporate responsibility for the first time as one of our six visionary goals – the major pillars of the company. This year, we approved and included it as a leading visionary goal for the next seven years as well.

"During those years the field has been given to the management of professionals, in every unit in the company. Progress and gaps are measured using professional tools,



The Report expresses Strauss Group's genuine desire to be a company that is close to people, a company that is driven by caring and by a commitment to improve the quality of life.



and the reporting level and scope of subjects included in the Corporate Responsibility Report are rising from one year to the next.

The level of responsibility practiced by Strauss has earned considerable public recognition in Israel and worldwide, and we continue to learn, to specialize in the subject and are joining more and more international organizations that are active in its advancement."

? How is the fact that we are a global company expressed in our corporate responsibility?

Ofra Strauss:

"On the one hand, as a global company we have both the obligation and the opportunity to be active in different places and in different and diverse communities, and to develop different forms of involvement and competencies on the basis of the human and social needs in each place. On the other, being active in different parts of the globe enables us to be an active partner in the international business community and to connect to the global social and environmental agenda. I represent Strauss Group with great pride in more than a few international conferences, forums, multinational think tanks and action teams on issues related to corporate responsibility. I feel that we have a lot to learn from the world practices that are being accumulated in the different fields, but also that we are making a genuine, important contribution to the issues that are humanity's top priority. Our entry to the water business, for example, is definitely a business step with extremely broad humane and environmental implications."

Strauss Group – At a Glance

14,000

Strauss Group is the second largest food and beverages company in Israel and an international company employing nearly 14,000 employees, operating from 22 production sites and serving consumers in 21 countries.

1.93

Strauss Group has delivered consistent growth for the past 6 years. The Group's revenues in 2010 were \$1.93 billion, of which 46% is generated by sales outside of Israel.

5

Strauss Group has 5 core areas of business focus: Strauss Israel, Strauss Coffee, Strauss Water, Sabra and Max Brenner.

5

Strauss Coffee is the fifth largest coffee company in the world based on green coffee purchases.

1.72

Strauss Group's market capitalization was \$ 1.72 billion in 2010.

AA+

Strauss Group trades on the Tel Aviv 25 Index (TA25), which includes the largest public companies in Israel. Strauss Group has a credit rating of AA+ from Standard & Poor's Maalot credit ratings provider and a rating of Aa1 on bonds in circulation from the Midroog Ltd, a credit rating agency accredited by the State of Israel.

Strauss Group maintains strategic partnerships with large global companies in the food and beverages industry (Danone and Pepsico).









Our Way

A young girl in a white dress is shown from the waist up, holding a wicker basket. She is looking upwards with her mouth open, and her right hand is raised, releasing a stream of white confetti into the air. The background is a clear, bright blue sky. The text 'Our Vision: Creating Wonders Out of Basics' is overlaid on the image in a bold, orange font, slanted upwards from left to right.

Our Vision:

Creating Wonders
Out of Basics

Our **core** Values:
Daring & caring,
Passion & responsibility,
Team.



Strauss Israel – Creating Wonders At Home

Strauss Israel is the home base of the Group, **delivering 54% of the Group's global turnover**. Strauss Israel brands are leaders in the Israeli food market, with 11.2% market share of in the retail food and beverage sector. (Data supplied by StoreNext: www.storenext.co.il).

Sabra – Creating Wonders Out of Initiative

Sabra has become the market leader in fresh salads in the USA with a **market share of 47%** based on data from the Symphony IRI Group. In October 2010, Sabra signed an agreement to acquire the refrigerated fresh salsa and dips business of the largest company in the United States in the fresh salsa category – California Creative Foods. In May 2010, Sabra inaugurated a refrigerated spreads and dips production facility, located in Colonial Heights, Virginia, USA. The plant, which is the first green plant in the Strauss Group, is among the only manufacturing plants in the food industry that have achieved a Silver Award under the U.S. Green Building Council's LEED (Leadership in Energy and Environmental Design) Rating System.



Strauss Coffee – Creating Wonders Out of Coffee Beans

Strauss Coffee is the fifth largest coffee company in the world in terms of green coffee purchasing and has become one of the fastest growing food companies in the world during the past 8 years. In November 2010, as part of Strauss Coffee's growth strategy, Strauss Coffee in Russia acquired the Russian Le Café company. **This acquisition placed Strauss Coffee as the third largest instant coffee company in Russia.**



Max Brenner – A Unique Concept of a Chocolate Bar

By end 2010, there were **33 branches of the chain in Israel, USA, Australia, Singapore and the Philippines**. In 2010, a Max Brenner Chocolate Bar was opened in **Las Vegas** and in early 2011, another branch was opened in **Boston**.

Strauss Water – Creating Wonders Out of Nature

Strauss Water focuses on the development of systems for the purification, filtration, heating and cooling of drinking water and is active in Israel, Britain and China. In 2010, a partnership agreement was signed between Strauss Water and the Chinese home electronics giant Haier and a joint company was established, Haier-Strauss Water, whose purpose is to provide quality home water solutions to the Chinese population. **This is the first milestone in Strauss's promise to be a global company providing drinking water solutions in the home and for the general public.**



Our Brands



Diversity




Strauss Group has undertaken to lead awareness of the benefits of diversity, borne of a strong belief that a culture of inclusion and diversity practices constitutes an engine for growth and for continued innovation. Valuing diversity is embedded in Strauss's both in the way we operate internally and in our dealings with external stakeholders. **Internally**, Strauss Group has adopted a strategic plan to increase the diversity among Strauss's employee population. **Externally**, Strauss's community investment program supports organizations and associations that promote diverse populations.


Strauss Group's expansion increases the exposure of its brands to new consumer communities. After learning local culture and consumer preferences, Strauss Group develops a range of products which improve the quality of life for consumers everywhere.




Corporate Governance

20]


Goals	Our main achievements in 2010	Progress
Continue to improve, develop and renew, in order to create constant shareholder value.	Risk management: We conducted a risk mapping process to support new policy and practices on risk management.	
	Strauss adopted the recommendations of the Goshen Committee, the Code for Corporate Governance in Israel.	
Continue to cultivate professional relationships based on the advancement of joint interests with government authorities and public bodies.	Ofra Strauss, Chairperson of the Strauss Group, was appointed chairperson of Maala, an Israeli member-based NGO promoting corporate responsibility practices	
Operate fairly and with integrity in all our markets.	Michael Avner, the Senior Management member of Strauss Group responsible for Corporate Responsibility, was appointed Chairman of the Bribery Prevention Forum of the Israeli Manufacturers' Association.	




Target Met



Significant Progress



In Progress



Commenced

KEY

Strauss Group's Board of Directors and Board Committees

Strauss Group's strategy and business operations are under the supervision of the Group's Board of Directors.

The Board of Directors maintains six committees: Audit, Finance, Human Resources and Compensation, Corporate Responsibility, Budget, and Investments, Mergers and Acquisitions.

Compensation of Senior Managers

Annual compensation for senior managers is linked to the financial performance of the Group based on defined targets and indices and personal performance targets.

Risk Management

Strauss Group has undertaken to manage risk in a structured way at globally at corporate level. This includes a dedicated plan to minimize risks in areas identified as high-risk, impacting the achievement of the Group's targets. This is a long-term process in which each department manager will take responsibility for managing the role-related risks and for updating risk analyses and reporting on risk.

Compliance

Strauss Group maintains compliance programs in the following fields: ethics, prevention of sexual harassment, employee, environmental quality, workplace safety and hygiene, information security, and anti-trust regulations. For more information – please see the chapter on Aspects of Corporate Governance in the Board of Directors' Report.

Membership in Organizations and Partnerships

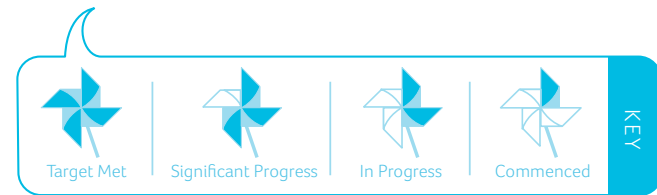


Our Commitment
Strauss Group views compliance with the highest standards of corporate governance as one of its guiding principles.

Ethics

Goals	Our main achievements in 2010	Progress
<p>Implement Strauss Group's Code of Ethics as a part of our responsibility and commitment to an ethical and fair work environment in all of our business units, with maximum compatibility with day-to-day work and specific dilemmas relating to each Division and operating location.</p>	<p>The Group's Ethics Trustees expanded their responsibility to include Corporate Responsibility in business decisions in Israel and abroad.</p> <p>Ethics refreshers were conducted for most of the Group's employees, providing the basis for training demanded by our organizational ethics program with emphasis on:</p> <ul style="list-style-type: none"> - specific dilemmas from the day-to-day activities of each division; - providing a program of training solutions using different training methodologies to meet the needs of different target audiences in the Group; - Reinforced internal communications via several channels to assist in resolving ethical dilemmas. 	

22]



%
4
8

According to the Global Employee Opinion Survey conducted in Strauss Group **in 2010:**

84% of employees believe that the company is managed ethically, compared with 75% of employees who responded similarly in the 2008 survey.

Embedding the Code of Ethics

In 2010, the ethics refresher training sessions continued regularly in our business units in Israel and throughout the world according to an annual work plan. New employees and executives who joined the Group were familiarized with the Code in a greater depth as part of their company orientation.

The Ethics and Corporate Responsibility Trustees in the various units

Ethics and Corporate Responsibility Trustees

With the launch of the Code of Ethics in 2007, an Ethics Trustee was appointed in each of our business units, acting as the first point of contact for employee questions, dilemmas or complaints regarding ethics and adhering to the Code of Ethics. The Ethics Trustees are also responsible for embedding the content of the Code of Ethics in the business units, adapting the training and refresher programs to the specific needs of the division and for the implementation of the annual ethics work plan.

In 2010, we expanded the roles of **the Ethics Trustees** and their position was redefined as Corporate Responsibility Trustees. The Trustees serve as ambassadors of Corporate Responsibility in the business divisions in Israel and throughout the world, entrusted with embedding key aspects of Corporate Responsibility in the business unit. The Corporate Responsibility Manager responsible for training the Trustees and for ongoing provision of professional materials at corporate level. A forum of the Group's Corporate Responsibility Trustees convenes once a year globally and twice a year locally

Ethics Hotline

The ethics hotline constitutes another channel that is available to the Group's employees for the purpose of reporting of any suspected breach of the Company's Code of Ethics. The ethics hotline is available to the employees 24 hours a day in several local languages. In 2010, the ethics hotline operated in Israel, Romania and Poland, and will be expanded to other countries in 2011. In 2010, Strauss's ethics hotline received 16 calls from employees and suppliers, dealing with discrimination, harassment, inappropriate behavior and breach of procedure. Access to the ethics hotline is by phone at: 1-800-949-4949 or at straussgroup.ethicspoint.com.

Ethical Behavior toward Suppliers

In 2010, we continued the process of engaging our our suppliers in signing a Corporate Responsibility Charter. We asked suppliers to avoid providing gifts to Strauss employees, other than small gifts for office use office, in accordance with the Strauss Code of Ethics.



Managing Corporate Responsibility

KEY



Commenced



In Progress



Significant Progress



Target Met

24

Goals	Our main achievements in 2010	Progress
Manage Corporate Responsibility as an integral part of Strauss Group's core business and strategy.	Commencing in 2010, a report on Corporate Responsibility performance is sent to the Board of Directors and managers	
	A new, full-time Group Corporate Responsibility Manager was appointed at the beginning of 2010.	
Behave responsibly and with due care in all of our activities toward all internal and external stakeholders.	In 2010, we held our internal Corporate Responsibility Forum Conference, which focused on strategy and compliance.	
	We received awards in recognition of our Corporate Responsibility activities, including: A Platinum ranking in the Maala Corporate Responsibility Index, a Transparency Index Award for the transparency of CR information on the Group's internet site, the Ministry for the Protection of the Environment's Prize for Environmental Excellence and more.	

Managing Corporate Responsibility as Part of Strauss's Visionary Goals

Strauss's visionary goals, which we redefine every five years, complement the values of Strauss. One of our visionary goals is to manage the Group's Corporate Responsibility as an inseparable part of the core business and strategy of the Group. We manage this through a system of performance targets and metrics.

Awards Received in 2010 for Corporate Responsibility

- Maala award for membership in UN Global Impact.
- Platinum ranking in the Maala Corporate Responsibility Index
- One of the ten leading companies in the ranking of the best companies to work for, and the leader in the food and beverage industry as part of the the annual review by "The Marker" and BDI-Coface.
- Ministry for the Protection of the Environment Environmental Excellence Award (Israel) – awarded in the presence of the President of Israel.
- Third place in the Transparency Index of Israeli businesses for 2010 published by Beyond Business Ltd, Israel. The Transparency Index reflects the contents of the company website in areas connected with social and environmental accountability as well as dimensions of user friendliness, navigation and accessibility of the website.



The following chart shows the management structure of Corporate Responsibility in the Strauss Group:





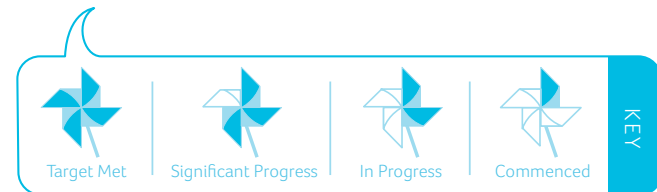
Global Corporate Responsibility Forum

Strauss Group's Global Corporate Responsibility Forum convenes on an annual basis. Members of the Forum, representatives of the business units from around the world, gathered in 2010 for a joint session of learning, enrichment and mutual sharing of the successes and challenges in Corporate Responsibility practices. Each year, the Forum focuses on key sustainability topics. In 2010, the focus was on strategy and compliance.



Impacts on Our Stakeholders

Goals	Our main achievements in 2010	Progress
Deepen the dialog with our stakeholders	We have established a platform for more active use of in social media channels to deepen our dialog with stakeholders.	
Increase the economic value to our stakeholders	In 2010, our operations grew by 8%.	





Stakeholder Relations

We believe that management of our stakeholder relationships based on trust, accountability, communication and transparency is the key to our success and long-term sustainability.

We are meticulous about conducting an ongoing dialog with our various stakeholders. In 2010, we established a platform for expanding our activities in digital communication channels and social media. This will enable us to reinforce our dialog with our employees, consumers, business partners, customers, suppliers and other stakeholders.

