



Driven By Responsibility





Sustainability Report 2012...|

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Tweet our Report

Strauss Group Sustainability Highlights 2012

About Strauss Group

- We deliver fresh, delicious, nutritious, and innovative products which make your lives easier, healthier, and more enjoyable. @StraussGroup
- Our global team is made up of 14,000 employees in 20 countries @StraussGroup
- We maintain an increasingly global presence with activities in 20 countries. @StraussGroup
- @StraussGroup is five businesses in one Group: each brings a different experience to our diverse customers and consumers #sustainability

Responsibility in Business

- In 2012, we have tried to listen more, engage more, deliver more, innovate more, and improve more @StraussGroup #responsibility
- Our vision @StraussGroup Creating Wonder out of Basics keeps driving us forward #responsibility
- Throughout our value chain, @StraussGroup embeds principles of responsible business. #driven
- You are our #stakeholders. You represent diverse interests and perspectives. @StraussGroup, we value your views
- Our #stakeholder roundtable in Israel at @StraussGroup confirmed we should contribute to economic development through our core business #CSR
- @StraussGroup is committed to upholding the principles of the United Nations Global Compact #UNGC

Responsibility in our Industry

Changing consumer attitudes

- Food takes center stage in lifestyle considerations. @StraussGroup we appreciate the role of food in our lives #CSR
- Consumers have an appetite for wellbeing, not only tasty food. We must adapt our value chain to meet new needs @StraussGroup #health
- Hummus enjoys 56% market share in its category in the U.S. @StraussGroup #greattaste
- How much would you pay for great-tasting hummus? @StraussGroup #pay-as-you-wish

Healthy food choices

- As consumers, you want foods which are good for your health. That's what you tell us at @StraussGroup. #healthyfoods
- We introduced Actimel in 1998, Activia in 2005, and Danacol in 2012 to Israeli consumers for better health @StraussGroup #Danone
- Danacol was introduced by Danone Group in 2004 in Europe, and is available today in over 15 countries around the world @StraussGroup #Danone

- Combine health and indulgence by applying portion control @StraussGroup #chocolate

Access to pure water

- You want more than pure, healthy, clean water. You want great tasting water. @StraussGroup #WaterBars
- In 2012, we improved our patent-protected, cutting-edge water purification technology @StraussGroup #WaterBars



- In 2012, in China, we launched a new WaterBar for Chinese consumers, offering access to pure water @StraussGroup #WaterBars

- In 2012, in the UK, we launched Virgin Pure, a new experience for British water-drinkers @StraussGroup #WaterBars

Reducing food waste

- We waste too much food – all of us. Up to 50% of food worldwide is wasted @StraussGroup #crisis
- Please don't waste our products, because we want you to enjoy them instead @StraussGroup #waste #reduce
- In 2012, we salvaged 1,700 tons of edible chilled food waste and reused it for animal feed @StraussGroup #waste #reduce
- In 2012, we diverted 2,102,765 units of unsalable food products and donated them to those in need @StraussGroup #waste #reduce
- We were delighted to receive the Inspiring Corporate Social Responsibility award from @Leket_Israel @StraussGroup #waste #reduce

Responsible Sourcing

- You are interested in fresh vegetable produce which is sourced in a responsible manner. @StraussGroup #lettuce #tomatoes #parsley #eggplant
- @StraussGroup works closely with 30 local growers in Israel to ensure best quality fresh produce for you and your family #quality #safety
- @StraussGroup maintains partnership relationships with growers, based on a mutual commitment to quality and long-term supply #carrots #onions #garlic

- In 2012, @StraussGroup issued our Strauss Growers Quality Manual, a complete guide for ensuring the quality of agricultural produce #quality

Responsibility in Practice

Environmental Stewardship

- @StraussGroup knows that you want corporations, including us, to be environmentally responsible #sustainability
- Reduce, Reuse and Recycle is our approach to environmental stewardship @StraussGroup
- To satisfy our coffee-drinking consumers all over the world, we purchased 179,000 tons of green coffee in 2012 #greattaste @StraussGroup
- Yotvata Choco Drink – now in lightweight PET bottles with 25% less plastic. #packaging
- Hummus salads and dips packaging is made from 30-45% post-consumer recycled plastic #packaging @Sabra
- @StraussGroup is committed to achieving a lower energy footprint in our global operations #sustainability #energyreduction
- @StraussGroup reduced energy consumption per ton of product by 2.6% over 2 years (2010-2012) #energyefficiency
- @StraussGroup reduced absolute energy consumption by 2.8% over two years (2010-2012) while increasing production by 16% #energyefficiency
- Between 2010 and 2012, @StraussGroup reduced greenhouse gases emitted to the atmosphere per ton of manufactured product by 13.92% #climatechange



Tweet our Report

Continued

- Reducing 300 tons of carbon emissions @StraussGroup through biomass energy equaled more than 60 cars off the road in Serbia in 2012
- For the first time in 2012, @StraussGroup measured Scope Three emissions from air travel. We flew around the world 21 times.
- @StraussGroup emitted 7 tons of ozone-depleting substances in different coolants in 2012, less than half of 2011 ODS emissions #ODS #ozone
- In 2012, @StraussGroup reduced water consumption per ton of product by 1.31% versus 2011. #water
- In 2012, @StraussGroup recycled or reused over 79% of our total solid waste #waste
- In 2012, water discharged from our @StraussGroup operations amounted to 79 % of our total water consumption. #wastewater
- More progress can be expected from @StraussGroup in the area of environmental stewardship in the future. New targets in 2013.

Product Innovation

- Leveraging our 'start-up-nation' capabilities, we work to find solutions to food industry challenges @StraussGroup #agri-tech #innovation
- We strive to "accelerate the development of the Israeli Food Tech Community" @StraussGroup #alfastrauss #entrepreneurship
- Supporting research to combat crop diseases and improve quality @StraussGroup #lettuce #big-vein- disease

Consumer and Customer Care

- We hear you wherever you are, in your home or in cyberspace @StraussGroup #consumer care
- Over 500,000 consumers and other stakeholders connect with @StraussGroup each month via our digital platforms
- We visited 840 consumers in their homes in 2012 to resolve their concerns @StraussGroup #home-visits
- Driven by a responsibility to support small retailers @StraussGroup #smallretailers

Employee Engagement

- We go beyond the basics, and strive to truly engage our employees in our vision, through our values, toward to a more sustainable society. @StraussGroup

Our employees

- @StraussGroup want to be part of a caring, responsive, nurturing workplace #career
- Our global team numbers 14,000 employees – growth of 27% in employment since 2007 @StraussGroup
- Our global management @StraussGroup understands you, our consumers, wherever you are. 99.8% of managers are locally hired.
- We paid over U.S.\$1.5 billion to our employees in salary and to cover the cost of non-salary benefits in 2012 @StraussGroup #employees #compensation
- In 2012, as required by law, 164 merchandiser roles ended in Israel. We supported them fully. 85% secured alternative jobs @StraussGroup or elsewhere.



- You want us to maintain a safe workplace. @StraussGroup we must improve our safety record. #safety
- In 2012, Strauss launched a new Leadership and Core Competency Model #values #vision #execution
- We invested in almost 50,000 hours of formal leadership and other professional skills and competency-based training in 2012 @StraussGroup
- In 2012, we embarked on a global plan to engage all Strauss companies in our diversity efforts. @StraussGroup #diversity #inclusion
- Around the world, in 2012, we recruited 3,670 new employees, of whom 1,511 were women (41%) @StraussGroup #gender #women #diversity
- Around the world, we have 33% women in senior management, and 43% women overall @StraussGroup #gender #women #diversity

Supplier Relations

- As a supplier, you look to @StraussGroup to behave ethically and fairly and meet our commitments.
- In 2012, @StraussGroup developed three new yogurt flavors in our Innovation Process with a flavors supplier. #collaboration
- In 2012, we developed a new Supplier Evaluation Program in Israel @StraussGroup as part of our ethical supply chain.

Community Investment

- In 2012, the total value of @StraussGroup investment in our communities was U.S.\$ 2.76 million.

- In 2012, over 3,000 @StraussGroup employees invested 12,300 hours of volunteer time in the community.
- We are committed to advancing women in business @StraussGroup #women #gender #diversity
- The 100 largest publically-traded companies in Israel have only eight female CEO's. Strauss Catalyst Census 2012 @StraussGroup #women
- In Romania @StraussGroup employees cleaned up a beach and supported a local kindergarten #women
- Max Brenner U.S.A donated warm cookies and hot chocolate to Hurricane Sandy victims @StraussGroup

Responsibility in Governance

- In 2012, a Strauss Water Code of Ethics was developed to specifically address ethical considerations in our @StraussGroup WaterBar business
- This @StraussGroup report follows the Global Reporting Initiative (GRI) G3.1 Guidelines at an Application Level A
- This report is our sixth annual Sustainability Report and we intend to continue to report each year.