Our Stakeholder	Dialogue	Economic Impact										
<p>Our Employees</p> <p>We directly employ over 12,350 employees throughout the world (not including 1,535 temporary employees and agency employees).</p>	<p>In 2010, the “Colors of Strauss” portal was launched, a global website that gives employees access to knowledge about the Group, invites them to share thoughts, provides updates on events in the Group provides access to the Group’s telephone list and annual calendar. In 2010, we conducted a comprehensive opinion survey among employees of the Strauss Group (with the exception of employees in Brazil). The main findings of the survey are reflected in this Corporate Responsibility Report.</p>	<p>In 2010, \$0.37 billion was paid to our 12,350 employees throughout the world (not including 1,535 temporary employees and agency employees). This sum includes salary, social security, pension and severance pay contributions, insurance, other social benefits and welfare payments. Out of this amount, over \$30 million covered social benefits and pension plans for our employees.</p>										
<p>Our Consumers</p> <p>We attribute special importance to maintaining the highest standards of product quality and safety based on consideration for the health and nutritional wellbeing of our consumers.</p>	<p>We invest resources in operating service centers in Israel and throughout the world, which are always available to receive feedback from our consumers. We conduct satisfaction surveys among consumers to gain a profound knowledge of their needs, and to assess how we can improve. In 2010, we established a platform for more active use of in social media channels to deepen our dialog with stakeholders. Social media channels will enable us to reinforce our connection with consumers, strengthen our commitment to them, provide them with news from the Group, include them in the product development process, and provide them with a platform to react and express their opinions.</p>	<p>In 2010, the Strauss Group’s overall revenue from sales stood at \$1.94 billion. A breakdown of the Group’s revenue by geographical region is presented below:</p>  <table border="1"> <thead> <tr> <th>Region</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Israel</td> <td>54%</td> </tr> <tr> <td>Europe</td> <td>21%</td> </tr> <tr> <td>Brazil</td> <td>20%</td> </tr> <tr> <td>United States</td> <td>5%</td> </tr> </tbody> </table>	Region	Percentage	Israel	54%	Europe	21%	Brazil	20%	United States	5%
Region	Percentage											
Israel	54%											
Europe	21%											
Brazil	20%											
United States	5%											
<p>Our Suppliers and Service Providers</p> <p>We consider our suppliers a very significant stakeholder group. In 2010, we purchased products, services and raw materials from 17,000 suppliers worldwide. We encourage sustainability, social responsibility and ethical business practices among our suppliers.</p>	<p>We conduct meetings with our key suppliers as well as holding an annual suppliers conference to provide an additional platform for dialog with our suppliers.</p>	<p>In 2010, Strauss Group paid \$1.35 billion shekels to its suppliers throughout the world for various goods, services, and operational costs.</p>										
<p>Our Customers and Business Partners</p> <p>We strive to conduct business with our customers and business partners in a fair and ethical way and maintain ethical behavior throughout our supply chain.</p>	<p>We maintain constant contact with our customers by assisting in the development of their business. We conduct surveys to receive feedback from our customers and provide a service hotline for customers to enable them to contact us.</p>	<p>In our business activities, we create revenue and profits for our customers and business partners and indirectly assist in the creation of additional jobs and diverse opportunities.</p>										

Our Stakeholder	Dialogue	Economic Impact
<p>Shareholders</p> <p>We invest maximum efforts in being the best at what we do and we strive to improve, to develop, and to launch new initiatives in order to continue creating value for our shareholders, so that they can be proud to hold the Group's shares.</p>	<p>We fully update our investors and shareholders on company developments and enable them access to information that will help them make decisions.</p>	<p>In 2010, a dividend was distributed to the Group's shareholders totaling over \$56 million. Our credit providers received over \$24 million in 2010, paid to banks and other lenders in respect of interest on our loans.</p>
<p>Government Authorities</p> <p>We strive to demonstrate good citizenship, comply with all relevant legislation and cooperate with all government authorities.</p>	<p>We attribute tremendous importance to maintaining constant contact with the authorities and update them with all relevant information concerning mergers, acquisitions, tax issues and important operational issues.</p>	<p>In 2010, we paid over \$41 million in taxes to the local authorities around the world. We also received economic assistance from governments in the form of grants totaling approximately \$0.5 million, and corporate tax and value added tax discounts in tax-relief areas.</p>
<p>The Communities in which we Operate</p> <p>We do our best to behave fairly and responsibly and to maintain good relations with the communities that we serve. We donate money, products and resources with the aim of assisting local communities.</p>	<p>Each of the Group's sites maintains ongoing contact with non-profit community partners through whom we learn about the unique needs of the community.</p>	<p>In 2010, we donated \$2.8 million in cash and products to non-profit organizations and community groups. as part of our activities in the countries where we are active.</p>
<p>The Environment</p> <p>We are constantly aware of our impact on the environment and strive to minimize our negative impacts through improving our environmental performance in all our business units. We care about the world in which we live and act to create a better world, for ourselves and for future generations.</p>	<p>Strauss Israel maintains dialog with environmental organizations, including Citizens for the Environment in the Galilee and the Israel Union for Environmental Defense ("Adam, Teva V'Din"). Strauss provides information for reports published by these organizations and is a partner in environmental projects. Strauss Coffee Romania is a member of the Romanian Association for the Environment and Packaging (ARAM) and holds discussions on the subject of waste generated from packaging and recycling. Strauss Coffee Poland cooperates with various companies to promote environmental issues such as waste management, natural gas, water treatment, recycling, and more.</p>	<p>In 2010, Strauss Group invested, both in Israel and abroad, close to \$3 million in infrastructure to improve the environmental aspects of the Group's manufacturing plants and to minimize the environmental risks of its activities. Strauss invested an additional \$3 million in ongoing environmental management systems and staff time.</p>



 **Marketplace**

Product Responsibility

KEY	Goals	Our main achievements in 2010	Progress
 Commenced  In Progress  Significant Progress  Target Met	<p>Continue improving the nutritional value of our products and increase the variety of products we offer our to consumers, while emphasizing products with the optimal nutritional value.</p>	<p>We have continued to develop products with optimal nutritional value such as the Activia probiotic yogurt whole grain series, tehina from whole sesame seeds and hummus with tehina from whole sesame seeds.</p>	
		<p>The Strauss Institute supports the advancement of knowledge and research in the field of healthy lifestyle.</p>	
		<p>We maintain our longstanding avoidance of use of trans fats and artificial food coloring in Strauss products.</p>	
	<p>Improve labeling on product packages.</p>	<p>We raise awareness of proper nutrition by emphasizing nutritional values on packaging and through marketing. In 2010, we updated our packs for pasta meals and led campaigns for cottage and soft white cheeses.</p>	
		<p>We continue to update the “Strauss Packaging Guide”, outlining the detailed criteria for designing each pack, often exceeding legal requirements.</p>	
	<p>Expand our water business in order to provide a response to the basic need for clean and safe water.</p>	<p>We have established Haier – Strauss Water in order to enter the Chinese market, and in Britain we re-launched the T6 device.</p>	

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The Strauss Group’s Health Policy

The **three mainstays** of our health policy are:

Expansion of the portfolio of products with **improved nutritional values** in a wider variety of categories.

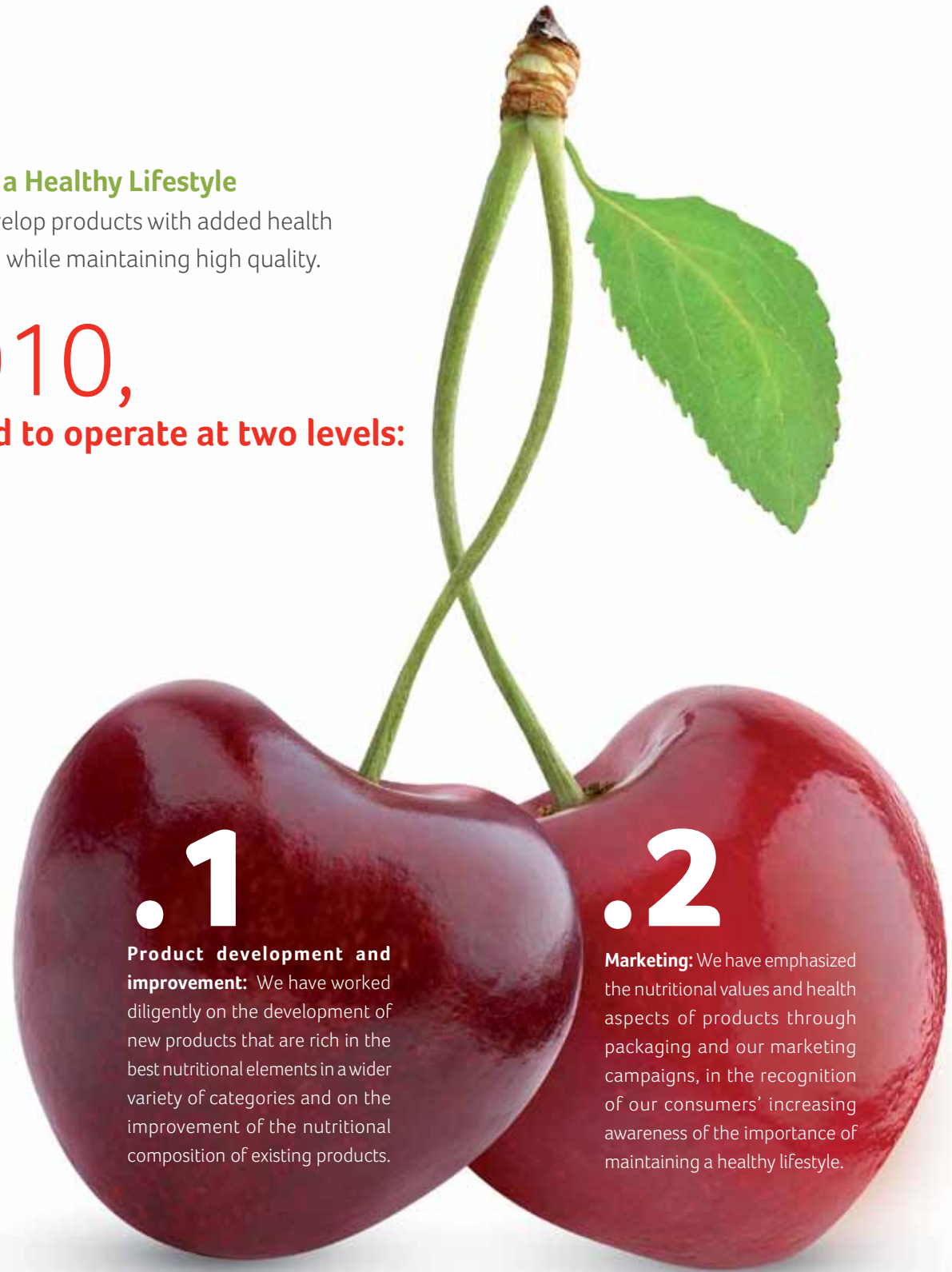
Marketing with an emphasis on health.

Reinforcing **transparency** and **more prominent** and **clearer** presentation of nutritional and health messages on the products.

Our Products' Contribution to a Healthy Lifestyle

Strauss's continuing strategy is to develop products with added health value that are exciting and taste good while maintaining high quality.

In 2010,
we continued to operate at two levels:



.1

Product development and improvement: We have worked diligently on the development of new products that are rich in the best nutritional elements in a wider variety of categories and on the improvement of the nutritional composition of existing products.

.2

Marketing: We have emphasized the nutritional values and health aspects of products through packaging and our marketing campaigns, in the recognition of our consumers' increasing awareness of the importance of maintaining a healthy lifestyle.



Milk and Dairy Products

Activia by Danone is a probiotic yogurt that was developed especially in order to assist digestion. During Activia's development, Bifidus Actiregularis bacteria were added in addition to the regular bio bacteria. Activia has won international recognition, and in January 2010, it was selected by Ad Age magazine as one of the ten products of the decade. 2010 saw the launch of the Activia whole grain cereal series, which was selected by consumers to win the **2011 Product of the Year** prize in the white yogurt category.



Achla Salads with Tehina from Whole Grain Sesame

In 2010, we added introduced hummus with tehina made from whole grain sesame and launched a rich tehina salad from whole grain sesame. This followed the 2009 replacement of soy oil in **all** Achla salads with **canola oil**.

Salty Snacks Department

Tapuchips Kids Potato Sticks is a baked potato snack without artificial food coloring, monosodium glutamate or additional preservatives. This product has achieved significant success and also complies with the strictest category of PepsiCo Worldwide as a **"Better For You"** product which, among salty snacks, is considered a significant achievement. In 2010, TapuChips Kids potato sticks product was developed and was selected by consumers for the Product of the Year Award for 2010.



The World of Fun and Indulgence

In recent years, all Strauss Group's products are made without trans fatty acids which do not occur naturally in foods*. All Strauss Group's products are manufactured **without using artificial food coloring**.
* Milk products and some of the oils naturally contain trans fatty acids.

And in the rest of the world...



Sabra

In 2010, Sabra acquired the largest **natural salsa** company in the USA, California Creative Foods. CCF's salsa is natural, refrigerated and contains nutritious ingredients without preservatives.



Pasta Meal

In 2010, we added a symbol noting that the **Pasta Meal meal does not contain preservatives**. We removed the preservatives from our Pasta Meals series and emphasized eating a balanced meal on the packaging.

A Selection of Our Activities at Strauss Israel in Various Categories

Programs to Promote a **Healthy Lifestyle**

Strauss leads a variety of activities that support a healthy lifestyle. The main programs operated by Strauss are described below:

Strauss Institute

The Strauss Institute supports the promotion of information and research into the healthy lifestyles field through support for research grants for projects that advance healthy lifestyle message, holding scientific conferences for thought leaders on matters of health (such as doctors, dieticians, and others).

Cooperation with Professionals in the Fields of Health, Nutrition, and Lifestyle

In 2010, Strauss Israel participated in major conferences in the field of health and hosted professional forums. Additionally, Strauss has held regular meetings with key opinion leaders on health, such as nutritional scientists, dieticians and senior physicians, and meetings with hospital staff. The aim of the meetings is to discuss Strauss's health policy and significant issues as part of a dialogue with this central stakeholder group.





Programs Promoting a Healthy Lifestyle among Children

"The Strauss Plate": As part of our efforts to promote a healthy lifestyle and a proper diet, the Strauss Group has developed a unique and simple tool that enables the consumer to build a healthy meal with balanced portions. The Strauss Plate has been distributed to many groups and is used as a work tool for dieticians and physicians. The cardboard plate presents the way to build a nutritious and enjoyable meal in three stages. More information about this project can be found in the 2009 Corporate Responsibility Report.