About Strauss Group



We deliver fresh, delicious, nutritious, and innovative products which make your lives easier, healthier, and more enjoyable @StraussGroup

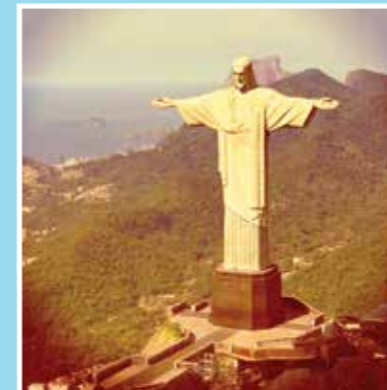
Profile

We are an agile, fast-growing food and beverage company, active in 20 countries, reaching millions of consumers each day, delivering fresh, delicious, nutritious, and innovative products which make your lives easier, healthier, and more enjoyable. Strauss Group Ltd, headquartered in Petach Tikva, Israel generated U.S.\$ 2.2 billion in consolidated sales in 2012, a 6.3% increase over 2011. Our stock (STRS) is publicly traded on the Tel Aviv 25 Index, and Strauss Group enjoys an AA+ credit rating from Ma'alot, an affiliate of Standard and Poor's.

Strauss Group Split of Sales by Region in 2012



Europe, China and the rest of the world 22%



Brazil 22%



Israel 49%



U.S.A. 7%

Partnerships

As a global business, we expand our offering and reach through strategic partnerships with respected, leading-edge multinational corporations such as Danone, PepsiCo, São Miguel, Haier, TPG and Virgin Group to bring you an even greater choice of great value and high quality food and beverage products.



We partner with Danone to bring our consumers in Israel fresh dairy products with a focus on health and nutrition, and we market globally successful brands from the Danone range, such as Activia and Actimel, to our consumers in Israel.



We partner with PepsiCo to deliver Sabra, the most popular brand of hummus and chilled dips and spreads in the U.S. to consumers in North America and Canada, and to bring Frito-Lay's salty snacks to consumers in Israel. In 2011, we established a joint venture with PepsiCo under the Obela brand, to expand the reach of hummus as a nutritious, healthy food for Mexican and Australian consumers.



We partner with São Miguel Holding e Investimentos S/A in a 50/50 JV under the Três Corações (3C) brand in Brazil. 3C is primarily engaged in the production and distribution of roast and ground coffee. The company also produces and sells other products such as corn products, coffee filter, cappuccino, chocolate, espresso, and powdered drinks.



We partner with Haier to bring purified drinking water solutions to customers in China. Within the joint venture company, Haier Strauss Water, we have introduced a new product line called WaterMakers using our breakthrough purification technology MAZE providing Chinese consumers with safe drinking water at the touch of a button.



We partner with Virgin to bring Strauss Water's purification solutions and drinking water appliances to customers in the UK. Virgin Strauss Water offers Hot and cold WaterBars which provide homes and offices with a good-tasting, great value alternative to bottled, filtered and tap water.



We partner with the private equity fund, TPG Capital, in order to expand our presence in the coffee sector. TPG Capital's expertise in global market development assists us in strategic market entry and development decisions to help more consumers enjoy a wider range of great-tasting coffee beverages.



Our global team is made up of 14,000 employees in 20 countries @StraussGroup

We employ 14,000 people in 20 countries, and indirectly provide employment and economic opportunity for contracted employees, franchisees, independent distributors and thousands of business partners and suppliers around the world.

We maintain an increasingly global presence with activities in 20 countries.



We maintain an increasingly global presence with activities in 20 countries. @StraussGroup

Strauss global presence



Our Brands

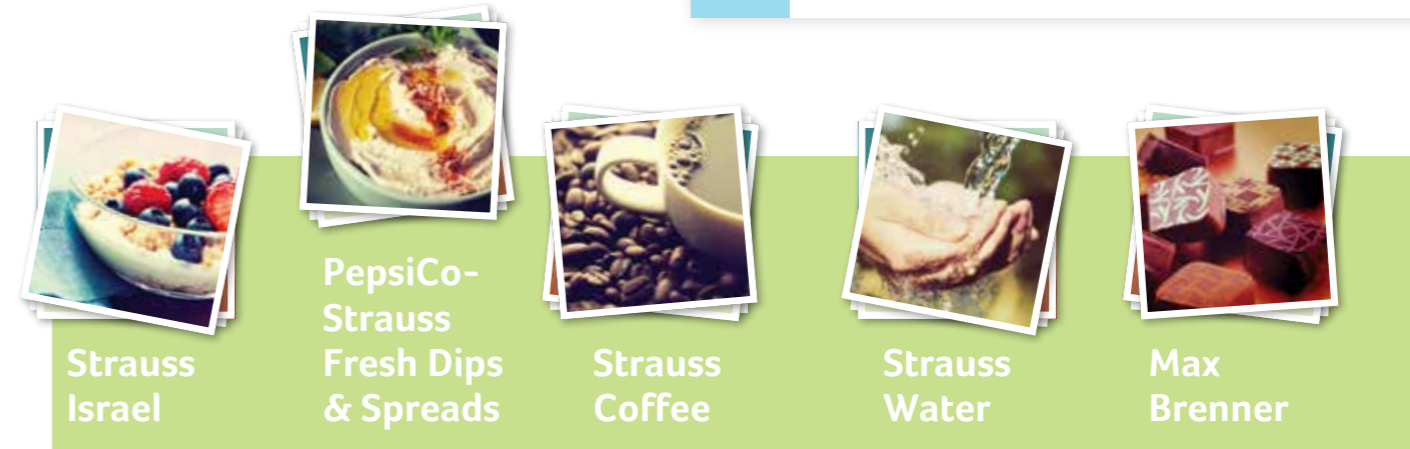
Our brands are well known throughout the world and many are leading brands in their local markets. In some cases, our brands lead innovation in their categories.



Strauss Group's operating structure



@StraussGroup is five businesses in one Group: each brings a different experience to our diverse customers and consumers #sustainability



Strauss Israel

PepsiCo-Strauss Fresh Dips & Spreads

Strauss Coffee

Strauss Water

Max Brenner

Global Sales in 2012: U.S.\$ 780 million

Global Sales in 2012: U.S.\$ 140 million

Global Sales in 2012: U.S.\$ 1.13 billion

Global Sales in 2012: U.S.\$ 112 million

Global Sales in 2012: U.S.\$ 36 million (excluding franchisee sales)

Strauss Israel develops, manufactures, sells, markets and distributes a broad variety of branded food and beverage products in Israel in two main categories: "Health & Wellness" and "Fun & Indulgence". We are the second largest food company in Israel. Our brands are leaders in the Israeli food market in all our core categories.

PepsiCo-Strauss Fresh Dips & Spreads develops, manufactures, sells, markets and distributes dips and spreads through our Sabra brand in the U.S. and Canada, and through our Obela brand in Mexico and Australia. In the U.S., Sabra is the leading, and fastest-growing, chilled dips & spreads brand in the U.S. and is responsible for 86% of the growth of the hummus category in recent years.

Strauss Coffee develops, manufactures, sells, markets and distributes a variety of branded coffee products, chocolate drinks and other drink powders. We are the fifth-largest coffee company in the world in terms of green coffee procurement. In Brazil, Tres Coracoes processes and sells coffee and other products to the local market and green coffee to customers in Brazil and abroad. Outside Brazil, our main markets are in Europe and Israel.

Strauss Water engages in the development, assembly, marketing and servicing of filtration and purification appliances for drinking water, bringing cutting-edge water purification and filtration technology developed in Israel, offering clean and tasty drinking water as well as convenience of use, to the Israeli, British and Chinese markets. Strauss Water's aim is to fulfill the basic need for clean, safe drinking water, while caring for people, water and the environment.

Max Brenner develops, manufactures and sells premium chocolate products under the Max Brenner brand in over 40 "Chocolate Bars", in 5 countries (company owned and franchised). With the Chocolate Bar concept, Max Brenner enhances the social experience of going out and enjoying the pure fun of drinking and eating chocolate.

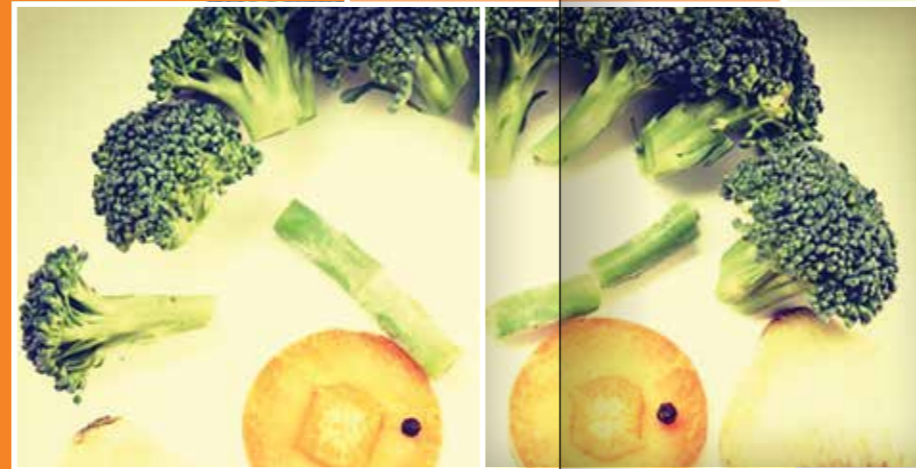
Responsibility in Business

Welcome!

The Most
Important Issues



Our Economic
Contribution



Our Vision
and Values



Creating Value



Engaging
Stakeholders



Welcome!

Welcome to our sixth Sustainability Report! In this report, we have aimed to speak directly to you, our stakeholders, reflecting our responses to the thoughts and feedback that we have heard from you during the past year in our various and frequent interactions with you in many different ways. You are a consumer, customer, employee, business partner, supplier, shareholder, neighbor, regulator, academic, activist, environmentalist or, simply, a person who wants to live well now and in the future.

Perhaps you represent more than one of these groups, or perhaps you are connected to people who do. You may be younger or older, or live in the Western hemisphere or the North, South or East. You may be fit and active, or you may be dealing with challenging health issues. Maybe, you are not yet born, and are one of the three billion or so new citizens who will enter our global community in the coming 25 years.

What unites every one of you with us at Strauss Group, is the fact that we are all part of the same ecosystem, and our shared fate is determined by the way each of us behaves, interacts, produces, consumes, shares and cares for each other and our natural environment. In this report, we aim to address the most important issues that you face in relation

to our business, and the ways in which we respond to your expectations of us as a global food and beverage company. We try to do so transparently, authentically, and from the heart, as well as from the perspective of our business sustainability. Our insights about you are based on what you have been telling us, and we have tried to listen and understand and respond accordingly.

2012 has been another intensive year. Economically, the world has continued in turmoil, with a recessionary Europe and competitive challenges of emerging markets; environmentally, the pace and scale of natural disasters have destroyed communities and rewritten priorities; politically, democracy is threatened by extreme governments and weak infrastructures; socially, we continue to perceive great inequalities and global issues of poverty, health, education, human rights abuses and homeland security. Experts tell us we are still headed for ecological disaster if we are not able to curb our consumerist tendencies, account for externalities and accept that what we waste is destroying what we have.

These are the risks and the challenges that form the setting to the way we do business here at Strauss Group. Within all of this is you. How do we continue to improve your quality



In 2012, we have tried to listen more, engage more, deliver more, innovate more, and improve more @StraussGroup #responsibility

of life, to create value for you, all of you, while maintaining a business which is Driven by Responsibility? How do we continuously improve to serve you, all our stakeholders? How do we collaborate to create a shared, sustainable future?

In 2012, we have tried to listen more, engage more, deliver more, innovate more, and improve more. We increased our global sales by 6.3% to over \$2 billion and consolidated new partnerships, for example, with Virgin, to provide pure water to customers in the UK and with our joint venture partner, PepsiCo, we opened a local factory to bring hummus to Mexico. In early 2013, we announced the opening of a first-of-its-kind global "Center of Excellence" R&D Facility, to advance research capabilities and improve Sabra's dips and spreads products in all aspects of food manufacturing and distribution, from agriculture, nutrition and food science to engineering, packaging and product delivery. We have brought you new products, including functional foods which contribute to

healthy lifestyles and we have continued to improve the nutritional composition of existing products. We have adopted eco-efficient technologies, improved our environmental impacts, developed improved agricultural practices with our growers of fruits and vegetables, and continued to invest in our employees and workplace practices to maintain our great place to work. We have engaged the partners and suppliers in our supply chain to ensure they align with the principles and practices of responsible businesses. We have invested almost U.S. \$3 million in supporting the communities in which we work, and we have invited all our employees, once again, to revisit our Code of Ethics so that we stay true to our mission and values. All of this helps us become a better, more robust, more resilient business. It means we can do more for you.

Thank you for taking interest in this report. Please help us to serve you better in the future by sending us your views on this report. We will listen.

Ofra Strauss
Chairwoman

Gadi Lessin
President and CEO

Mike Avner
General Counsel and CR Officer

Our Vision and Values

Strauss Vision - Creating Wonder Out of Basics

Our vision reflects the Strauss story. The founders of our company, Dr. Richard and Hilde Strauss, knew how to take the most basic ingredients and transform them into something surprising, delightful and nutritious. They had a genuine desire to connect with the most basic elements of life, delight people and enrich their lives. Today, this desire to take basic elements and turn them into something wonderful has become the core of our business approach and the development of our products. The vision keeps driving us forward – to create a wonderful feeling for more and more people around the world, to understand their needs and transform basic elements into something that will improve the quality of our lives and deliver value.



Our vision @StraussGroup
Creating Wonder out of
Basics keeps driving us
forward #responsibility



Vladara Mijailovic,
Research Manager,
Strauss Adriatic

New employee perspective: "Driven by Responsibility means being capable of 'thinking on your feet' and standing up for your true beliefs, making independent fact-based decisions, and taking the risk and the responsibility for the outcomes."



comment...

Our Values

Caring & Daring

Caring is paying close attention to our consumers, customers, employees, partners and the community we operate in. Daring is the ability to act bravely, to take risks for the sake of significant change. Caring provides us with the motivation to act powerfully and bravely.

Passion & Responsibility

Our passion is the joy of creation, our genuine desire for food, the joy of giving, our true inner need to nourish and delight others. Taking full responsibility makes us a dedicated company. The scope of our dedication is beyond our consumers, reaching society in a broader sense. We act out of responsibility and dedication and inject passion into everything we do.

Team

We are determined to create winning teams where every player is a key player. We treat our team as family with trust and mutual respect. In addition to the team spirit among our employees, we advance partnerships as a way to increase our scope and scale of activity, and create greater value for society.

The strong connection between our vision and values guides the way we behave and obliges us to remain alert and responsive to the changing needs of our customers and consumers, deliver innovative solutions, reach more communities and, through our products, improve their quality of life.

Creating Value

Strauss Group Value Chain

We invest millions of U.S.\$ each year (and specifically over U.S.\$ 3.5 million in 2012) to bring new and innovative food and beverage products to market for the benefit of consumers around the world. We maintain a range of partnerships and programs for innovation.



We source our raw materials, packaging, equipment and support services for our operations from thousands of suppliers around the world, many of whom have signed our Supplier Charter to ensure ethical sourcing and supply practices.



Throughout our value chain, @StraussGroup embeds principles of responsible business. #driven

We operate 29 manufacturing plants which make our hummus dips and chilled salads, fresh salads, coffee, confectionery, salty snacks, gum and more, delivering over 200,000 tons of food and beverage products to our consumers each year. In addition, we assemble WaterBars for supplying pure water to consumers in China, Israel and the UK.

We maintain a direct interaction with customers to respond to their queries, concerns, and, if relevant, complaints. We maintain call-centers for receiving queries and providing fast responses. We also consult with thousands of consumers each year to understand their consumption patterns and preferences.



We distribute our food and beverage products to customers around the world using in-house and third party logistics providers. Our customers include retailers, wholesalers and a range of hospitality and institutional customers. We deliver and service WaterBars in relevant markets.

We create economic and social value for communities through our business, products and support for a sustainable food industry. We interact with the communities in the areas in which we operate, through our thousands of volunteers, who donated over 12,000 hours of service in 2012, and through our cash and product donations, valuing U.S.\$ 2.76 million in 2012

Our value chain is supported by a corporate infrastructure which includes robust governance, an ethical culture and practice, 14,000 employees and a network of involvement in trade associations, environmental and community organizations, research and academic institutions and positive relationships with local municipalities, regulators, media, financial service providers and the investment community.



Engaging Stakeholders



You are our #stakeholders. You represent diverse interests and perspectives. @StraussGroup, we value your views.

You are our stakeholders. You represent diverse interests and perspectives. We have developed our responsible business approach because we think it's the right thing to do, but also because you have told us that it is what you expect from us. Stakeholders are defined as individuals or groups upon which we and our business activities have an impact, and who have an impact on our business, through the way you interact with us, whether it be to purchase a Strauss product, make a call to our help-center, or tell your friends that Strauss is a great place to work.



Our Primary Stakeholders

- ▶ Consumers
- ▶ Employees
- ▶ Business Partners
- ▶ Customers
- ▶ Communities
- ▶ Suppliers
- ▶ Regulators
- ▶ Shareholders
- ▶ Community and Environmental Associations



We engage you, our diverse stakeholder groups in different ways. In the various sections of this report, we describe our key processes of dialog with consumers, customers, employees and suppliers, as these groups influence the way we work, as we, in turn, influence their lives. In addition to these ongoing interactions, we initiate targeted dialog, from time to time, with additional external stakeholders, in order to obtain a more rounded perspective of stakeholder expectations. We also maintain memberships and involvement with industry and trade associations, to advance the food and beverage industry in a sustainable way.