Customer Service

KEY

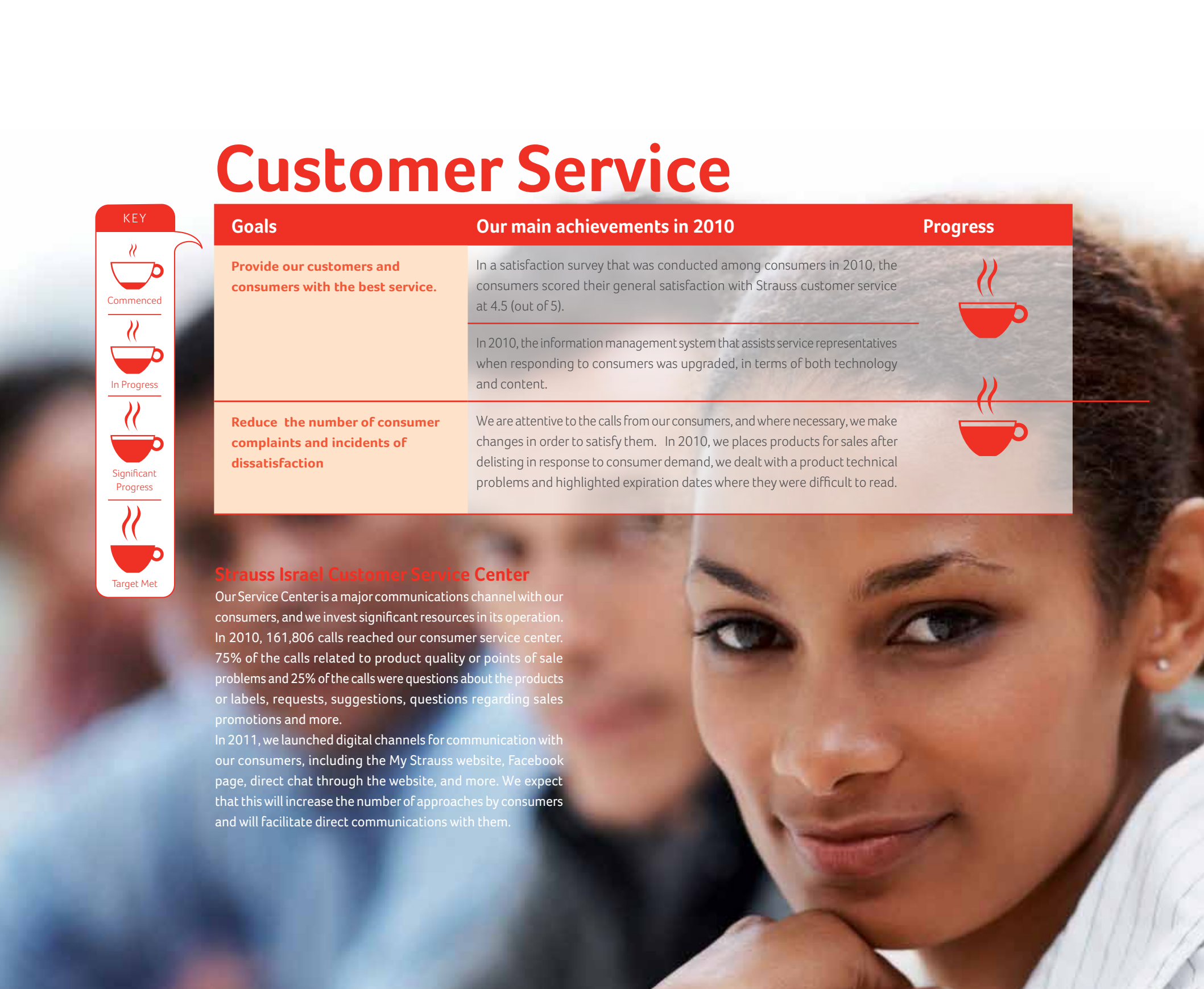
-  Commenced
-  In Progress
-  Significant Progress
-  Target Met

Goals	Our main achievements in 2010	Progress
Provide our customers and consumers with the best service.	<p>In a satisfaction survey that was conducted among consumers in 2010, the consumers scored their general satisfaction with Strauss customer service at 4.5 (out of 5).</p> <hr/> <p>In 2010, the information management system that assists service representatives when responding to consumers was upgraded, in terms of both technology and content.</p>	 
Reduce the number of consumer complaints and incidents of dissatisfaction	<p>We are attentive to the calls from our consumers, and where necessary, we make changes in order to satisfy them. In 2010, we placed products for sales after delisting in response to consumer demand, we dealt with a product technical problems and highlighted expiration dates where they were difficult to read.</p>	

Strauss Israel Customer Service Center

Our Service Center is a major communications channel with our consumers, and we invest significant resources in its operation. In 2010, 161,806 calls reached our consumer service center. 75% of the calls related to product quality or points of sale problems and 25% of the calls were questions about the products or labels, requests, suggestions, questions regarding sales promotions and more.

In 2011, we launched digital channels for communication with our consumers, including the My Strauss website, Facebook page, direct chat through the website, and more. We expect that this will increase the number of approaches by consumers and will facilitate direct communications with them.



Service Accessibility

In 2010, we developed a plan to improve the accessibility of Strauss Israel's customer service to those with disabilities. Strauss is improving the Group's Internet site accessibility for people with disabilities the ability to transfer the content that appears on the site by sound and easier mobility between pages on the site without the use of a mouse (our website already has increasing font functionality). Further, we plan to improve accessibility at Strauss Israel Visitors Centers in consultation with experts such as the "Access Israel" organization and the Director of Safety, Health and Hazardous Materials at Strauss Israel.

Upgrade of Information Management System

In 2010, the Information Management System that assists service representatives when responding to consumers was upgraded for technology and content.

Satisfaction Surveys

We conduct satisfaction surveys on a regular basis among consumers who contact our customer service center. In the customer satisfaction survey that was conducted in 2010, consumers rated their attitude toward Strauss Israel at the level of 4.7 (out of 5) on average and their general satisfaction, responsiveness and understanding of Strauss customer service at 4.5.

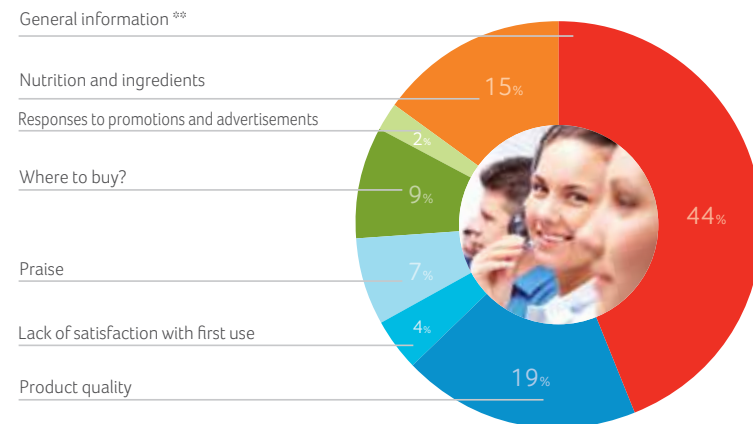
Satisfaction

1
2
3
4
5

And around the world... Sabra United States

In 2010, Sabra's Customer Service Center was outsourced to Frito Lay. This professional service allows Sabra to analyze questions and calls from consumers and handle them rapidly through the Company's quality control systems. In 2010*, 5,370 calls were received from consumers on various matters. A chart chart presenting the breakdown of issues appears below:

Breakdown of customer calls by subject – Sabra 2010



*The data relates to the months of May – December 2010, although calls that Sabra received before this date and which were handled in the new system are also included.

** Calls regarding "general information" include shelf life, questions regarding refrigeration and freezing, requests / responses to coupons, information about the company, requests for details of associations, jobseekers, etc.

Strauss Coffee Romania

A satisfaction survey conducted among Strauss Coffee Romania consumers showed that the average satisfaction score in 2010 was 4.53 (on a scale of 0-5).

Três Corações, Brazil

In 2010, a satisfaction survey was carried out among consumers, the results of which have not yet been published. We will publish the results in the next update of the Strauss Group Corporate Responsibility Report.

Strauss Water

There are 100 representatives at the Strauss Water Customer Service Center who respond to calls from customers. Strauss managers analyze the trends and translate the information into improvements in service and sales processes, and changes in the company's products and new service plans. In addition, the service center staff initiates phone contact to renew service plans.

Responsible Marketing

KEY



Commenced



In Progress



Significant Progress



Target Met

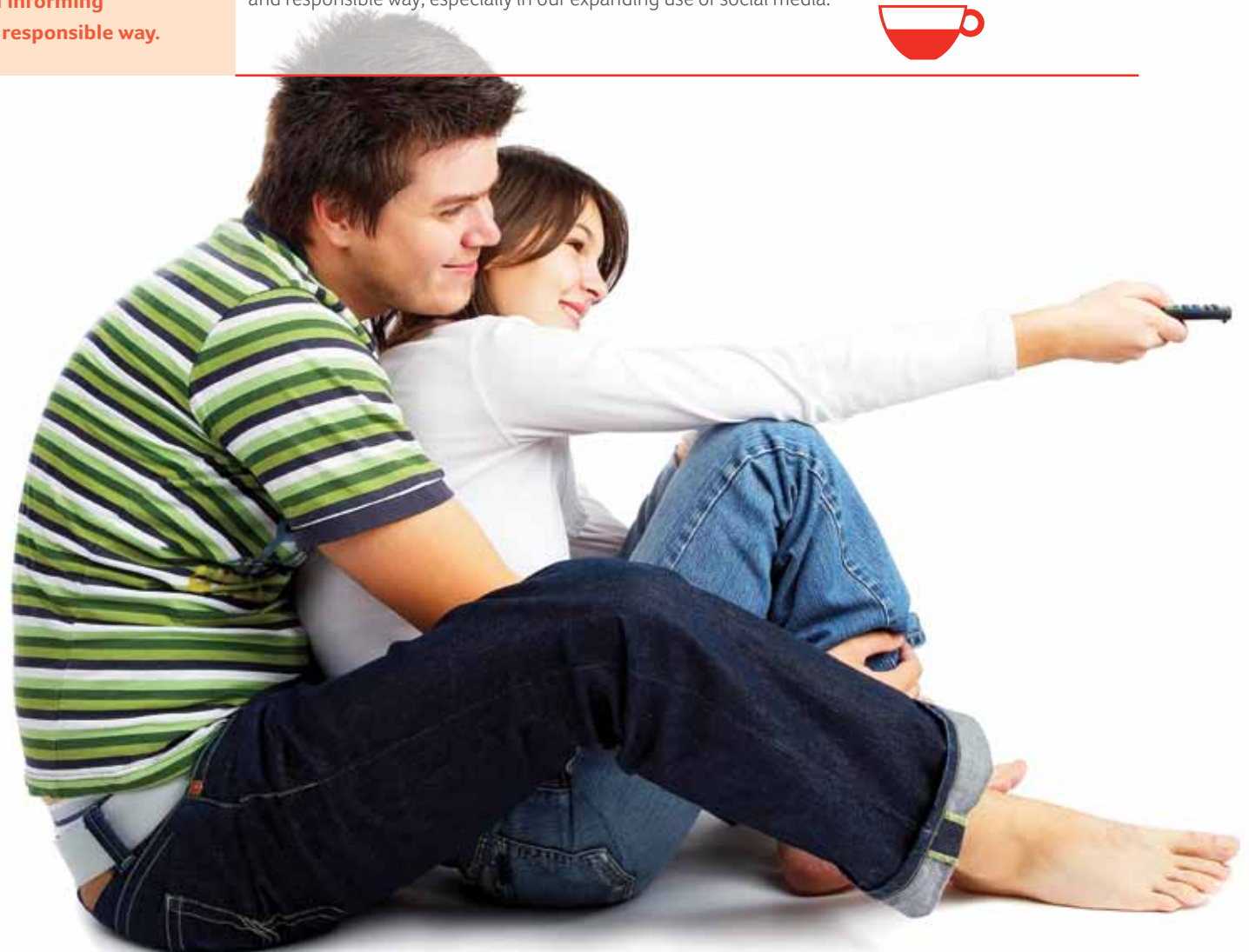
Goals

Be meticulous about marketing, advertising and informing consumers in a responsible way.

Our main achievements in 2010

During 2010, we were meticulous about informing consumers in an ethical and responsible way, especially in our expanding use of social media.

Progress



Our Commitment
As part of the marketing and advertising of our products, we always give profound consideration to the community that is exposed to the messages we send and ensure that our marketing communications **do not include harmful, illegal, immoral, irresponsible or misleading content.** We insist that the content communicated to consumers be appropriate for their age, needs, language and all the sensitivity required in communications with them.



Suppliers and Ethical Sourcing

KEY	Goals	Our main achievements in 2010	Progress
 Commenced	Increase the scope of sustainable coffee purchasing through the 4C organization by 50% each year.	In 2010, Strauss purchased 2,788 tons of sustainable coffee through the 4C organization. We met our target that and even surpassed it by 24%.	
 In Progress	Develop ways of evaluating the social and environmental performance of our suppliers and influence them to adhere to social and environmental responsibility practices.	During 2010, 50 suppliers, twice more than prior year, participated in a supplier evaluation process, including aspects of Corporate Responsibility.	
 Significant Progress	Support suppliers and service providers from peripheral areas.	We purchase from suppliers who operate in peripheral areas and development areas and we work with companies who employ people with special needs.	
 Target Met			

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Engagement with Local Suppliers

We make efforts to implement a policy and targets to increase the scope of our work with local suppliers wherever we operate. 80% of all of Strauss Israel's suppliers are Israeli suppliers. Strauss Coffee purchases green coffee beans which are produced in more than 60 countries and purchased from some 50 different suppliers.

Other than the purchase of coffee, we engage with local suppliers. Sabra has significant contracts with a number of local suppliers.

The Supplier Evaluation Process

Ethical behavior throughout our supply chain constitutes the basis for sustainability, quality and safety in the production process of our products. We expect our suppliers to meet the highest quality, safety and health standards. As part of

the supplier evaluation process, we constantly monitor quality assurance. The vast majority of the suppliers with whom we do business are required to adopt the most stringent quality and safety standards, such as ISO 22000, ISO 14000, ISO 9001 and HACCP packaging standards and food safety methodologies that manage and monitor all of the critical control points in the production process. We give preference to suppliers who provide certification or who declare that they act pursuant to the principles of fair trade.

At Strauss Israel, we continually evaluate our suppliers as part of our strategy, and assess a number of parameters including ethical practices, human rights, quality, service, cost, transparency and other aspects of supply. During 2010, 50 suppliers underwent the full supplier evaluation process in addition to the 23 suppliers who were evaluated in 2009.

Strauss Group Companies around the World

At Sabra, the main corrugated cardboard supplier – the International Paper Company – is approved by the Sustainable Forestry Initiative (SFI). PNW, the sole supplier of hummus, reports that all of their towers operate pursuant to the instructions of the Natural Resource Conservation Service (NRCS). In addition, 5-10% of the suppliers are approved by the Food Alliance Certified (FAC).

At Três Corações, Brazil, supplier evaluation is conducted relating to compliance with labor laws by obtaining relevant documents each month.

At Strauss Coffee Adriatic, inspections were conducted as part of the supplier evaluation process by an external party, including an inspection to assess supplier compliance with labor laws, workplace health and safety and aspects of environmental protection.

The Social Responsibility Charter for Suppliers

The Social Responsibility Charter for suppliers includes the rules of behavior that Strauss Israel requires its suppliers to comply with in various ethical aspects of business conduct. This includes: compliance with the law, fair trade, employee rights, work environment, fair pay, human rights, product guarantee and employee health and safety, environmental quality, and integrity in business. Engagement with a new supplier is conditional on signature of the Strauss Israel Social Responsibility Charter almost all suppliers have now signed the Charter. In 2010, 400 suppliers signed the Social Responsibility Charter which makes 500 suppliers which have signed to date.

Ethical Purchasing and Fair Trade Coffee

We believe that the production of coffee can be sustainable only if it allows for the respect of human rights and fair employment and sustenance to farmers, their families and their employees. Purchasing from suppliers who insist on sustainable production is also an expression of our commitment to protecting the environment and conserving energy.

Coffee Purchasing Through the 4C Organization

Strauss cooperates with the 4C organization (Common Code for the Coffee Community Association) through which Strauss purchases sustainable coffee. 4C is a global association that connects producers, trade organizations, industry and civil society. The aim of the organization is to cultivate sustainability in the green coffee supply chain and to increase the amount of coffee that meets the basic criteria of sustainability in fair employment, human rights, environmental protection, and economic feasibility.



Meeting the Target and Beyond

We established a target to purchase 2,250 tons of sustainable coffee in 2010 through 4C. In practice, Strauss purchased 2,788 tons of sustainable coffee in 2010, which is equivalent to approximately 4.36% of Strauss' total coffee purchases which is approximately 60,230 tons (excluding coffee purchases in Brazil). We thus successfully met our target and exceeded it by 24%.