Stakeholder Communications

The importance of a structured and comprehensive approach to communications cannot be underestimated. Communications is not something that happens entirely randomly. Over the years, we have created a professional communications department which operates at corporate level to ensure that we are transparent about the things you, our external stakeholders and our employees, want to hear from us, and to ensure that we make it easy for you to engage us in conversation, wherever you are. We have developed a range of communication channels which enable you to connect with us in person, through our various internet and social media platforms, and through our service call-centers. Headed by a Vice President for Corporate Communications, who leads the development of our communications policy and effective communications platforms, we are committed to ensuring systematic, authentic and transparent information for stakeholders and to hearing and responding to your queries and feedback.

Dialog with Employees

Communication begins at home, and we understand the importance of ensuring our employees, first and foremost, have the opportunity to understand, share, discuss and take an active part in our daily life at Strauss. During the past year, we have placed specific emphasis on deepening conversation with our employees and being responsive to their views. During the year, especially in the light of social unrest in our home market, Israel, we embarked upon a program of half-yearly open-discussion round table dialogs in each of our factories, attended by our most senior executives, to ensure that all our employees have the opportunity to make their voices heard. You can read more about this in the section about Engaging Employees in this report.

Stakeholder Dialog Roundtable 2012

In 2012, we conducted a roundtable meeting attended by 12 representatives of non-profit, academic and business organizations, to help us hear you through them. Each individual participant was invited to the roundtable discussion in order to offer what we felt would be a representative view of thousands more individuals, with whom they are engaged through their organizational, social and environmental activities. In the meeting, we invited participants to talk freely about the issues they felt were of most importance to them, and why, as stakeholders and representatives of large groups in our society. Following a free-flowing discussion, participants ranked a list of over 25 separate issues we had identified as potentially important to you, and to our sustainable business. The result was this list, in the order ranked by stakeholders:

- Contributing to economic development and the wellbeing of society through core business activities as well as community involvement and philanthropy in a way which supports long-term change and not just one-time charity.
- Reducing the consumption of resources in our manufacturing and logistics processes.
- Delivering variety in our product offering, taking into account the preferences and needs of different consumer groups with special needs.
- Supplier selection and leveraging our influence to drive responsible practices throughout the supply chain.
- Clear and accurate product labeling in a way which consumers can understand.



Our #stakeholder roundtable in Israel at @StraussGroup confirmed we should contribute to economic development through our core business #CSR



@StraussGroup is committed to upholding the principles of the United Nations Global Compact #UNGC

All these issues, and a range of other topics which were raised at the meeting, were reviewed by our management and have helped inform our ongoing approach and our reporting content. You will find our perspectives and performance in relation to these issues in the following pages of this report.



Tomislav Trajkovski,
AFH Manager, Strauss Adriatic

New employee perspective: "For me, there are many levels of responsibility. We have to be responsible towards our team, colleagues, company, customers, consumers, competitors, local community, environment ... only then can you be successful and expect long term results."



comment...

Memberships and Affiliations



The United Nations Global Compact: This is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. Strauss Group has been a participant in the Global Compact since 2008 and is committed to upholding the ten principles of responsible business and reporting transparently every year on progress. www.unglobalcompact.org



Catalyst: Catalyst is a global non-profit organization which aims to expand opportunities for women and business. Catalyst, with the help of its partners around the world, performs studies to track the representation of women on boards and senior management using Catalyst Census methodology. Strauss is a Catalyst Census Partner in Israel and has executed the Catalyst Census in Israel for the past three years. www.catalyst.org



UTZ Certified: UTZ Certified is an organization that establishes and promotes standards for growing and purchasing of coffee, cocoa and tea. These standards include the responsible managing and monitoring of produce, fair employment, reducing environmental impact and more. A portion of our cocoa purchases are made through UTZ certified suppliers. www.utzcertified.org



4C Association: The 4C Association is a multi-stakeholder organization committed to addressing sustainability issues in the coffee sector. 4C maintains a Code of Conduct which provides baseline standards for sustainable purchasing and production. Strauss Coffee adheres to the 4C's Common Code for the Coffee Community, and purchases sustainable coffee through this organization. www.4c-coffeeassociation.org

By virtue of our Israeli home base, and strong roots in Israel, we naturally maintain a range of affiliations in this country. The following are the key affiliations:



Maala - Business for Social Responsibility: This is a not-for-profit organization which aims to advance sustainable business practices in Israeli businesses and publishes an annual corporate social responsibility ranking of Israeli companies. Around 80 companies participate in the Maala ranking. Strauss Group has participated in this annual ranking since its inception and in 2012, achieved the highest possible ranking, Platinum+, with a weighted 92% score compared to the average 75% average score of all ranked companies. In 2010, Ofra Strauss, our Strauss Group Chairwoman, was appointed Chair of Maala. www.maala.org.il



The Manufacturers' Association of Israel: The Manufacturers' Association is a leading force in the Israeli economy and industry, representing all industrial sectors in the local and international markets. Strauss takes an active part in supporting the Association and its sector-specific Food Industries Association for the benefit of the entire food sector in Israel, as well as its Business Forum on Corruption and Bribery. www.industry.org.il/eng



Transparency International (TI) Israel: Transparency International is a global movement that works to eliminate corruption in government, business and civil society. TI Israel is one of the organization's national chapters, and works in collaboration with the business sector, the public sector, and the non-profit sector to change existing norms and reinforce public awareness of the importance of transparency and ethics. Strauss supports the efforts of the organization, working together to promote transparency, ethics and responsibility. www.transparency.org



Access Israel: Access Israel is a non-profit organization that works to promote accessibility for people with various disabilities, and support their integration into society. Strauss Israel is a member of the Business Accessibility Forum, which includes over 35 Israeli companies. This membership constitutes a commitment to promote accessibility within the organization and through its services and products. www.aisrael.org

The Israeli Forum for Diversity Hiring: This is a non-profit organization advancing the integration of disadvantaged populations into the workplace in Israel, established by the Joint Distribution Committee of Israel. In line with its diversity and inclusion strategy, Strauss supports this organization and is an active member of the Forum. www.diversityisrael.org.il



The Most Important Issues

It's always hard to prioritize, because there is always so much to do, and so much more we aspire to. We have learned that sustainability is a journey that moves us closer to our shared objectives, and that it is more of a direction than a specific destination. Constant change, dynamic markets, natural impacts, population demographics and a range of other factors means that the world does not stand still, and neither does our sustainability program. This year, we have identified eight core issues (out of a possible thirty or more) which we believe reflect both your interests as stakeholders from different backgrounds, and our strategic business priorities, following our consultations with you and our management review.

These are the top eight issues, which have guided our report content this year:



Improving the Social Impacts of our Business Activities	Reduce Resource Consumption and Waste in our Value Chain	Ethical Sourcing and Supply Chain	Supporting and Engaging People and Communities
Choices for Consumers which Improve Health and Wellbeing	Clear Product Labeling and Responsible Marketing	Diversity in Everything We Do	Managing and Communicating Sustainability in a Complex Business

Our Economic Contribution

As with any successful, growing, profitable business, we make a significant economic contribution to the communities in which we operate around the world. Our Corporate Responsibility activities are a part of the way we develop and grow this economic contribution, and they help create an overall positive contribution to society from a social, environmental and economic standpoint. The main elements of our economic contribution are:

- Employment of 14,000 people in 20 countries and ongoing recruitment of new staff.
- Indirect employment of hundreds of third party, temporary employees at differing levels depending on our business needs at different operations throughout any given year.
- Selling and marketing food, beverage and WaterBar products which people purchase to improve their lives.
- Payment of national and local taxes to governments and municipalities.
- Payment of dividends to our shareholders.
- Engaging with over 17,000 suppliers for the procurement of products, raw materials, equipment and all forms of services.
- Stimulating economic development in the areas in which we operate through our business activities.
- Contributing to local communities by donating cash, in-kind or employee time to encourage local economic development.

We believe that for every job we create, there is a ripple effect which delivers a certain economic benefit for society as a whole. In the table above, we present how the economic value we create through our sales is distributed among our various stakeholders.

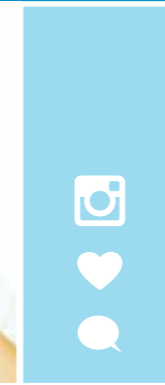
Component	U.S. \$ millions
Direct economic value generated (revenues, interest on assets and investments)	2,239.60
Economic value distributed	
Operating costs	1,570.69
Employee wages and benefits	404.26
Payments to providers of capital	118.91
Payments to shareholders	61.75
Payments to governments	36.95
Community investments	2.77
Total economic value distributed	2,195.33
Economic value retained	44.27

Note: Amounts provided in NIS were converted to U.S.\$ at the rate of 3.72 for the purpose of this calculation. This table is for representative purposes only and may contain details that differ from our published annual financial accounts, due to the different presentation of results. In the case of any difference, our audited financial accounts published for 2012 will prevail.