Social-environmental responsibility in the supply chain – the proper care of animals in milk production

As a company that is active in the production of milk and milk products, one of the important aspects of responsibility and ethics in our supply chain is how animals are treated. In our case, this refers to dairy cows in dairy farms throughout Israel who supply milk for our manufacturing processes. The dairy farms are not owned by the Strauss Group, but they are under the supervision of both the Ministry of Agriculture and Strauss.

For more information, please see Strauss Corporate Responsibility website.



 **Workplace**

Workplace

KEY



Commenced



In Progress



Significant Progress



Target Met

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Goals	Our main achievements in 2010	Progress
Continue to be a preferred place of work for our employees and provide them with a positive and challenging work environment.	<p>In the global opinion survey conducted by the Strauss Group among its employees in 2010, 84% of employees said that their job satisfaction at Strauss is “high” or “very high”, compared to 79% of employees who said this in the previous survey. 87% of employees said that they are proud to work at Strauss, compared to 83% in the previous survey.</p>	
	<p>Strauss maintained its ranking as one of the top ten “the best companies to work for” in the rankings conducted in Israel by the BDI business information company in conjunction with The Marker newspaper.</p>	
Recruit, reward and promote fairly and equally.	<p>Strauss Israel employs a majority of 52.6% women, which is higher than the rate of women in the workforce in Israel.</p>	
	<p>In 2010, 2,208 women were recruited to the Strauss Group, compared with 1,911 women recruited in 2009.</p>	
Promote the values of diversity and inclusion in the employee recruitment process.	<p>We have expanded our existing cooperation with non-profit organizations, with the aim of integrating a diverse population into the Strauss’s workforce.</p>	
	<p>Strauss Israel employees participated in professional training totaling more than 2,000 hours, alongside on-the-job training.</p>	
Assist in the personal growth and career development of our employees.	<p>The majority of the Strauss employees participated in an annual performance evaluation and feedback conversation.</p>	

87% of employees said that they are **proud** to work at Strauss

According to the Global Opinion Survey conducted in Strauss in 2010:

80% of Strauss employees believe that the organization treats its employees equitably, regardless of gender, age, origin, etc., compared to 72% of the employees in the previous survey.

80% of women employees of Strauss Group subscribe to this view, compared to 68% in the previous survey.

85% of Strauss employees believe that the company understands and respects the differences between employees (gender, origin, religion, age, nationality, etc.).

85% of the women who work at the Strauss Group believe this.

Our Commitment

At Strauss, we view our employees as our most important asset and attribute a major part of the Company's success to them. We act to create a fruitful, rewarding and empowering work environment.

Diversity and Inclusion in the Strauss Group

In recent years, the Strauss Group has formulated a social vision that focuses on diversity and inclusion. We strive to maintain a tolerant work environment which respects and appreciates differences, provides equal opportunity and enables every person and group to contribute their unique expertise in order to realize our values and goals and to improve the Company's policy, products and service.

Applicability

Unless otherwise indicated, the data in this Section relates to all of the Group's business units: Group Corporate Center, Strauss Israel, Sabra, Strauss Coffee in Israel and around the world, Max Brenner (Israel and the United States) and Strauss Water, totaling over 12,350 Group employees (not including agency employees).

Tools for Implementing Diversity and Inclusion in the Group

We continue to develop programs, tools and processes that create a more diverse workplace at Strauss, whereby each business unit will embed diversity and inclusion practices in line with the local culture. We integrate communication about diversity issues into internal magazines, announcements and other channels of interaction.

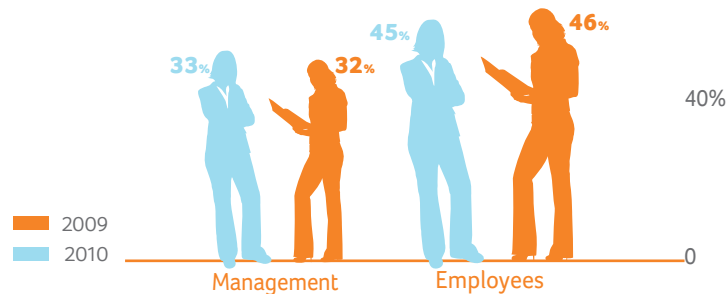


Women at Strauss

Female executives in Strauss Group's governing bodies – 2009-2010

Governing Body	The overall number of managers		The number of female managers		The rate of female managers	
	2009	2010	2009	2010	2009	2010
Board of Directors	11	11	4 including the Chairperson	4 including the Chairperson	36%	36%
Management Team (including the CEO)	8	9	1	1	12.5%	11%

The rate of women among all employees
Strauss Group 2010 compared to 2009*



The Rate of Women Employed by Strauss Group

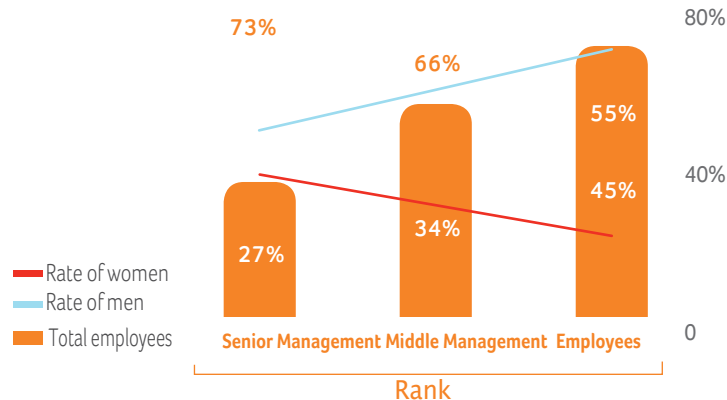
In the Strauss Group overall, we employed 43.9% women in 2010.

The Rate of Women at Various Ranks in the Group's Units

This chart outlines the rate of women in management compared to the rate of women employees in business units included in this Section of the report. As we can see from the chart, in 2010, women constitute 45% of employees and 33% of managers.

* 2009 data is different to data in the 2009 Corporate Responsibility Report for the employees as an error was made in gathering gender data in one of our business units last year.

Employees according to level and gender
Strauss Israel 2010

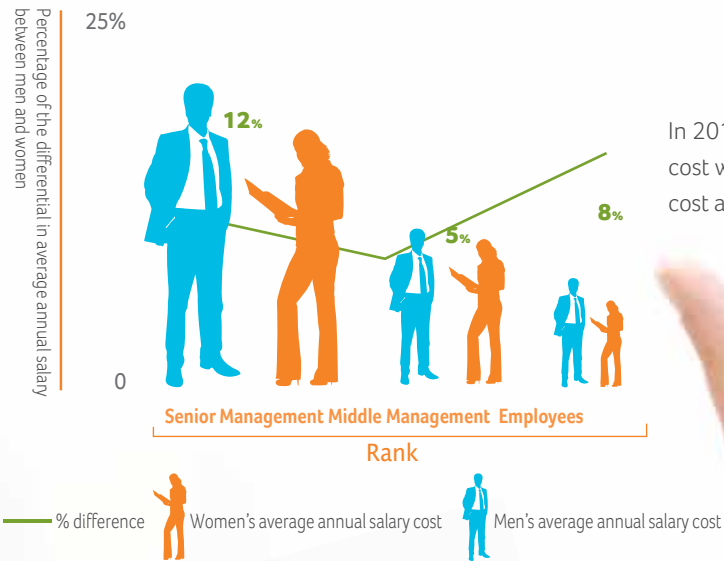


As we can see from the two charts, the rate of women falls as their level in the organization increases.

43.9% women

Average Wage Differentials between Women and Men

The charts below outline the wage differentials between women and men at different levels of the organization. We were not able to complete data for Elite Coffee, Strauss Coffee in Russia and Ukraine or senior management data at Strauss Adriatic. (The data relates to total salary cost. All amounts are shown in US\$.)



In 2010, women's average salary cost was lower than men's salary cost at all levels.

Strauss maintains its top ten ranking in list of "the best companies to work for"
 In a ranking conducted in Israel by the BDI business information company in conjunction with The Marker newspaper, of "The best 50 companies to work for", Strauss was ranked in eighth place in 2010, and in first place among the food and beverage companies in Israel, similar to 2009.

Employment of Diverse Populations at Strauss

Strauss Group proactively promotes the integration of minorities, people with special needs and women in management positions as part of its program to advance diversity and inclusion. As part of the Strauss Group's efforts to integrate diverse populations, we cooperate with non-profit organizations for assistance in locating suitable candidates, training employees and managers and raising awareness. As a result of the cooperation with the various organizations, Strauss Group has hired employees who are mentally challenged or have physical disabilities. In addition, a training course was held assist employees from disadvantaged populations, which included learning reading and writing, computer skills, etc.

The Employment of Employees with Special Needs

We do our best to offer equal employment opportunities to people with special needs and gladly accept them into the Strauss family. We are committed to making the necessary adjustments at our sites to enable them

to integrate into the organization and their roles with ease. In 2010, 120 employees with special needs were employed in Strauss Group. This number is a rough estimate as we respect the privacy of our employees Regulation 15 of the Equal Opportunity Labor Law, forbids active collection of data of this kind.

We do our best to offer equal employment opportunities to people with special needs and gladly accept them into the Strauss family. We are committed to making the necessary adjustments at our sites to enable them to integrate into the organization and their roles with ease.

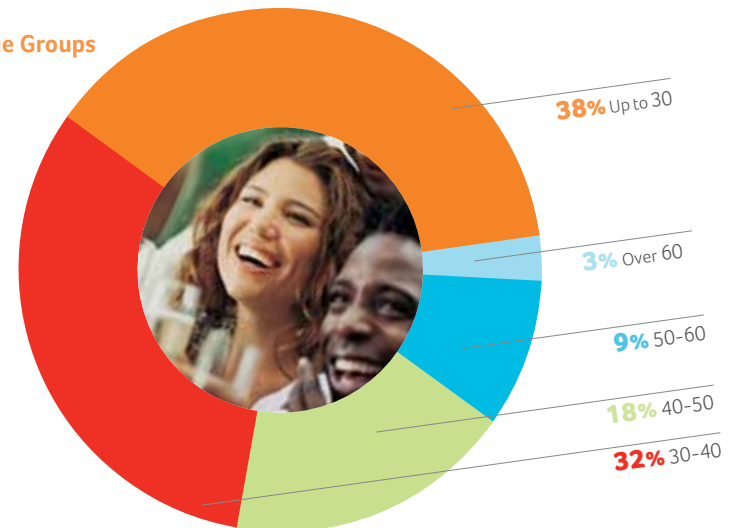
Workplace Accessibility at the Strauss Group

We make every effort to enable our employees with special needs to enjoy optimal working conditions. We take measures to facilitate their access and mobility in the workplace.

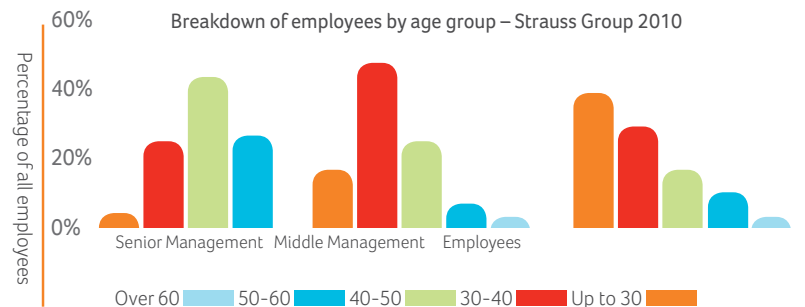
Age Groups

The following chart outlines the age distribution of employees in Strauss Group. The largest age group in the Strauss Group is employees up to the age of 30, which constitutes 38% of employees. The next largest group is the 30 – 40 age group, which constitutes 32% of employees.

Age Groups



The following chart presents the breakdown of employees by level in the Strauss Group's business units in this Section by age group. For instance, as we can see in the chart, 32% of the employees, 47% of the middle managers, and 26% of the senior managers are between the ages of 30 and 40. In the senior management group, 44% are between the ages of 40 and 50.



Employee Recruitment from the Local Communities

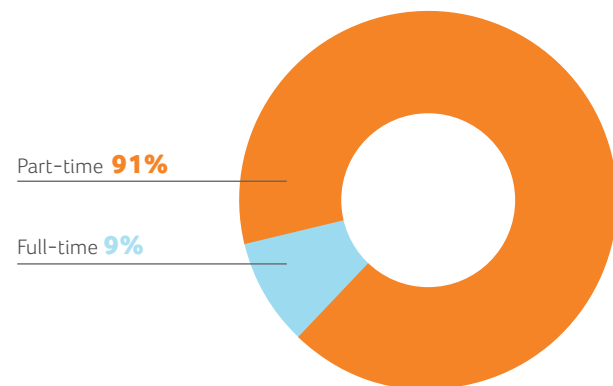
As a matter of policy, in all of the locations where we operate, we employ local employees at all levels and in all positions. The percentage of managers who are not local (expats) shown in the table below. Of a total 1,160 managers, nine are non-local employees, not hired from the local community, constituting 1.03% of all of the managers in the Group.

Minimum Wage

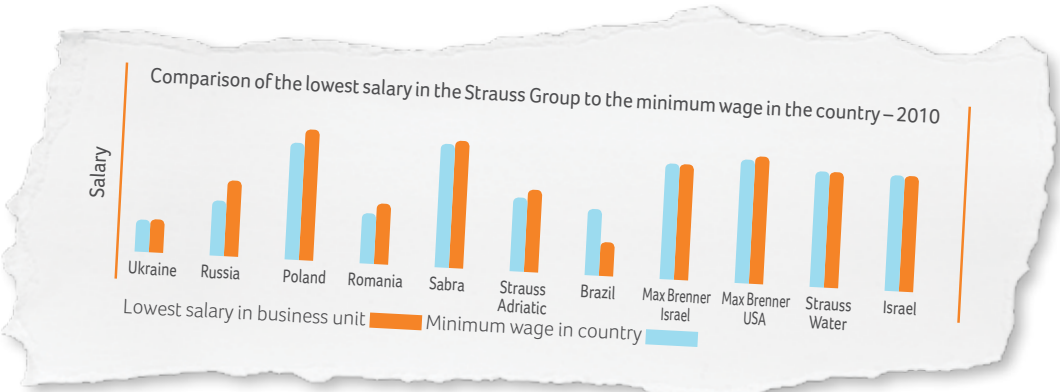
The following chart presents a comparison between the minimum wage level and the lowest salary paid to employees in the respective business units. As we can see from the chart, other than in Brazil, the lowest salary paid to employees in any of our units is not lower than the minimum wage in effect in that country. In Brazil, 2.1% of employees earn below the minimum wage, but these employees are student interns and salary levels are within the law. In most cases, the lowest salary we pay exceeds the minimum wage in that country.

Full and Part Time Employees

The chart below shows the percentage of full time employees and part time employees in the Strauss Group for 2010.