Healthy Food Choices

Access to Pure Water



Responsibility in our Industry



Changing Consumer Attitudes



Responsible Sourcing



Reducing Food Waste



Changing Consumer Attitudes



Food takes center stage in lifestyle considerations. @StraussGroup we appreciate the role of food in our lives #CSR

As consumers, you are changing your attitudes. Today, food choices must satisfy a complex set of lifestyle needs. This includes not only the good taste, freshness, quality, safety, affordability and availability of food products which we eat because we are hungry, it also includes other factors, such as the nutritional value and benefit of food products, the suitability and safety of specific food ingredients, adaptability of food products for consumers with special food needs such as diabetics and gluten-sensitive individuals, convenient food

forms which can be prepared with minimal effort as part of our busy working lives, and a variety of packaging forms for a range of lifestyle routines, both in the home and out-of-home. In addition, many of you tell us that you want to be constantly delighted with food innovations which create new tastes and experiences which make life more interesting and more fun! In short, food, in developed markets, is less about satisfying hunger and more about responding to lifestyle choices.

As consumers, you are more aware of our responsibility as a food manufacturer. The growing body of educated, informed, aware and concerned consumers around the world wants more information than ever before, in the form of ingredient and nutritional information on each pack, traceability of raw materials and the confirmation that what you eat has been manufactured in a responsible manner by companies that demonstrate accountability for their impacts on people, animals, communities and the environment. You, the new consumer, assess whether the food products you purchase are appropriate for your health-and-wellness conscious lifestyles, not just your diet, and you aspire to food habits which will preserve your quality of life and help you be more responsible citizens. Food products are no longer individual packages or brands. They are links in a complex and dynamic social system which are held to higher and more inclusive, diverse standards than ever before.



Consumers have an appetite for wellbeing, not only tasty food. We must adapt our value chain to meet new needs @StraussGroup #health

New food solutions are needed. On the other hand, in emerging markets, where food availability is inadequate to meet the needs of a growing global community which will number 9 billion in 2030, new solutions are needed to provide enough nutritious food and safe drinking water to ensure a sustainable quality of life for all. This may mean changing our eating patterns to focus on higher nutrition rather than additional calories, as well as having the choice of a wider range of affordable and accessible food options for many different preferences.

Food takes center stage. Wherever you are in the world, food is a part of the social fabric of life. Responding to changing consumer attitudes means much more than changing the food we manufacture (although this is also important). It means changing the entire way our value chain responds to these new demands, and, Driven by Responsibility, providing food-related solutions and a variety of choices that are tailored to emerging needs in a food ecosystem that takes health and wellbeing into account. As food has taken center-stage in the debate about lifestyle, health and wellness, and other social impacts, so our considerations as a food manufacturer necessarily include, not only the products we manufacture, but also the social impact of our products and the way they help consumers achieve improved health, wellbeing and enjoyment of life. Our first objective is to listen to consumers, understand your new priorities and examine your aspirations in the light of our capabilities and responsibilities. Given our broad portfolio of products and increasingly global presence, we aim to reach consumers of any age, gender, geography and culture, and strive to maintain a very wide network of consumer interaction and dialog.

Hummus - a healthy choice

With our popular hummus brand, Sabra, now the leading brand of hummus in the U.S., with 56% market share, we are changing food habits and helping you lead healthier lifestyles.

Hummus has been a staple of the Mediterranean diet for as long as we have been around and even long before that. It's a chilled spread made from a core ingredient - chickpeas - which offers advantages for health and nutrition. Chickpeas, the main ingredient in hummus, are rich in soluble fiber, iron, protein, vitamins and minerals and are thought to help lower blood cholesterol, reduce blood sugar and even prevent cancer. The American Institute for Cancer Research and the Susan G. Komen for the Cure (breast-cancer support) websites regularly feature hummus as a recommended food in a range of recipes. Hummus both offers health benefits and is also extraordinarily tasty, making it an increasingly popular alternative to less healthy spreads which are high in saturated fat and offer few nutritional advantages. Our hummus, marketed under the Sabra brand in the U.S. and Canada, is made with fresh herbs, spices, and chickpeas grown in the U.S. They are blended smooth and combined with tahini, a Mediterranean paste made from ground sesame seeds, and olive oil, garlic, lemon juice, herbs and spices.

All of Sabra's products meet the gluten free content standard of below 20 ppm and 90% of Sabra's hummus products contain no added sugar. For the weight-conscious. Gram for gram, hummus has less than a quarter of the calories in butter and less than half of a typical reduced-fat margarine spread.



And yet, there are many who have still not heard of the benefits of hummus. That's why our Sabra brand has made it part of its mission to educate the American public about this healthier option. In April 2012, the Sabra "Dip Life to the Fullest" tour started its popular coverage of the nation, handing out free samples of hummus to thousands of Americans in almost 30 cities and teaching them about this new healthy option. Sabra's engagement with consumers via the Sabra blog [sabrachef.blogspot.com] updates consumers and offers tasty hummus recipes while the Sabra Twitter feed (@Sabra) and Facebook pages engage with consumers and respond to their questions.

The social impact of increasing hummus consumption goes beyond improved health and enjoyment options for you, our consumers. It has been linked to support for American farmers and local economic development. The U.S. Dry Pea and Lentil Council notes an increase in U.S. chickpea production of 60% between 2009 and 2011, providing a well-needed revenue boost from this high value cash crop for American farmers who have been hit by price pressures and economic challenges over this period.





 Hummus enjoys

56%

 market share in its

 category in the U.S.

 @StraussGroup

 #greattaste



Extending the hummus experience into Mexico


In 2012, our PepsiCo-Strauss Fresh Dips & Spreads joint venture started operating a new manufacturing plant in Mexico to produce hummus-based products and other chilled dip products under the Obela brand, investing over U.S. \$ 10 million in developing awareness and delivery of this product in Mexico, with a goal of expanding into many more Mexican households in the coming years. With a Mexican population of over 112 million, in which 51.3% of people are estimated to be living below the national poverty line (UNDP, 2013), the potential of hummus to make a major difference by providing a healthy, protein-rich, versatile and affordable food alternative is tremendous. As we grow our hummus business, there are additional socio-economic benefits. We create jobs in our new Mexican factory (which employs only locals), and indirect employment for many local suppliers and partners, as well as the farmers who benefit from sourcing increased volumes of chickpeas. Additionally, we see hummus as having the potential to support nutritional security and improved health in Mexico.

However, the challenges of realizing this potential are not trivial, as the hummus experience is very different to the traditional Mexican food culture and hummus is an unknown, new type of food to most Mexicans. Hummus as a spread on bread or crackers is somewhat of a shift in a culture of tortillas and enchiladas. To make Obela hummus more locally relevant, three flavors were launched locally, including, in addition to the natural taste traditional hummus product, two popular flavors - chipotle and red pepper - appealing to the spicy preferences of the local population. In coming years, Obela will embark on a major undertaking to help Mexicans become aware of the benefits of this healthy food product, and change their food habits for a healthier, and possibly, tastier, lifestyle.

Combining marketing with community benefit

Hummus restaurants are found in abundance in Israel, in every city and town and in every corner. Israelis love hummus and a whole community of hummus experts has developed. It was no surprise then, that a new hummus restaurant, **Avi's Hummus**, was opened in Tel Aviv in early 2013. What was different was the fact that the sales model was "Pay As You Wish", according to taste. Customers didn't know that the hummus served was our brand, Strauss's Hummus Achla, a product found in almost all supermarkets and stores in Israel. The idea here was to allow people to taste our hummus objectively, without being influenced by their paradigms about industrially manufactured hummus. The result was that the hummus received great feedback from customers, and several returned to eat at Avi's Hummus again.

Over 1,000 people dined in the restaurant in the 2 weeks it was open, and most of them paid an average of NIS 20 per dish (U.S.\$ 5.4), which is around the regular price for hummus in restaurants in Israel. After two weeks, we spread the word that the hummus is actually our brand, Achla, and announced that Avi is the grower from whom Strauss buys its chickpeas for the production of Achla. All the income from the hummus meals served - close to U.S.\$ 5,000 - was donated to local charitable organizations.



 How much would you pay for

 great-tasting hummus?

 @StraussGroup #pay-as-you-wish

Healthy Food Choices



As consumers, you want foods which are good for your health. That's what you tell us at @StraussGroup. #healthyfoods

As consumers, you want foods which are good for your health.