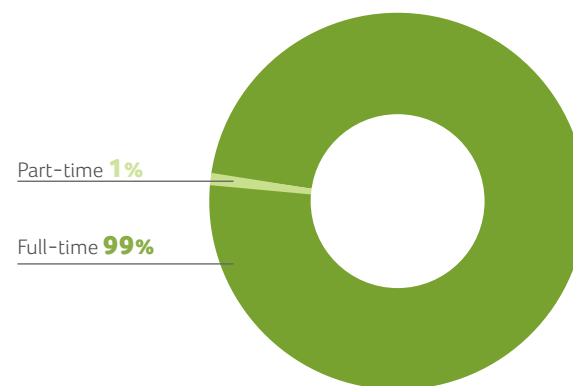


	Strauss Israel	Strauss Coffee in Israel and Around the World	Strauss Water	Sabra	Max Brenner (Israel and the United States)	Total
Total managers	302	628	74	89	67	1160
Non-local managers	0	7	2	2	1	12
Percentage of managers who are not local	0.0%	1.1%	2.7%	2.2%	1.5%	1.03%



Temporary and Permanent Employees

The following chart shows the percentage of permanent employees and of temporary employees in our business units in Israel and abroad. The rate of temporary employees in Strauss Group in 2010 was 1%. Strauss Israel employs agency employees whose salaries are paid by the contractors and are not included in this data. Data on agency employees is available later in this Report.



65%

65% of employees who worked at Strauss via manpower contractors in 2009 were hired as Strauss employees.



Agency Employees

In general, we minimize the number of contractor employees employed by Strauss Israel and aim to hire agency employees as permanent employees as far as possible. We have created an internal procedure that defines that agency employees should not be hired for period exceeding six months and preventing rehire of the same employee within nine months of termination of the agency contract. In 2010, 65% of employees who worked at Strauss via manpower contractors in 2009 were hired as Strauss employees.

We do our best to ensure that contractor employees are paid in accordance with the law. We require each manpower contractor to sign a contract ensuring compliance with employment laws for all of its employees. Strauss employs an average of 1,026 agency employees per month in business units around the world

Freedom of Association

Strauss recognizes employees' right of association and respects their right to join professional associations and to participate in collective bargaining. Most Strauss Israel employees and all employees at Três Corações in Brazil are part of collective labor agreements and Strauss Group protects the rights of its employees to unionize and respects its agreements and commitments toward professional associations.

Employee Turnover

During 2010, 5,505 new employees joined Strauss Group of whom 2,208 were women, 3,925 were aged below 30, 901 were between the ages of 30 and 40, and 362 were over 40. During the year, 50 employees with disabilities were hired. This information was gathered during implementation of Strauss' internal diversity program.

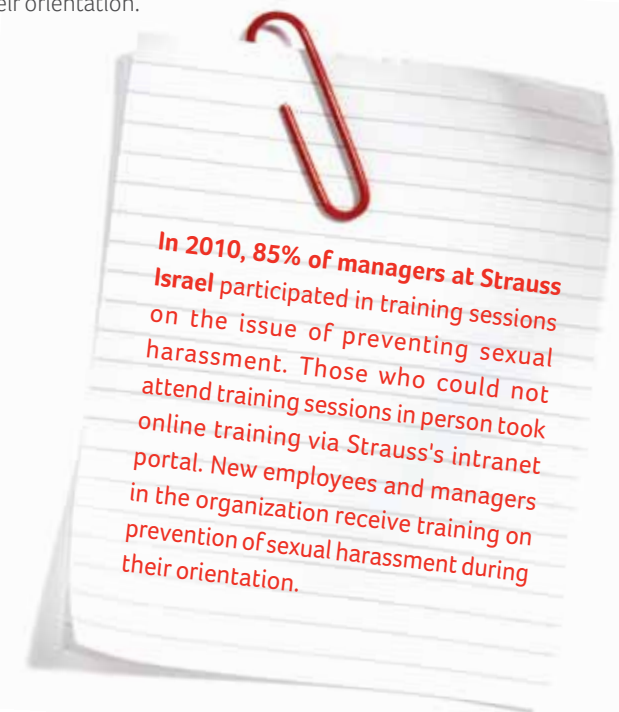
In 2010, 5,092 (42%) employees left the company, of whom 2,228 (44%) were women and 3,355 aged below 30.

This data shows a relatively high employee turnover rate. Some of our businesses are characterized by a high turnover rate such as Max Brenner, Elite Coffee and Strauss Water. Also, in 2010, the Group underwent many changes in different business units.

Policy and Practice against Harassment

As stated in our Code of Ethics, we do not tolerate discriminatory behavior of any type or any form of harassment, including sexual, physical or emotional harassment, or oppression of any kind.

Strauss has a clear policy against harassment and we hold training sessions and workshops to educate our employees about the behavior that is expected of them and how to cope with all forms of discrimination or harassment situations. In 2010, 85% of managers at Strauss Israel participated in training sessions on the issue of preventing sexual harassment. Those who could not attend training sessions in person took online training via Strauss's intranet portal. New employees and managers in the organization receive training on prevention of sexual harassment during their orientation.



Employee Career and Skills Development

We invest in the professional development of our employees in order to retain them over the long term and to enable them contribute in an optimal way. We provide professional training in line with the personal and professional needs of the employee (including vocational training and academic qualifications if required). In 2010, Strauss Coffee launched a training program for the company's marketing managers from around the world in order to implement standards, provide tools and enhance skills that will enable them to address the strategic changes and challenges in the coffee industry. The Marketing Capabilities Development (MCD) program set a target to create a network of peers throughout the company's regions of operations and to develop an online global information center.

Employee Benefits and Wellbeing

Strauss Israel provides its employees with benefits and welfare support. We provide pension funds, life insurance, health insurance and severance pay provisions for all employees, as well as tax-relief savings funds in line with Israeli law. In addition, we provide annual family vacations together with the Group, clothing allowances, gifts for holidays, and special events, as well as tuition support for children, summer camp and kindergarten funding in some business units.

Wellbeing Activities for Employees Promoted by Strauss Israel in 2010 include:

- Psychological counseling service for Strauss employees and their families, subsidized by the company
- Guidance sessions with a psychologist or clinical social, subsidized by the company.
- Subsidization of assessments for learning disabilities and attention deficit disorders.
- Flexibility in the choice of a company car: Strauss offers employees entitled to a company car flexibility in the choice of a small vehicle so that they can enjoy a reduction or in tax value) and supplement their salary.
 - Retirement workshops for Strauss employees in which they receive support, essential information and tools for retirement.
 - Scholarship fund for higher education for the children of employees

And around the world

Our employees in the Group's units abroad receive social benefits in accordance with local law and in some cases, beyond the requirements of the law.

- **Sabra United States** –health insurance, life insurance, disability insurance, subsidized education, retirement programs.
- **Max Brenner United States** –health and disability insurance.
- **Três Corações, Brazil** – Life insurance, subsidized meals, healthcare, and preferred terms for dental insurance.

Healthy Lifestyle Activities for Our Employees

As a food company, we consider providing employees with awareness of proper nutrition and a healthy lifestyle is important. As part of improving our employees' quality of life, Strauss Group upgraded employee dining rooms at different sites in 2010 including air conditioning, safety flooring and decoration of the dining rooms in order to make the employees' time as pleasant as possible. Meals were upgraded in order to expand the variety of fresh items on the menu prepared in situ formulated with Strauss's chief dietician and other professionals.

Dialog with Employees and Internal Communications

We consider it important to hear the different points of view and opinions of our We maintain active dialog with employees through several channels:

- **The "Colors of Strauss" portal:** an upgraded global Internet site that was launched in March 2010. The portal allows employees access to Strauss know-how, industry news, updates on Strauss events and business news, information on Strauss brands, blogs on various business issues, and useful tools such as an information archive and more.
- **The "Heart of the Matter":** An internal communications portal in Israel, which communicates information on Company to employees. In 2010, the portal was upgraded and re-launched, providing many more tools for holding dialog with the employees through an innovative response system and improved information accessibility.
- **Feedback:** At Strauss Israel, most employees participate in competency assessment discussions once a year which includes career development planning.
- **Global opinion survey:** Opinion surveys among all employees are conducted once every two years. The 2010 survey includes all Strauss Group employees (with the exception of Três Corações, Brazil). The survey is distributed to the employees in meetings or by email or face to face, in local languages. All of the employees are informed of the results of the survey and some participate in discussions to discuss the results. The key results of the survey are noted throughout this Corporate Responsibility Report.
- **Dialog with employee representatives:** At Strauss Israel, ongoing dialog is maintained between management and employee representatives through the Employees' Committee at every site where relevant.

Health and Safety in the Workplace

KEY	Goals	Our main achievements in 2010	Progress
 Commenced	<p>Improve safety conditions in all facilities and to increase employee training and awareness of safety issues.</p>	<p>During 2010, a corporate training program in safety and hazardous materials was conducted for managers and employees.</p> <hr/> <p>During 2010, the Sales Division undertook a new Safety Program. A safety supervisor was appointed in and a work plan developed for embedding safety awareness and practices.</p>	
 In Progress	<p>Minimize the number of work accidents and increase preventive measures and incident analysis.</p>	<p>As a result of our continued activities to improve safety, we have reduced the number of work accidents that caused more than 3 lost workdays at Strauss Israel by 22% in 2010 versus 2009.</p>	
 Significant Progress	<p>Improve our safety measurement and monitoring processes and create maximum corporate alignment for safety management.</p>	<p>We have implemented safety in our “Operational Excellence” program in Strauss Israel and have met the target that was set for implementation of control panel safety meters in 50% of the control panels.</p> <hr/> <p>In 2010, we carried out audits of safety issues, resolving 72% of cases of non-compliance in the field of safety and hazardous materials in all plants (versus a target of 60%).</p>	
 Target Met			

Our Commitment

At Strauss Group, we are committed to providing our employees with a safe and healthy work environment. Among other things, maintenance and improvement activities are routinely carried out in all of the companies' business units to protect the safety and health of our employees. We regularly hold activities to implement safety and health measures for employees in all of the Group's units.

The Workplace Health and Safety Structure at Strauss Group Health, Safety and Hazardous Materials Manager

The responsibility of the Health, Safety and Hazardous Materials Manager is to develop and improve the health and safety management system, while implementing evaluation and control mechanisms for health and safety performance and to raise employee awareness of safety practices to prevent work accidents and occupational disease.

Health and Safety Officers at Strauss manufacturing plants

At each of Strauss plants in Israel and throughout the world to a qualified Safety Officer is appointed to manage health and safety issues. The plant Safety Officers receive professional direction from the the Safety, Health and Hazardous Materials Manager (Quality Assurance Department) while reporting directly to the local Plant Managers. In business units abroad where there are no manufacturing facilities, Health and Safety is managed by a senior manager.

For more information – please see Strauss Corporate Responsibility website.

According to the Global Opinion Survey that was conducted in the Group in 2010:

83%

83% of the employees at the Strauss Group believe that the organization provides a safe and healthy work environment.

Organizational Activities - Workplace Health and Safety in 2010

During 2010, cross-functional activities were conducted in the fields of safety, health, and hazardous materials.

- **Activities based on voluntary international standards in the field of workplace health and safety.** The implementation of **OHSAS 18001** safety system standard began at Strauss Coffee Romania and at Strauss Coffee Poland. The standard was implemented a number of years ago at the dairy in Ahihud, Israel. We intend to implement this safety standard in all of the business units at Strauss Israel. Três Corações in Brazil is a member of the Brazilian Association of Occupational Hygienists – ABHO, the Brazilian Association of Technical Standards – ABNT, the Brazilian Standardization Forum, and other organizations.
- **Inspections** – We conducted audits at plants in Israel enforce safety and hazardous materials laws and procedures, safety audits to locate risks, noise and light audits, workplace environment audits regarding exposure to hazardous dust and materials. As a result of these audits, work plans were prepared for improvement.
- **Activities regarding emergency preparedness, including the preparation of an emergency procedure and conducting emergency drills.**
- **Reporting and control mechanisms** – Every plant or logistics site reports once a month on a number of safety metrics: number of work accidents, frequency of work accidents, loss of workdays due to work accidents. Periodically, a statistical analysis is conducted and a corporate safety report is produced. In addition, the Management and Safety Committees of each business unit reports on work accidents and injuries, near-miss accidents, noise audits, training follow-up and equipment inspections. The safety metrics reports are produced at the corporate or unit level and serve as the basis for decisions on safety improvements.
- **Professional Forum of Safety Officers.**
- **Professional tours of other plants for learning purposes.**
- **Investment in the purchase of equipment and machinery protective measures.**
- **Training and instruction:** In recognition of the importance of employee awareness of workplace health and safety laws regulations, we conduct regular training activities on safety, health and hazardous materials and regularly monitor our practices. The training activities are carried out according to a corporate training program and are tailored to each business unit.. During 2010, focused safety activities began in the Sales Division and a Sales Safety Officer was appointed and a work plan developed.
- **Programs to prevent sickness:** At Strauss Israel, training programs include employee health and the workplace environment, personal hygiene, and medical consultation by a physician employed at a number of plants.



Work related Accidents and Injuries

As a result of our continued activities to improve the level of safety, there was a decrease of 22% in work accidents in Strauss Israel in 2010.

The following table presents the workplace accidents and lost workdays in 2010 and 2009:

Business Unit	Number of employees		Number of work accident / occupational disease incidents that caused more than 3 days absence		Total number of days of absence as a result of work accidents		Fatalities	
	2009	2010	2009	2010	2009	2010	2009	2010
Year	2009	2010	2009	2010	2009	2010	2009	2010
Strauss Israel – Operations and Logistics	2,160 (Operations and Logistics employees)	2100 (Operations and Logistics employees)	76 (65 in Operations, 11 in Logistics)	59 (46 in Operations, 13 in Logistics)	1,025	1,241	0	0
Strauss Coffee Poland	431	421	4	9	107	360	0	0
Strauss Coffee Romania	365	318	0	3	0	112	0	0
Strauss Adriatic	265	239	2	6	26	31	0	0
Três Corações	3570	3898	76	94	3,788	3900	0	0
Sabra	350	538	12	5	326	No data	0	No data
Strauss Water		815	No data	31	No data	687	No data	

Operational Excellence

In 2009, the Strauss Israel operations management undertook to implement an Operational Excellence program with support from a USA consulting firm. Implementation of Operational Excellence was conducted in 2010 by the production, maintenance, logistics and other work teams. Implementation of the methodology will position Strauss as the global leader in the food industry.

Goals of the Operational Excellence program

The objectives of the Operational Excellence program include: creating of an organizational culture of excellence: employee empowerment, proactive culture and improved understanding of production operations to improve production metrics, improved quality, building a competitive advantage, and streamlining operations. The project strives to create consistent work processes and practices for the entire organization and to increase cooperation within and between business units.

Principles of implementing the process

- The process is **cross-functional, top-down** – all the way to the production line.
- The process is based on the concept of a **reverse pyramid**: The production line employees play a major part in formulating the work plan and suggesting streamlining solutions due to their in-depth understanding of the complexities of production.
- Discussions about the metrics, successes and failures of the production line move from the management rooms to the production lines themselves. Next to the production lines, there is a control board that includes metrics for planning, quality, safety, breakdowns, outstanding tasks and performance status.

The process began as a pilot on the production lines at the dairy in Ahihud and at the plant in Israel. We expect to expand it to all business units.

Integrating Safety into Operational Excellence

Safety was included in the Operational Excellence program at Strauss Israel in 2010 in a number of ways, including the building of safety metrics for the behavior of managers and employees and inclusion and involvement of the employees in writing safety procedures etc.