High salt levels, high saturated fats, artificial food colorings and high sugar content contribute to health problems, including weight control issues such as obesity. According to the World Health Organization, worldwide obesity has doubled since 1980 and affects more than 1.4 million adults and more than 40 million children under the age of five were obese in 2011. As a food company we have taken note, and for some years now, we have been reducing unproductive and unhealthy calorie content, in content in the majority of food products in the Strauss Group range. However, the challenge is two-fold. We need to satisfy your need for good-tasting foods, which often rely on sugars, fats and salt, and we need to educate consumers to change their eating habits. We aim to be proactive in this area and drive change through the products we develop, right from the early concept stages.

Actually, you want foods which will help improve your health.

Those of you who are more health-conscious, or have tendencies to chronic diseases such as diabetes, high blood pressure, high cholesterol and other health conditions such as allergies and sensitivities to certain foods, are interested in foods that make a positive contribution to your health. Science and technology has advanced in recent years to the point where new ingredients such as probiotics (which encourage the development of bacteria in our digestive systems which have a positive effect on health) and certain plant extracts have been scientifically proven to improve health. It's no coincidence that close to 80% of Americans, for example, take food supplements. We believe that a healthy balanced diet can be achieved in most cases through foods, including fortified foods, which provide our daily needs without additional supplements.

In addition, you want us to help you develop better food habits.

Beyond the content of food, the quantities we consume are often in excess of what we reasonably should. It is so hard to resist that extra chocolate wafer, another piece of that delicious cake, one more terribly tempting chocolate praline. Before we know it, we have finished the entire pack. You expect us to help you by creating portions which enable you to measure your consumption more easily. Portion-control, packing in smaller portions or measured portions, enable you to be more conscious of your food intake. This is relevant for all our products, including our range of confectionery and chocolate, where, here as well, we are doing what we can to ensure a health-conscious approach and improved nutritional profiles.

Improving nutritional alternatives for consumers

In Israel, for example, where we have the largest variety of food products, Strauss Israel has undertaken a major review of all its food products during the past two years, and made a series of improvements which offer consumers, in most cases, the healthiest alternative available in each category.

The actions we have taken include:

- enriched dairy products with vitamins, minerals and calcium.
- reduced sugar in dairy products, and reduced salt and saturated fats in snacks and salads.
- reduced calories in many products and developed a new range of under-100-calorie products such as low-calorie chocolate bars and snacks.
- avoided use of harmful saturated fats and artificial food colors.
- expanded our range of healthy fresh products such as baby carrot snacks.

Functional foods as part of a healthy lifestyle

One of the most interesting developments in food technology in recent years is the functional foods category. Functional foods contain ingredients that may help reduce risk for certain health conditions or promote better health. These compounds can occur naturally in the functional foods or they can be added in the manufacturing process. The concept of functional foods has been developing since the 1980's, responding to consumer desire to both eat food and improve their health at the same time.



We introduced Actimel in 1998, Activia in 2005, and Danacol in 2012 to Israeli consumers for better health @StraussGroup





Danacol was introduced by Danone Group in 2004 in Europe, and is available today in over 15 countries around the world @StraussGRoup #Danone

Strauss Israel is the leader in the dairy category for foods which provide additional health benefits. Among our range, we offer Actimel (a yogurt drink containing probiotic strains for digestive health), Activia (a probiotic yoghurt which helps positive digestion) and, in 2012, we launched Danacol (a yogurt drink with plant extracts which support reduced cholesterol levels) to you, our Israeli consumers.

One of the challenges that food companies face is to market these foods responsibly, and in accordance with tight regulations that require that product health claims are accurate. This is to ensure consumers understand the role of these foods, which is to provide a complementary element of a healthy lifestyle, not a food with medicinal properties to cure or illness.

Danacol was introduced by Danone Group in 2004 in Europe, and is available today in over 15 countries around the world. It is a low-fat milk drink enriched with phytosterols which have the unique, clinically proven ability to lower LDL cholesterol. Phytosterols are substances that occur naturally in small amounts in many grains, vegetables, fruits, legumes, nuts, and seeds which work to inhibit the absorption of cholesterol in the intestines and lower the amount of cholesterol in your blood. Clinical data proving the efficacy of phytosterols in



reducing cholesterol levels has been endorsed by global leading organizations such as EFSA (European Food Safety Authority), the FDA (the US Food and Drug Administration) and the American NCEP (National Cholesterol Education Program). One Danacol portion of 100ml contains 1.6 grams of phytosterols which is equivalent to, for example, 200 carrots, 84 bananas or 34 kilograms of tomatoes. In Israel, about 40% of the population suffer from high LDL cholesterol levels. Among these, according to a survey conducted among Israeli consumers in 2012, only 50% are treated with medication. Many prefer to control cholesterol levels through diet and exercise, especially if the condition is borderline level not requiring treatment, or there is a fear of side effects from medication. The main benefits of Danacol are to be gained by the high-cholesterol sufferers who do not take medication.

Our challenge has been that consumers are skeptical and find it hard to believe that a food product can have such pronounced health benefits. Driven by Responsibility, we want to change these perceptions so that consumers who stand to benefit from this product can make more informed choices. We have been working with the health sector in Israel to raise awareness and educate those who represent a trusted voice in the healthcare sector. By working with independently-minded, professional healthcare practitioners, in line with the highest ethical standards, we can make them aware of Danacol as an additional option for better cholesterol health. During 2012, our Strauss-Danacol team participated in nine conferences reaching about 1,000 physicians and 1,800 dieticians to provide reliable, scientific information.

The right portion of chocolate

One of the ways in which you, our adult consumers, can combine health and indulgence is by applying portion control. Following a suggestion from our consumers in Israel to create a product comprised of single-portion chocolate finger-shaped bars, which we had designed for children, we rose to the challenge. Chocolate Fingers for adults were launched in 2012 and feature six chocolate bars each containing 65 calories. Calorie information is clearly marked on the pack so that you can see exactly what you are getting. It's just enough to satisfy your need for something sweet as part of a healthily planned diet.



Combine health and indulgence by applying portion control @StraussGroup #chocolate



Ben, age 36

"I like sweet foods but also like to keep to a healthy diet, and sometimes it's hard to balance both and know when to stop, so this is a great solution for me."



Galit, age 40

"The calorie content written clearly on the package reminds me that I should really stop at one finger, rather than 'getting lost' in the chocolate and finish half of the pack (at least!)."



Shani, age 34

"I don't usually eat sweets, but once in a while I feel like it, so this is a good option. I know exactly what I'm eating."



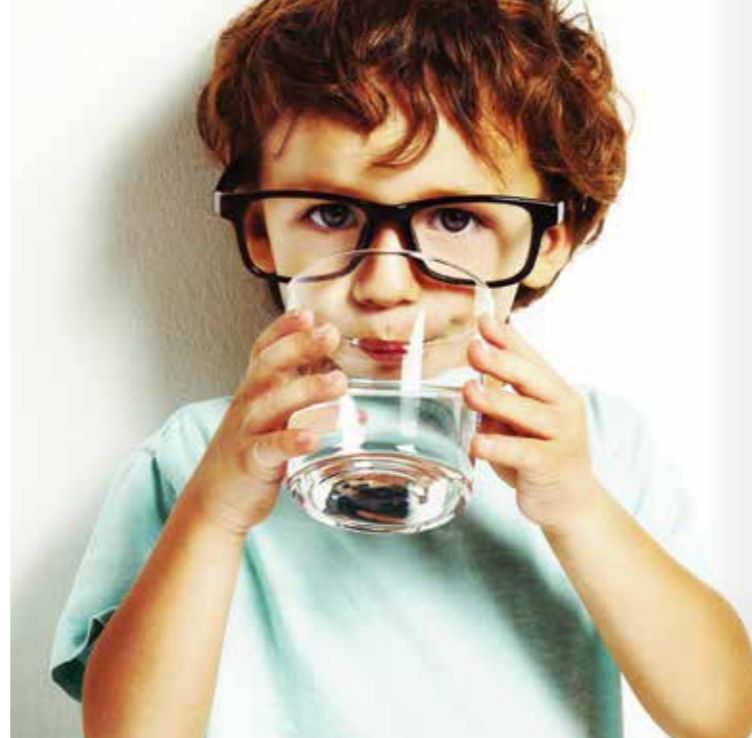
Access to Pure Water

Although over 70% of our Earth is covered with water, only about 1% of this is actually fit for human consumption. Consumers around the world want us, the businesses of the world, to be protective of our water sources, and help people gain equitable access to clean water, pure enough to drink. In fact, in 2010, the United Nations determined that access to water is a basic human right through the passing of Resolution 64/292 in which the United Nations General Assembly explicitly acknowledged that clean drinking water and sanitation are essential to the realization of all human rights.