Empowering employees and increasing their commitment to safety

- The Safety Officers, who are selected at the recommendation of the managers and the Plant Safety Manager, feel like partners and are proud of their contribution to the plant. Hazards and breakdowns, as well as the safety metrics, appear on the control board located next to the production lines.
- The display of the data and metrics on the control board promotes transparency, trust and direct dialogue between managers and employees concerning safety behavior problems, safety hazards and possible ways to improve.
- One of the characteristics of raising awareness of safety issues among the employees is the alerts raised by employees themselves to the Safety Officers regarding safety incidents.
- In 2010, the safety incidents investigation methodology was improved and all managers and Safety Officers, and sometimes the Plant Manager, are involved in analyzing the root cause of the incidents, the reasons for the incidents and discussions with employees.



■ Community Involvement

Community Involvement



Goals	Our main achievements in 2010	Progress
Continue implementation of a focused community investment strategy based on our core business and social vision.	A Corporate Responsibility Day took place this year on the theme of diversity and inclusion, in which 2000 employees participated at all Strauss sites around the world, in 60 diverse activities.	
	Cooperation between the Catalyst organization, the women's Lobby in Israel and Strauss Group was initiated regarding gender diversity and the promotion of women in business.	
Leverage our influence to improve the world around us and the lives of the people who live in it, based on our activities and expertise.	17,000 employee volunteer hours in 2010, versus 8,459 volunteer hours in 2009 – an increase of close to 100%.	
	We have had tremendous success in realizing the five-year goal of our Supply Chain in the "100 Ambassadors" project: Within three years, there are 105 managers and employees in the Supply Chain who are regularly active in community involvement projects.	
Establish mechanisms to better manage, evaluate and measure the influence of our activities and investment in the community.	In 2010 we cooperated in Israel with the "Zionism 2000" organization which specializes in guiding organizations in their community involvement, to provide professional guidance at Strauss's sites throughout Israel on improving collaboration with our community partners. We began formulating a program to implement mechanisms to evaluate and measure the social effects of our community investment strategy throughout the world.	

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KEY

- Commenced
- In Progress
- Significant Progress
- Target Met



Our Vision of Community Involvement

Strauss Group sees itself as committed to having a positive influence on the communities in which we operate. Our commitment to the community in which we work has turned from a family tradition into the spirit that surges through the entire business, based on caring, concern and involvement in the community. Today, being a large, global company, we are aware of our ability to influence the communities in which we are present, as a socio-economic and regional platform for advancement and we choose to focus our activities in the places where they are most necessary.

Our Community Investment Strategy

Strauss's community investment strategy in 2010 focused on the area of diversity and inclusion, in alignment with the diverse core business of Strauss Group: we are diverse in our products, in our consumers and employees and the communities in which we operate are also diverse. Our logo symbolizes diversity. We initiate community involvement in partnership with diverse non-profit organizations make monetary donations, donations in kind and maintain employee volunteer activities for diverse causes.

Community Investment Scope

Strauss operates dozens of programs and projects in Israel and throughout the world to improve the wellbeing of local populations. These programs

are managed locally by each site and provide a response to a wide variety of needs including educational, social, and cultural and employment need. Most Strauss Group sites hold organized activities for the community together with regular community partners through volunteering or through donations or both.

Cash and In Kind Donations

During 2010, the Strauss Group invested an overall total of \$2.7 million in the community, including cash, in kind and product donations.

Employee Volunteering

The number of volunteer hours in by Strauss Group employees rose significantly by close to 100% compared to the previous year. Employees volunteered 17,000 hours in 2010 versus 8,459 employee volunteer hours in 2009. The value of the work hours we invested in community activities in 2010 is estimated at \$500,000. Volunteer hours are fully financed by Strauss.

Diversity and Inclusion Programs

In 2010, we focused our community investment strategy on promoting diversity and inclusion by supporting organizations that promote diverse populations and assist in integrating them into society through employment and educational frameworks.



Diversity and Inclusion in Employment – Examples of Projects in Israel

A Window To the Future, in collaboration with the Youth Empowerment Unit, Nazareth Ilit Municipality, Israel:

This is a social enterprise employment program that leverages Strauss's primary asset, its human capital, to benefit social action. As part of the project, which began as a pilot at the confectionery plant in Nazareth Ilit and which we are now striving to scale, the plant cooperates with the "Youth Empowerment" unit, which helps at risk. As part of the project, teenagers from low socio-economic backgrounds or with difficulties in educational frameworks are selected for work at the plant. The teenagers are accepted as Strauss employees and receive monthly pay. At the same time, they required to remain in an educational framework.

Employment Incubator program:

The project, which takes place at Strauss's "Tafnit" logistics center in Tzrifin, Israel, in collaboration with the "Momentum in Employment" (MIE) organization (a joint organization of the Joint Israel and the Government of Israel), is an example of realizing the value of diversity and inclusion in the most practical sense. The project assists populations with a high motivation to work, but which have difficulty integrating into the labor market (in this case, immigrants from Ethiopia), to obtain tools and training that will enable them to find stable and quality employment with the potential for promotion in the long term, through short and focused theoretical and practical training.

The Rehabilitated Prisoner Employment program:

Strauss employs rehabilitated prisoners at the "Tafnit" logistics center in Tzrifin, Israel, enabling them to receive professional training, a salary for their work, and various rights that will serve them as a basis for employment in normative social lives.

50 Plus Minus:

This organization was established in 2000 in response to the ever-increasing problem of age discrimination against employees, excluding them from the workforce. The aims of the organization are to counter discrimination that prevents people from finding work over age 40, enlist government support, the business sector and the public to enable any person with the desire and ability to exercise his right to work. The Strauss Group supports the organization and assists in promoting its goals.

Programs in the Area of Diversity and the Advancement of Women

At Strauss, we believe in personal empowerment and self-help and in the ability of every person to take responsibility and to act for his future. We strive to create platforms in order to support ways that will help people from disadvantaged backgrounds build their self-esteem and obtain skills that will help them find stable employment, obtain independence and long-term support.



The Jasmine Organization for the Promotion of Women

in Employment: “Jasmine”, an association that represents and promotes economic leadership of businesswomen from both the Jewish and Arab sectors. Strauss Group, through an organization that specializes in consulting to non-profit organizations, provides ongoing management consulting to the organization and its leaders in order to assist in the promotion of the organization’s target population and assistance in fundraising.

The Organization for the Economic Empowerment of Women:

The organization focuses its efforts on women from disadvantaged groups in Israeli society, most of them from the geographic and economic periphery. In ten years of its activity, the organization has developed tools and expertise in the promotion of entrepreneurial activities by women. Strauss supports the Organization for the Economic Empowerment of Women with cash resources including management resources, hosting events at Strauss offices and factories and ongoing support for projects.



Hilde Strauss scholarships for the advancement of women ceremony

The Fidel Organization:

An organization for the education and social integration of Ethiopian immigrants in Israel.

Programs in the field of Health

Strauss Institute: As a food company, we ascribe tremendous importance to the promotion of a healthy lifestyle, as well as to our duty to encourage science, education and research in health.

Community Wellbeing Programs

Strauss operates dozens of programs and projects throughout Israel and the world to improve the wellbeing of local populations living. The programs, which focus on the advancement of diverse populations, provide a response to a wide variety of needs, including food contributions.

Contributions of Food Products

We view food contributions as a natural commitment, required by our very business, and we continue contributions of near expiry products on a regular basis throughout the year to two non-profit organizations “Latet” and “Leket Israel- Israel's National Food Bank” which provide food to dozens of organizations and needy people throughout Israel. In addition,

Community Involvement around the World in 2010

Sabra

- In 2010 – 70 Sabra employees and their families participated in the Susan G. Komen race, which was held in May to raise funds for breast cancer treatment.
- In 2010, Sabra encouraged its employees to contribute food products and matched their contributions with a monetary donation to the Virginia Food Bank. Sabra also contributed food products to other organizations that gather food for the poor in 2010. In 2011, Sabra plans to focus its monetary contributions and volunteer activities related to health.

Três Corações, Brazil

- A variety of activities for the community in conjunction with a wide variety of institutions in the fields of health, education, culture, assistance to the elderly, and others.

Strauss Water

- Contributions of water devices and bottles.
- Volunteering at a children’s hospital..

Russia and Ukraine

- Focus on assistance to children and youth at risk from a diverse social background.
- Contributions and volunteering at a daycare center for needy children, including materials for renovating the daycare center, clothing, toys, food, organizing educational events, and more.

Strauss Coffee Adriatic

- Volunteering and contributions to an orphanage.
- Contributions of money and food to humanitarian organizations.

Strauss Coffee Poland

- Gathering donations of toys and books for an orphanage.
- Renovating kindergartens.
- Employees joined a bone marrow registry and held lectures to raise awareness of the issue.

Strauss Coffee Romania

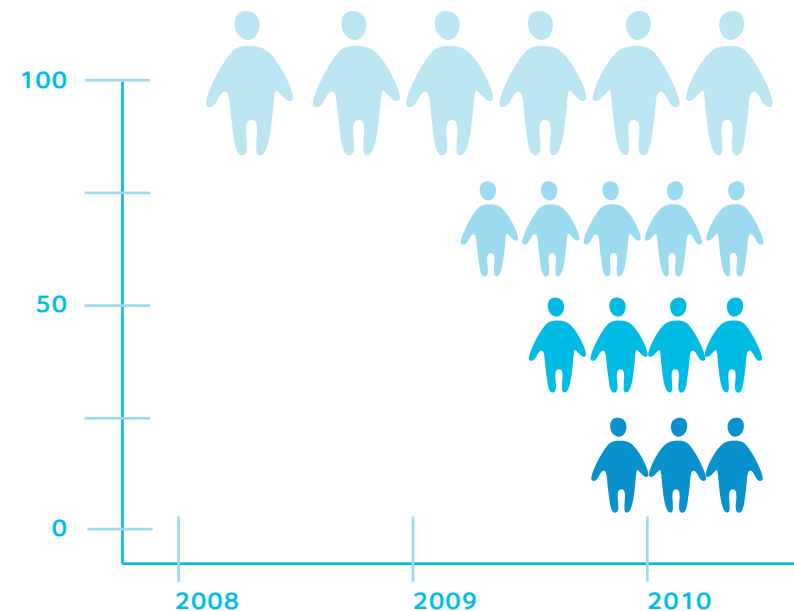
- Contributions of products to various organizations.
- Contributions to finance eye surgery for children from poor families.

100 Ambassadors

Accomplishing the Five-Year Target in the Strauss Israel Supply Chain in the Field of Community Involvement

“100 Ambassadors” is a program that began in 2008 and set a five-year goal that by the end of 2012 there would be no less than 100 managers and employees in the Strauss Israel Supply Chain involved on a regular basis in activities for the community.

Today, just three years after the launch of the program, we have achieved our goal: There are 105 managers and employees in the Strauss Israel Supply Chain who are regularly active in various community involvement projects, running volunteer and activity groups.





Corporate Responsibility Day 2010 around the World on the Theme of Diversity and Inclusion








Continuing the Group’s annual tradition, as part of our commitment to promote and assimilate issues of Corporate Responsibility throughout the organization, a company-wide Corporate Responsibility Day was held again in 2010. A CR day is held on an annual basis, alongside continuing ongoing activities, to reinforce the fact that social responsibility is an inseparable part of our daily behavior at work and to ensure our employees are updated and can be involved in a range of activities. The Corporate Responsibility Day at Strauss in 2010 was held with the theme “Diversity and Inclusion”. At the company’s sites in all of the countries in which Strauss operates, 60 different activities took place on the same day – 18th November 2010, with the aim of contributing to local communities in which we operate, getting acquainted with communities with different and diverse characteristics and increasing the awareness and involvement of our employees in those communities. The Corporate Responsibility Day, in which 2,000 employees took part, succeeded in its aim of strengthening the spirit of volunteerism in the Group.





■ Environment

Environment

Goals	Our main achievements in 2010	Progress
Strauss Israel – reduce the quantities of waste and increasing the rate of waste sent for reuse.	Reducing the weight of waste per ton product by 25% from 2009 to 2010 (due to a change in our waste treatment process).	
	Raising the rate of waste from the Strauss Israel that is sent for reuse from 62% to 68%.	
Strauss Israel – reduce the quantity of waste per ton of product by 15% between 2008 and 2015	Reducing the weight of waste generated by ton of product by 22% from 2009 to 2010.	
Strauss Israel – reduce greenhouse gas emissions per ton of product by 15% between 2008 and 2015	Reducing greenhouse gas emissions per ton product by 16% versus 2008 – reduction of emissions ahead of the overall strategic goal for 2015.	
Reduce energy consumption (electricity and fuel consumption per ton of product) in the business units and at the Group's sites.	A reduction of 2% in energy consumption at Strauss Israel per ton product in 2010 versus 2009.	
	The overall amount of energy created from coffee bean waste at the Group's plant in Tzfat in 2010 was 86,520 gigajoules, a significant quantity for a project of this type.	
Reduce water consumption per ton of product by 20% between 2008 and 2015 at Strauss Israel.	Water consumption per ton of product at Strauss Israel decreased by 6% in 2010 versus 5.5% in 2009. This means we have now met half of the multi-year strategic target (10%) since 2008.	
	The salty snacks plant in Sderot, Israel has decreased its water usage per ton of product by 16% in 2010. Over a period of two years, the Plant has decreased around 54% of its water usage.	
Reduce pollutants in the waste water at Strauss Group sites.	Despite the growth in production in the last year to reduce pollutants in the sites' wastewater, in 2010 there was an absolute reduction in all values of sewage pollution. Floating solids values (TSS) fell by some 191 tons per year, and organic pollutant load values (COD and BOD) in the sewage of the Group's sites fell by some 1,221 tons and 787 tons per year correspondingly.	
Build "green" production and distribution sites.	In May 2010, Sabra's innovative new salad production site was dedicated in Virginia, USA – one of the only food production sites in the world that has received the "Silver" award from the American LEED administration.	

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KEY

-  Commenced
-  In Progress
-  Significant Progress
-  Target Met

Our Commitment

The Strauss Group has established a goal of advancement of environmental quality issues in all its activities.

Strauss's quality system, in Israel and throughout the world, maintains many processes to reduce the negative environmental effects of Strauss's operations by proactive action and environmental management. In recent years, an Environmental Management System has been implemented at Strauss's headquarters and in different business units. At the sites, Environment Officers were appointed Green Teams were established to implement energy and water conservation programs. In addition, Strauss is active in promoting Operational Excellence through the implementation of Lean Production values, which lead to proper resource management and savings in water and energy consumption and in the production of waste.

Applicability

This Section contains data regarding the environmental performance of Strauss Israel and of our activities at Strauss sites around the world. In 2010, data was also gathered for the first time regarding the environmental performance of "Strauss Water" and of "Elite Coffee". Since these companies have a different type of operation from the other companies in the Group (Strauss Water – production of water purification devices, and Elite Coffee – a food and beverage sales company), Strauss includes quantitative data regarding these companies normalized by per ton product. This data is not included in the data presented for "Strauss Israel".

Monetary Investment

For the purpose of ongoing handling of environmental quality issues, more than \$2.8 million was invested in Strauss sites in Israel in 2010, and \$426,000 sites around the world. Ongoing management includes monitoring and measurement audits of air quality, handling waste treatment and waste handling, maintenance of the environmental quality system in the Group, and employee training. In 2010, Strauss Group invested more than \$2.75 million in environmental quality projects at Strauss in Israel and more than \$704,000 in environmental projects at Strauss sites around the world. Most of these projects focused on energy conservation and reducing greenhouse gas emissions. A further significant part of the investments in environmental projects covered waste water treatment.