Health-conscious consumers want pure water: Drinking water is essential for our health, and access to drinking water comes in many shapes and forms. Drinking water standards vary from geography to geography. In some locations, drinking water supplied through local national water companies is treated with chemicals, such as chlorine or fluoride, and in others, it contains impurities and waste-stream residues. You, our health-conscious consumers, want to know that the water you drink is water. Not toxic chemicals.



You want more than pure, healthy, clean water. You want great tasting water.
[@StraussGroup](#) [#WaterBars](#)



Buying bottled water does more harm than good. For those of you who want pure water, there are several options. One is to buy bottled water, as do millions of consumers around the world. This is a multi-billion dollar industry, which uses enormous amounts of fossil-fuel based resources to make millions of plastic bottles, creates massive landfill mounds of discarded bottles, and uses other resources in making, transporting and marketing bottled water. Other options for consumers include different types of purification systems in the home, based on using tap water and best available purification technologies and systems.



In 2012, we improved our patent-protected, cutting-edge water purification technology [@StraussGroup](#) [#WaterBars](#)



Expanding access to pure drinking water

We have been working hard to improve our technology and products and bring you the most advanced water purification systems available, so that you can have pure, great-tasting, drinking water, boiling hot for your coffee or ice-cold for your lemonade, at the push of a button, in your home. Our company, Strauss Water, develops, manufactures and markets water purifying solutions which provide this opportunity for millions of people in Israel, China and the UK and eight other countries. Our solutions work with treated drinking water that is usually supplied through national water supply networks. We do not drill holes in the ground or exploit natural spring sources. We have invested millions of dollars to develop our technologies, and partnered with Virgin in the UK and Haier in China to provide local marketing and distribution and service to the home.

Advanced technologies

In 2012, we continued to upgrade our patent-protected MAZE water purification technology, which was developed with scientists from the Weizmann Institute and the Hebrew University of Jerusalem. In the MAZE technology, a multi-compartment purifier treats water impurities such as heavy metals and bacterial contaminants. Each compartment in the purifier removes a particular kind of contamination, resulting in highly purified great tasting water. The process maintains essential mineral elements such as calcium and magnesium. Our second product line is based on a UV lamp and filter purification process which removes chemical and biological contaminants while retaining all the water's healthy minerals. Our WaterBars hold the Water Quality Association (WQA) Gold Seal for drinking water standards as well as other international quality standards. In 2012, we made an improvement to our MAZE technology by including a special new part that guarantees a steady flow rate of water through the MAZE of compartments in the purifier.

Pure water in China

In China, water quality has been compromised in recent years due to industrial, agricultural and urban expansion and China is currently the largest growing market of bottled water in the world and is considered the second largest consumer of bottled water, after the U.S. Helping our Chinese consumers gain access to pure water remains a priority for us. For example, in early 2013, we launched a new product in China, the Water Maker Young, which is a smaller and lower-priced appliance, offering high water purification with ease of use and simplicity. This has provided more Chinese consumers with the opportunity to enjoy pure and tasty drinking water.

Pure water in the UK

In the UK, in May 2012, we announced the launch of our home purification systems, under the Virgin Pure brand. Virgin Pure is an all-inclusive service providing UK consumers, with an unlimited supply of ultra-pure water in chilled and boiling hot variations. This kind of service is quite new to the UK consumer, who, over the years, has become a significant purchaser of bottled water. Research has shown that around 40% of UK homes prefer an alternative to tap water, either for purity reasons or for taste reasons. Virgin Pure offers a more convenient and more effective alternative.



In 2012, in China, we launched a new WaterBar for Chinese consumers, offering access to pure water @StraussGroup #WaterBars



In 2012, in the UK, we launched Virgin Pure, a new experience for British water-drinkers @StraussGroup #WaterBars



Reducing Food Waste

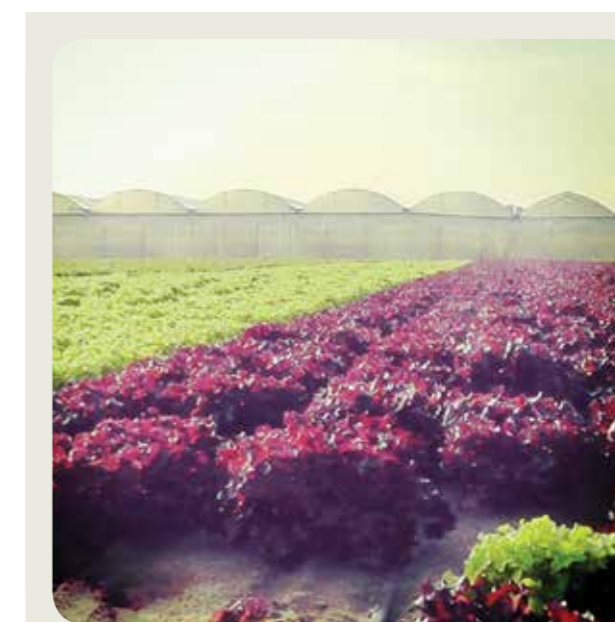


We waste too much food - all of us. Up to 50% of food worldwide is wasted @StraussGroup #crisis

We waste too much food: A recent report published by the Institution of Mechanical Engineers (Global Food Report, 2013), describes that, of the 4 billion metric tons of food production every year, up to 50% goes to waste. Waste occurs in different parts of the food supply chain. First, waste is created in the field, when farmers do not harvest crops for a range of reasons, usually related to financial subsidies, or when harvesting is inefficient. Second, waste occurs in storage and transportation throughout the supply chain, especially when food is delivered across borders, and often across continents. In some countries, with some crops, this can reach up to 50% of total production which is lost in transit and storage. In India, for example, the Global Food Report notes that about 21 million metric tons of wheat annually perishes due to inadequate storage and distribution. Thirdly, food waste is created in the marketplace. The complex logistics of retailers results in over 1.6 million metric tons of waste every year of food that has been in retailer logistics systems or on supermarket shelves, and was not sold for reasons of damage or consumer demand. Fourthly, food

that is purchased gets thrown away in the home. Estimations are that 30 – 50% of food that we buy gets thrown away. This is because we decide we don't want to eat it, or because we have overrun the expiry date and don't want to risk eating something that is not fresh.

The cost to you of food waste: When food is wasted, there is an economic cost and an environmental cost. Overall, the cost of food increases as the entire supply chain is less efficient. We generate an unnecessarily heavy burden on the environment by using resources unproductively, and the effects of this boomerang back to us in terms of climate change impacts which damage agricultural and manufacturing productivity. Poor health in the world which results from poor nutrition due to inadequate food availability also places a strain on healthcare costs in many countries. To combat these effects, we must reduce food waste at source, by managing agriculture and related logistics more effectively and enable appropriate flows of goods to where they are most needed. As food manufacturers, we must ensure that the systems within our control are efficient and, as far as possible, zero waste oriented.





Please don't waste our products, because we want you to enjoy them instead @StraussGroup #waste #reduce

Please do your bit! How many yogurts, chilled salads, tubs of hummus have you thrown out in your home in the last few weeks? Either they had languished in your refrigerator and overshot their expiry date, or you bought too much and then didn't need the excess. When this happens, the impact is far greater than the single yogurt that reaches your garbage. Not only have resources been invested in manufacturing, transportation, handling and display in the supermarket, but also, additional resources are expended in order to deal with the waste you create. All this makes our system even less efficient, and ultimately, increases prices to you and damages the environment even more for us all. Please don't waste any food. In particular, please don't waste our products, because we want you to enjoy them instead!

Creating value from edible waste

One of the ways we deal with the problem of chilled food waste in Israel is through a system which we further developed in 2012 to reach much higher efficiency levels. Chilled products, if not consumed by their expiration date, must be collected from supermarkets and disposed of in a safe way which complies with environmental regulations. In 2012, we continued to work, as we have in previous years, with a system whereby a contractor collects all our returned



In 2012, we salvaged 1,700 tons of edible chilled food waste and reused it for animal feed @StraussGroup #waste #reduce

chilled products waste (yogurts, chilled salads, bottled dairy beverages etc.) daily from our factories and processes them using a dedicated compressor, separating packaging and edible waste. This process succeeded in extracting around 50% of the edible waste. This edible waste was then processed in line with Ministry of Health and Ministry of

Agriculture regulations to become a raw material for the animal feed industry. In 2012, 1,694 tons of chilled products were collected for reprocessing and around 1,500 tons, 85% of the total, were processed for animal feed. The remainder was routed to safe landfill.

At the end of 2012, we piloted an improved system to increase the level of edible waste retrieval and achieved unprecedented levels of over 90% edible waste extraction. This improved system was fully implemented in early 2013 and we expect that the level of food recycling for use in animal feed will be much higher in 2013.

This process has several environmental benefits, both through landfill avoidance and also, through reduced additional resources required for animal feed preparation.