Strauss Group invested
more than
\$2.75 million
in environmental quality projects

Environmental Performance in 2010

Waste treatment

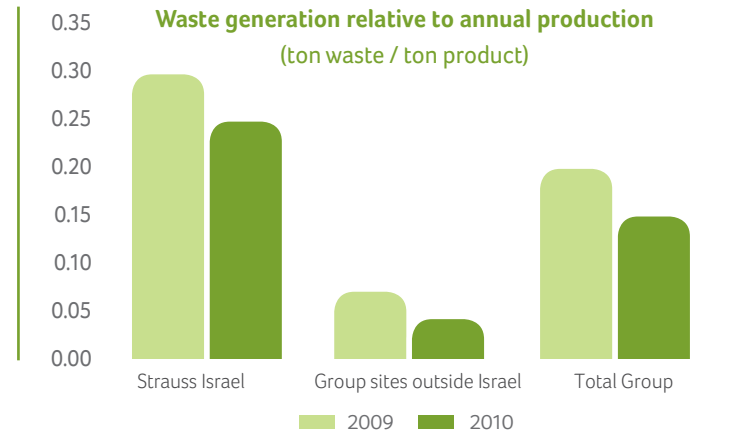
The amount of waste relative to production

One of the leading strategic environmental goals defined at Strauss Group is the reduction of operational waste. Strauss Israel has defined a long term strategic goal of reducing amount of waste created in production per ton of product by 15% over the years 2008-2015.

Strauss Israel has defined a long term strategic goal of reducing amount of waste created in production per ton of product by 15% over the years 2008-2015.

This systemic change let Strauss Israel to achieve and even surpass its waste reduction goal per ton of product (15%) within one year. The change in handling of the dairy's waste in Ahihud requires us Strauss to set a new strategic goal at Strauss Israel for waste reduction per ton of product.

The following chart presents a comparison between the annual amount of waste generated relative to production in 2009 and 2010. The chart shows that Strauss Israel reduced the amount of waste per ton of production in 2010 by 22% versus 2009, due to increasing reuse of waste via transfer of whey and milk waste at the Ahihud dairy to a sewage treatment facility at the dairy, rather than removing the waste as in previous years. In 2010, 36% waste reduction was recorded relative to product volume versus 2009 at Strauss sites outside of Israel as well. This reduction also resulted from reduction in the amount of waste sent for reuse and for animal feed. **Overall in 2010, Strauss succeeded in reducing the annual waste generation relative to product weight by 25%.**



Waste Management

In 2010, the amount of waste transferred to approve landfill sites from the Group's activities in Israel reduced by 250 tons versus 2009, despite the growth in the production volumes in 2010.

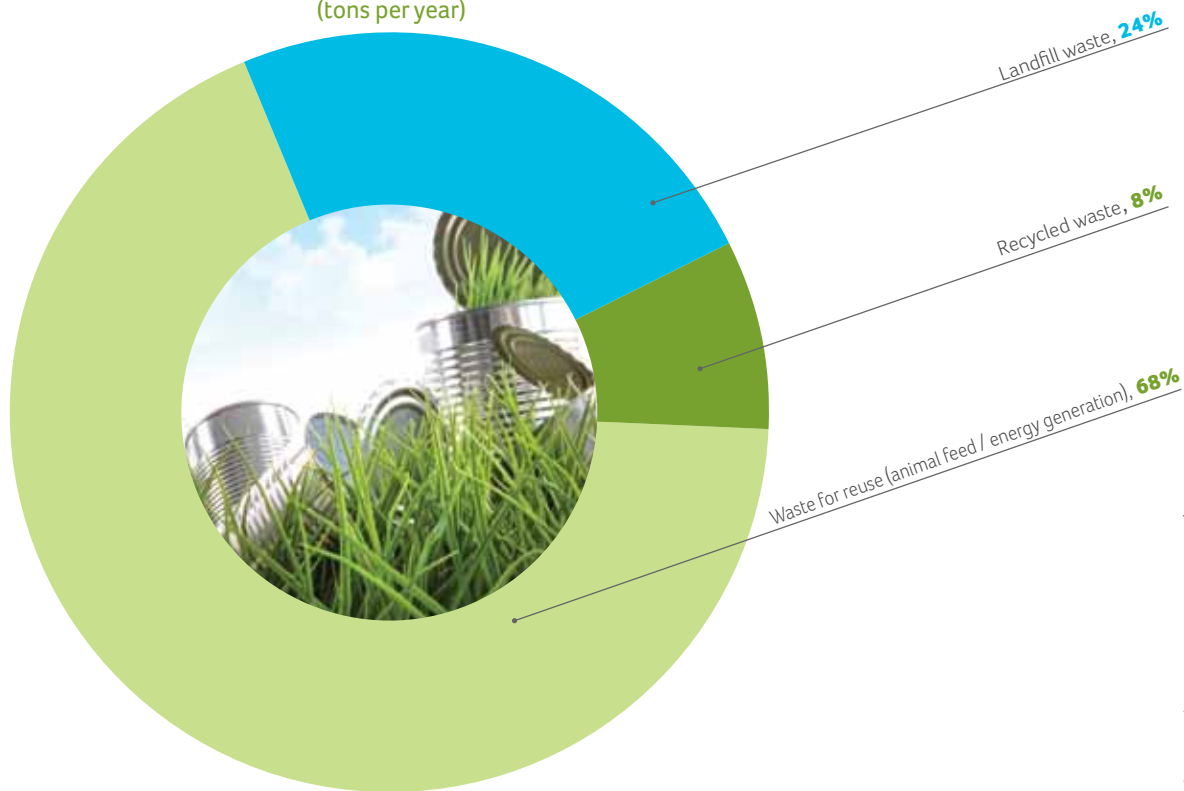
The following chart outlines waste handling in Strauss Group in 2010.

The amount of waste that was sent for recycling from Israel (plastic, paper, cardboard, wood, metal and glass) was 2,762 tons in 2010. We note that in 2010 as well, most of the waste from the Group's activities in Israel was directed to reuse in the production of energy (coffee grounds from the instant coffee plant) and for animal feed (a total of 39,961 tons).

At the Group's sites outside of Israel, where the annual amount of waste is lower, the amount of waste sent to landfill in 2010 totaled 3,357 tons, the amount of waste sent for recycling was 2,019 tons and the amount of waste sent for reuse or animal feed was 2,055 tons.

The Sabra plant in Virginia, USA, began using recycled polyethylene (PET 1) in its product packaging in 2010. 80% of the plant's packaging in 2010 was produced from recycled plastic remnants (30-45%) from post-consumer waste.

Waste handling at Strauss Group in 2010
(tons per year)



In 2010, for the first time, 1,434 tons of product packaging waste was sent for recycling from the Strauss's plant in Poland and 50 tons of packaging waste was sent for recycling from Strauss's plant in the Adriatic.

Hazardous Materials and Hazardous Waste

The use of hazardous materials is strictly supervised at all Strauss sites. At each site there is a poisonous materials control officer and clear company-wide procedures. In addition, adherence to maintenance and handling of hazardous materials procedures is according to the requirements of the law is monitored through audits by external companies. **In 2010, there were no hazardous materials or other chemical leakages reported at Strauss Group on a scale that could lead to environmental pollution.**

The few cases where hazardous waste is generated result from the use of maintenance and cleaning materials or from the use of chemicals for analysis in quality control and product development laboratories.

All hazardous waste is collected in a controlled manner at our sites, including proper storage and labeling in order to prevent pollution. We estimate that, as a result of all of our operations

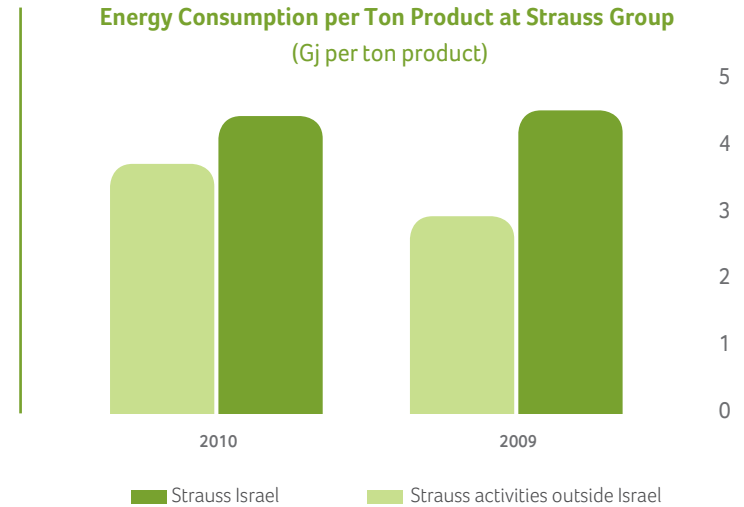
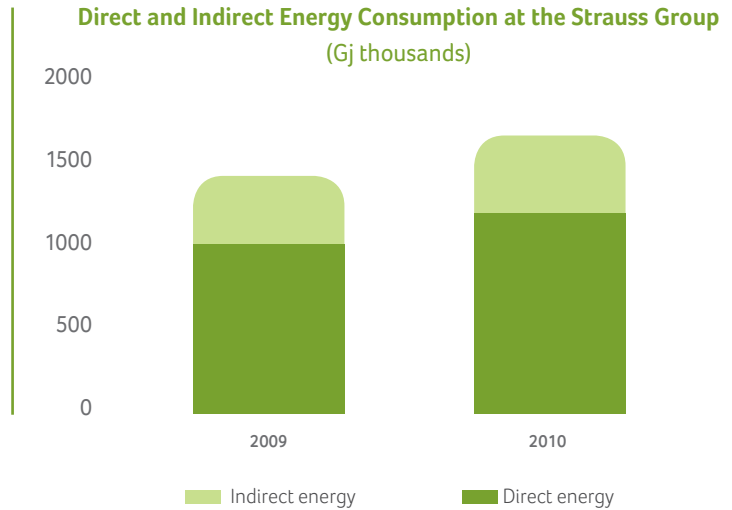
in 2010, 3.76 tons of hazardous waste was generated and sent by registered hazardous waste shipment companies to hazardous waste treatment sites and landfill authorized by law.

Energy Consumption

The Strauss Group strives to minimize the consumption of natural resources and to reduce its greenhouse gas emissions. A main goal is to minimize energy consumption.

Defined energy consumption reduction targets (kilowatt hours per ton product) have been established for all sites, and greenhouse gas emission reduction targets were derived from these.

This year as well Green Teams continued to operate at the Group's plants, initiating operational and training activities and establishing projects to improve energy efficiency and minimize energy consumption.



The above chart shows that the consumption of both direct energy (derived from the burning of fuels at Strauss facilities) and indirect energy (derived from electricity consumption) at all Strauss facilities in 2010 increased, compared with energy consumption in 2009 (an overall increase of 256,000 Gj, constituting an increase of 18%). The cause

of this increase is the growth of the production system, as well as improvements and expansions in the environmental data collection from sites that were not included in Strauss's 2009 Corporate Responsibility Report (Strauss Water, Elite Coffee, the corporate center building and others).

The above chart presents energy consumption per ton of product in 2009 and 2010 at Strauss Israel and sites around the world.

As we can see in the chart, in 2010 there was a reduction of 2% in energy consumption per ton of product at Strauss Israel. The reduction resulted from the implementation of various operational changes and engineering projects for energy conservation.

The growth in energy consumption per ton of product that is shown in the analysis of data from Strauss outside of Israel is the result of the implementation of an innovative and comprehensive environmental data gathering project that was completed in 2010.

Reducing Greenhouse Gas Emissions

One of the Strauss Group's main strategic goals in the area of environmental quality is the reduction of greenhouse gases produced as a result of Strauss operations. Strauss Israel's multi-year goal is a reduction of greenhouse gas emissions per ton product by 15% between 2008 and 2015.

The burning of organic waste in order to create energy

The energy generated from coffee bean waste at the Group's plant in Tzfat in 2010 was 86,520 Gj. This energy, which serves to create steam for the plant's operations, is produced in an innovative steam boiler that is intended for burning biomass, and which began operating in 2009. The burning of coffee bean waste in this innovative boiler mostly replaces the fuel oil that had been in use at the plant to create steam.

Some of the coffee bean remains that were burned in 2010 originated in remains that were collected during the previous two years (2008-2009).

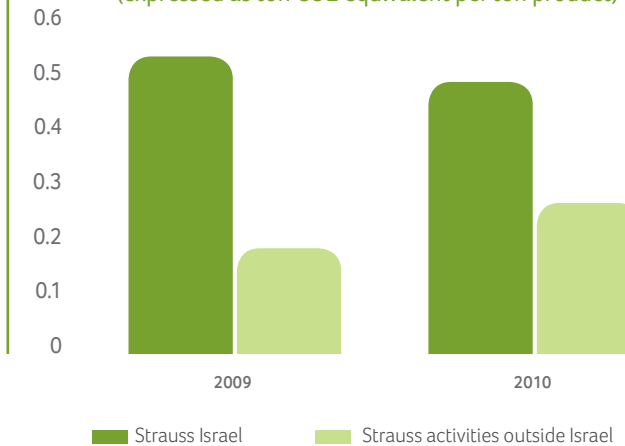
Industrial Environmental Excellence Award

In July 2010, the Strauss Group received the Environmental Protection Minister's Environmental Excellence Award in Industry at a gala ceremony held at the President's Residence in the presence of the President of Israel and the Minister for Environmental Protection. The recognition was awarded to Strauss for its greenhouse gas emissions management policy, setting measurable multi-year goals and implementing projects worth more than \$7 million that contribute to a reduction in Strauss's greenhouse gas emissions.

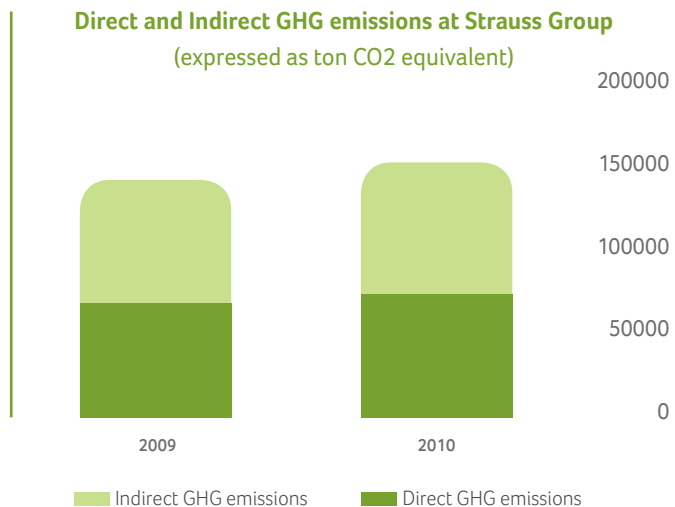


The continued assimilation of Operational Excellence at Strauss plants alongside the implementation of engineering projects to reduce and conserve energy (minimizing electricity and fuel consumption) have led to a reduction in greenhouse gas emissions at the Strauss sites. These emissions were reduced at Strauss Israel in 2010 by 8% relative to product ton, compared with 2009. This reduction in addition to the reduction of 5.8% obtained in 2009 compared with 2008. **Meeting the greenhouse gas emissions per ton product reduction target by 16% versus 2008 is a significant achievement going beyond the strategic goal that was set for 2015 (15% reduction) within two years.**

GHG emissions per ton product at Strauss Group
(expressed as ton CO2 equivalent per ton product)



The above chart presents the carbon footprint of the Strauss Group's sites. As we can see from the chart, the GHG emission per ton of product at Strauss Israel was lower in 2010 than in 2009. Outside Israel, there was significant growth in the emissions value per ton of product due to the inclusion of Sabra's operations in the US in emissions data, as this is a company that typically has a high carbon footprint per ton product. In addition, coffee plants in Europe and Brazil began reporting fully on their fuel consumption for transportation in 2010, which also added to the GHG emission level.



Strauss Group's direct GHG emissions is caused mainly by the burning of fuel (condensed hydrocarbon gas, fuel oil, diesel, gasoline and more) at Strauss sites and by vehicles. As presented in the above chart, Strauss Group's direct 2010 GHG emissions increased in 5,387 CO₂e tons versus 2009. The main reason for this is the growth in Strauss's production during 2010, which led to an increase in fuel consumption. The Group's indirect GHG emission, which is derived from electricity consumption, also rose in 2010 for the same reason.

The main fuel used in production at the Strauss sites outside Israel is natural gas, which is considered to have the lowest greenhouse gas emissions of any of the existing fossil fuels.

Participation in a pilot project of the Environmental Protection Ministry's greenhouse gas emissions reporting mechanism

The Strauss Group was one of the first companies in the Israeli economy, and was the first food company, to voluntarily join the greenhouse gas emissions reporting mechanism pilot project established by the Ministry of Environmental Protection in 2010. As a result of joining the pilot project, in 2010 the company also began monitoring greenhouse gas emissions resulting from HFCs emissions from the Group's refrigeration systems. These additional emissions were not included in the total emissions presentation in the 2010 Corporate Responsibility Report, but are presented separately in order to create a system of reporting and comparison similar to 2009.

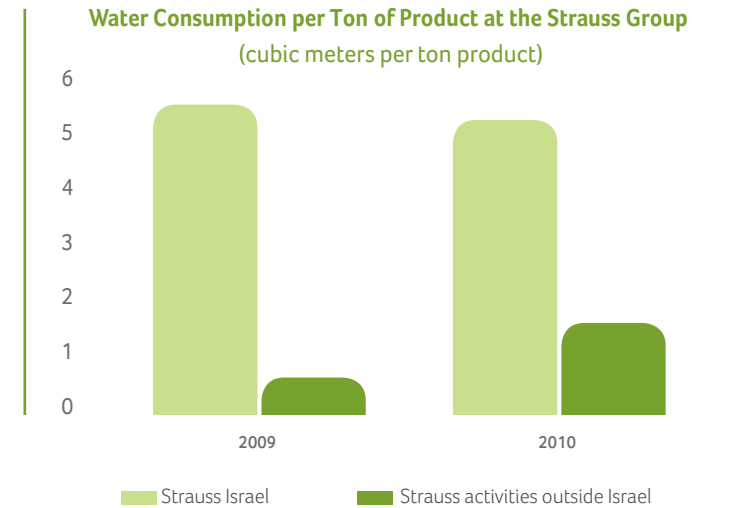
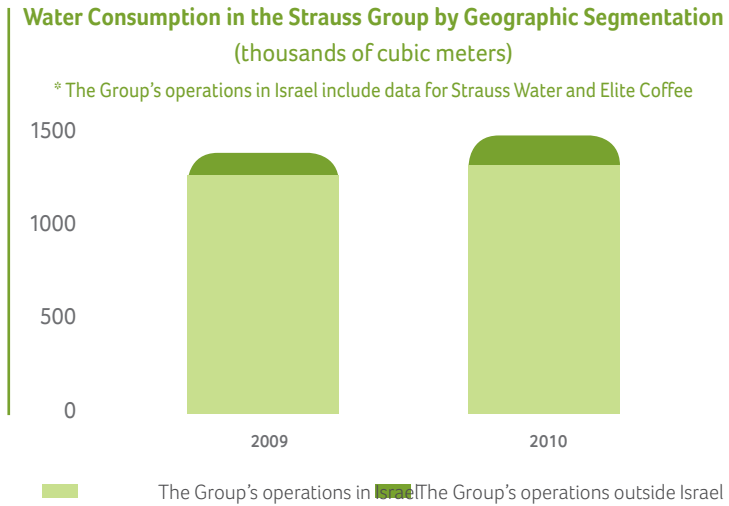
The Group total 2010 HFCs GHG emissions (Israeli sites and sites out of Israel) were summed at 9,983 CO₂e tons.



Voluntary Report to the CDP

In 2010, the Strauss Group for the first time voluntarily reported to the Carbon Disclosure Project (CDP) on the Strauss's greenhouse gas emissions in 2009 (emissions, projects to reduce emissions, and future strategy). The Strauss Group was thus one of the first three companies in Israel to report to the CDP.

Water Conservation



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The above chart presents overall water consumption by Strauss Group. The chart shows that water consumption in Israel grew marginally in 2010 (13 cubic meters) versus 2009, despite the growth in production and inclusion of data from business units that were not included in the 2009 Corporate Responsibility Report (Strauss Water and Elite Coffee). The increase in water consumption at the Strauss sites outside Israel is due to more inclusive water consumption data compared to prior year (the inclusion of data from Sabra, which is characterized by high water consumption per ton of product relative to the other Strauss business and improved data collection from sites in Europe and Brazil), in addition to the growth in production in 2010 at these sites compared with the previous year.

Out of our deep concern for the severe water shortage in Israel, Strauss Israel has declared a long term reduction goal of 20% of water usage per ton of product, between the years 2008-2015. Water usage per ton of product in Strauss Israel has in fact decreased 6% in 2010 in comparison to 2009 totaling an overall 10% reduction within two years. The significant increase in water consumption per ton of product Strauss sites outside Israel is due to the addition of water consumption data from Sabra and other sites outside Israel.

54%

the plant reduced 54% of water consumption per ton of product over two years.

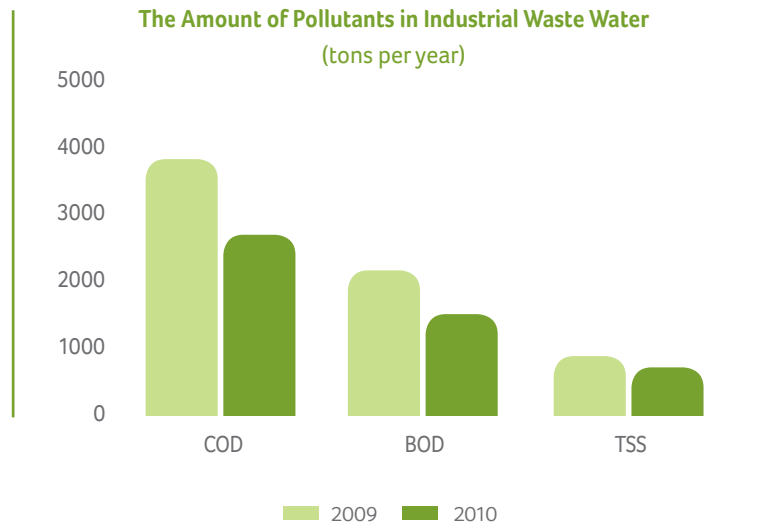
Reducing Water Consumption at the Salty Snacks Plant in Sderot, Israel

In 2009, the plant recorded a reduction of 38% in water consumption per ton of product, and in 2010, the plant reduced a further 16% of water consumption per ton of product. In total, the plant reduced 54% of water consumption per ton of product over two years.

Waste Water Purification

The Strauss Group sends waste water from all of its sites to regional purification facilities, and at most sites, carries out preliminary waste water treatment.

In 2010, an anaerobic pre-treatment facility for waste water, which was built at a cost of \$3.4 million, began operating at the Ahihud dairy. The level of organic material produced at the facility is 80% lower than the level required by law, alongside the production of bio-gas to replace 30% of the condensed hydrocarbon gas required for heating the steam boilers at the dairy.



The above chart shows that despite the growth in production in 2010, an absolute reduction was registered in all waste water pollutant values. The value of total suspended solids in waste water (TSS) reduced by 191 tons per year and the values of organic pollutants (COD – chemical oxygen demand, and BOD – biological oxygen demand) in waste water sites reduced by 1,221 tons per year and 787 tons per year respectively. The decrease was due to actions taken in the Group to reduce pollutants.

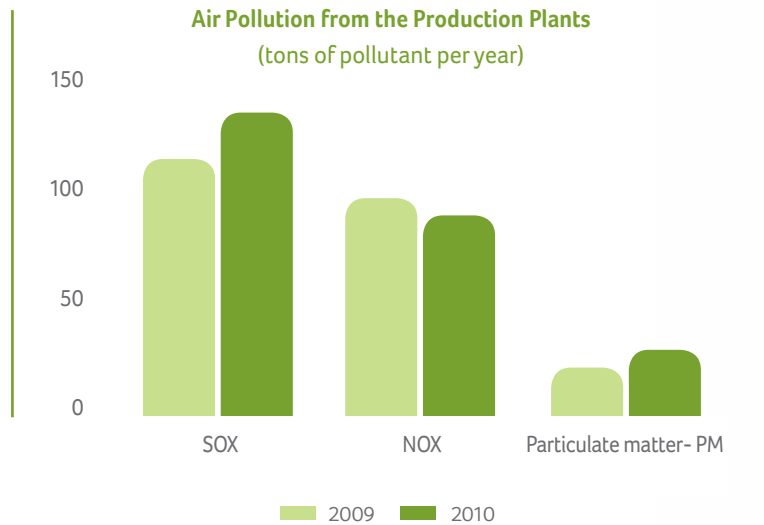
Ozone Depleting Materials (ODS)

As a group within the food industry, most refrigeration gases at Strauss are used in large and complex refrigeration systems, in addition to the marginal use of these gases in the air conditioning systems at Strauss offices. Since there are no ozone depleting material emissions in the Group’s production processes, the measurement of these materials is based on the addition of new gases to the refrigeration and air conditioning systems in maintenance operations. In 2009, 14.5 tons of Freon were added to the Group’s refrigeration systems, while in 2010, the total addition of 6 tons of Freon to the Group’s refrigeration processes was reported – most of which were R-22, with small amounts of R134 and R410. This is a significant reduction of 60% compared to 2009. The reason for the reduction in Freon emissions is due to a reduction in these gases inventory at Strauss sites and the enforcement of the supervision for this issue.

Reducing Air Pollution

The use of fuels to operate Strauss facilities (ovens, boilers and others) in production processes causes the emissions of various pollutants into the air (particulate matter-PM, nitrous oxide NOx and sulfur oxide SOx). These pollutants are regularly monitored, mostly on a yearly or bi-annual basis, in the facilities’ chimneys in accordance with the requirements of the law and regulations of the local ministries of environmental protection in the countries in which we operate. Strauss Group ascertains through this monitoring that there are no deviations from the legal pollutant levels and carries out required improvements to reduce emissions from the facilities where necessary. At most of Strauss sites around the world, the main fuel that is used in the production facilities is natural gas, the fuel with the lowest pollutant levels among all of the existing fossil fuels, which contributes significantly to the reduction in air emissions.

The following chart shows that despite the increase in production in 2010, and despite the expansion of the data included for reporting, a very moderate increase was registered in the absolute value of particulate and sulfur oxide SOx emissions (tons of pollutant per year) from Strauss's production facilities versus 2009. On the other hand, in 2010, the total nitrous oxide NOx emissions from the production facilities reduced by 6 tons compared to the previous year (though this may be due to changes in reporting procedures).



The Environmental Impact of Transportation

Strauss invests efforts to minimize the various environmental effects of shipping, which is performed mostly by sub-contractors. Strauss monitors the mix of fuels that are used in the Group's vehicles. The main environmental impact of Strauss's transportation fleet is air pollutant emissions as a result fuel consumption. The estimate of air pollutant emissions in the transportation fleet is based on accepted knowledge for pollutant emissions from transportation fuels. Most of the pollutants that are common in transportation emissions are NOx and CO gases.





Environmental Impacts Summary

Index		Strauss Group operations in Israel		Strauss Group operations outside Israel	
		2009	2010	2009	2010
Environmental Monetary Investments (\$ per year)	Environmental quality issues ongoing handling costs	2,250,000	2,800,000	125,000	426,000
	Environmental quality projects costs	2,125,000	2,750,000	500,000	704,000
Waste generation relative to annual production (Ton waste perTon product)		0.30	0.24	0.07	0.04
Energy Consumption per Ton Product (GJ per ton product)		4.39	4.25	2.89	3.74 The increase in the energy data of Strauss operations outside Israel is the result of the implementation of an innovative and comprehensive environmental data gathering project that was completed in 2010
GHG emissions per ton product (Ton CO2 equivalent per ton product)		0.51	0.47	0.17	0.26 The 2010 GHG emissions value per ton product increase in the Group's operation outside of Israel is due to the inclusion of Sabra's operations in the US in the emissions data, as this is a company that typically has a high carbon footprint per ton product. In addition, coffee plants in Europe and Brazil began reporting fully on their fuel consumption for transportation in 2010, which also added to the GHG emission level
Water Consumption per Ton of Product (cubic meters per ton product)		5.62	5.29	0.64	1.49 The significant increase in water consumption per ton product at Strauss operations outside Israel is due to the addition in 2010 of water consumption data from Sabra (as this is a company that typically has a high water consumption per ton product) and other sites outside Israel

General environmental activity data for the whole group			
Index		2009	2010
The Amount of Pollutants in Industrial Waste Water (Tons per year)	COD	3,877	2,656
	BOD	2,276	1,489
	TSS	912	721
Air Pollution from the Production Plants (Tons of pollutant per year)	SOX	115	138
	NOX	98	92
	Particulate Matter (PM)	19	28
ODS- Ozone Depleting Substances emissions in the group (Tons per year)		14.5	6.07
Annual collected Hazardous Waste (Tons per year)		2.7	3.76 This data 2010 increase is the result of the Group's production system growth, as well as improvements and expansions in the environmental data collection from the Group sites

In 2010, data was also gathered for the first time regarding the environmental performance of “Strauss Water” and of “Elite Coffee”. Since these companies have a different type of operation from the other companies in the Group (Strauss Water – production of water purification devices, and Elite Coffee – a food and beverage sales company), these specific companies data is not included in the normalized data presented for “Strauss Group operations in Israel”



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GRI and UNGC indices can be found on

<http://cr.strauss-group.com/en>

Acknowledgments

We would like to extend our deepest gratitude to all the people who contributed greatly to the completion of this Report throughout the year.

We thank all the employees and managers of Strauss Group in Israel and around the world who assisted with the data collection and by so created a full and credible report.

We would like to thank PWC Israel and Sher Consulting for their guidance and assistance with this report, and to Merhav Studio for the design.

Finally, we extend our thanks to all of you, our stakeholders and all the readers of this report. We invite you to visit us on www.strauss-group.com in our Corporate Responsibility section, where you will find the full version of the 2010 CR Report – Driven by Responsibility, as well as additional information constantly updated. This new digital hub, was set up as an interactive platform where you can provide feedback, send us your suggestions and comments, and contact us directly with any request. We invite you to explore it!

We are certain that this year's report will continue to improve our dialog with all of you, our stakeholders, as well as contribute to making us a better company.

For any questions or comments on this report please contact:

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