Adi Cohen,
CEO
A.C. Shibolet Dagan Ltd.
Strauss edible waste
recycler in Israel

"I believe we are the only waste retrieval operation worldwide that converts chilled products waste into a raw material for animal agriculture. The more we can do to reduce the impacts of waste on our environment, the more we will all benefit. In this case, waste has become an important revenue stream for my company, while assisting Strauss and the other companies we work with, to minimize their own environmental impacts"



comment...

Improving nutritional security in Israel through food salvage

We make an effort to manufacture amounts of foods that meet your demand, no more, no less. This makes financial sense as well as being the responsible thing to do. However, we cannot always predict your demand, and in some cases, things don't always go to plan, so there are times when we are left with products that are perfectly fit for human consumption and comply with all food safety regulations and standards, but we cannot sell them. In these cases, we route these food items to serve people who can benefit from improved nutrition and food security.

In Israel, hundreds of thousands tons of food are wasted every year. This includes products that have reached their sell-by date, food that is not suitable for marketing (but is suitable for eating) for various reasons, and excess or unmarketable agricultural produce. Over 1.8 million people in Israel suffer from food insecurity and are desperately in need of that same food that goes to waste every day.

Leket Israel National Food Bank and Latet (to give) - Israeli Humanitarian Aid, are the two leading non-profit organizations, serving as food banks in Israel.





In 2012, we diverted 2,102,765 units of unsalable food products and donated them to those in need @StraussGroup #waste #reduce

Latet focuses on collecting waste food from manufacturers, while Leket Israel, in addition, rescues excess food from catering establishments including restaurants, hotels and corporate dining rooms, and also maintains a major gleaning operation to harvest agricultural produce that will not reach the market. Both organizations supply this waste to food non-profit organizations throughout Israel who distribute it to people in need. Leket, for example, in 2012, collected 9,360 tons of surplus or unsalable food and in addition, distributed almost 800,000 meals rescued from food establishments, serving thousands of needy people in 95 cities in Israel. In 2012, Latet rescued food to a value of over U.S.\$ 10 million. Both Leket and Latet also promote food rescue and food waste awareness in Israel through lobbying, campaigns, and partnerships with corporations.

Both Leket Israel and Latet provide us with an opportunity to handle unsalable food products in a way which benefits our society in Israel as well as benefiting the environment. We are determined that the food waste we generate is put to productive use, rather than simply clogging up our landfills, as far as possible. We donate unsalable food from all our food categories in Israel, including dairy products with near expiry date which cannot be marketed, food products from manufacturing trials, and excess vegetable produce we are committed to buy but cannot use. Both Latet and Leket Israel conform to the highest standards of food safety when salvaging and redistributing our products.

In 2012, we donated 2,102,765 unsalable food items to Leket Israel and to Latet, thereby diverting waste from landfill and more importantly, providing nutrition and delicious food to thousands of Israelis who are unable to meet their food needs without support.



"Inspiring Corporate Social Responsibility" Award

In 2012, Leket Israel granted this annual award to Strauss Group in honor of our efforts and activities, during the past 7 years, in promoting nutrition and food security among underserved populations through food donations and volunteering. These activities enable Leket Israel to supply fresh food for 140,000 people every week, while preventing large amounts of surplus produce from being discarded, thus reducing waste. In the past 7 years, Strauss has donated about NIS 15 million in products to Leket Israel for Israel's needy populations.



Gidi Kroach,
CEO, Leket Israel

"We decided to grant Strauss this award not only because of their food donations over the years, but also because of the collaborative nature of Strauss people, their care and willingness to help and be involved. We find it easy and rewarding to work with Strauss and this helps us to help more people in Israel who rely on us for support."



comment...



We were delighted to receive the Inspiring Corporate Social Responsibility award from @Leket_Israel @StraussGroup #waste #reduce

Responsible Sourcing



You are interested in fresh vegetable produce which is sourced in a responsible manner.

@StraussGroup #lettuce #tomatoes #parsley #eggplant

Consumers are interested in fresh vegetable produce which is sourced in a responsible manner. You want to be assured that vegetable growers are treated fairly, while being held to the highest food quality standards. In Israel, which is the only market in which we sell fresh produce, agricultural conditions are difficult and often, farmers are squeezed in cost terms between crop market prices and governmental regulations. We understand the importance of sourcing from local farmers, responsibly, and contributing to a positive local economy.

As consumers, you want to be sure your fresh produce is safe. You want to know that your vegetables are not sprayed with overdoses of harmful pesticides and herbicides, and that the interaction with food growers pays due attention to methods, quality assurance and strict controls of chemicals used. You want us to take responsibility for the quality of our fresh produce, and prevent potential health problems rather than solve them.

You want to know that we are engaged in sustainable agricultural practices. Because you care about the environment. This means using efficient farming methods avoids wasted resources, especially water. Farming accounts for 70% of water use in the world today (WHO). Drip irrigation, which is standard in our farming communities in Israel, can save up to 50% or more of water used to irrigate crops and up to 30% of fertilizer use. Modern automated crop control methods can save large amounts of energy.

Working closely with growers for the best fresh foods

In Israel, we work with over thirty growers, who supply us with vegetables for our fresh packaged vegetables range and for manufacturing our vegetable-based chilled spreads. We bring healthy, fresh vegetables to thousands of kitchens all over Israel. Fresh vegetables including lettuce, tomatoes, eggplants, cabbage and carrots are basic ingredients in the Israeli diet, and Israeli consumers pick their vegetables carefully, unwilling to compromise on freshness and taste.

We maintain long term relationships with our growers and work closely with them, providing agronomic support, focusing on safety, quality and resource efficiency. We set strict standards. If you are a grower, you know what we mean. We also approach our relationship with growers as a partnership, in which we aim to support them in many ways, to help overcome the risks and challenges of farming.



@StraussGroup works closely with 30 local growers in Israel to ensure best quality fresh produce for you and your family #quality #safety

Growing Quality

Strauss's fresh chilled salads and dips brand, Achla, is a well-known brand in Israel which includes a line of favorite Israeli and Mediterranean-style salads. These salads are often recipes handed down from generation to generation, with tastes and flavors brought to Israel from the many different homelands of the people who now make up the Israeli society. In order to bring consumers an experience closest to home-made salads, we are committed to the quality of these products through all stages, from each and every ingredient used to the customer's first taste. 'Great Taste Starts in the Field' is not only the slogan of the Achla brand, but the guiding principle behind it.

Two years ago, we took the strategic decision to locally purchase most of the agricultural raw materials that we regularly use, including hummus, eggplants, peppers, carrots, onions, garlic, and parsley, to further improve quality of produce used in production, and we began to work directly with growers in Israel, rather than with wholesalers, implementing new standards and ways of working. We formed partnership relationships with growers, based on a mutual commitment to quality and long-term supply. Previously, much of our produce had been imported.

Our new local procurement policy has had vast effects on the agricultural market and on consumers. Our new dialog with

growers produced a successful cooperation, producing to our specifications, creating a new quality standard in the market and setting an example for the farming community. In return, we provide growers with stability, a commitment to purchase and a network of support.

Growers are selected carefully by our professional and knowledgeable agronomist team who manage vegetable procurement and grower relations. They must demonstrate a shared commitment to the Strauss quality which starts with the selection of specific crops, and continues through the adoption of sustainable farming methods, careful monitoring and handling during harvesting. Growers commit to uniformity and continuity in supply, and to deliver produce according to specification while complying with regulatory requirements of health, safety and Kosher standards. Ethical behavior, credibility and professional approach are no less important than high quality produce.



 @StraussGroup maintains partnership relationships with growers, based on a mutual commitment to quality and long-term supply #carrots #onions #garlic

Strauss teams work closely with growers to ensure best practices are used in growing their vegetables. We perform audits to examine the compliance with regulations on handling of waste and produce surplus, use of pesticides and other chemicals, and employment standards. Growers keep a log detailing all aspects of growing practices, monitoring produce through its life cycle.

The Strauss Growers Quality Manual: In 2012, we issued to our growers our newly-written Strauss Growers Quality Manual, a complete guide for ensuring the quality of agricultural raw materials. The purpose of the manual is to ensure common growing standards, required monitoring of safety and quality, and serve as a basis for positive and sustainable relationships with growers. The manual provides clear instructions for different stages of growing, and emphasizes risk prevention while focusing on critical factors in the supply chain which influence the quality and safety of products. The manual was



Pini Gotliv,
Agricultural
Purchasing Manager
Strauss Israel

"I select growers who are passionate about agriculture and farming. There has to be a mutual commitment to quality and integrity, both in the field and in the business."



launched at a special meeting for all our growers from all over the country, who were trained in its contents and had the opportunity to tour our manufacturing plant in Karmiel, actually seeing how salads are made with their produce, and the vital importance of quality in the process.

Working closely with growers, Strauss aims to fulfill its promise of taste, quality, integrity and fair market, allowing you to enjoy the great taste of salads with a taste of home, with reassurance that we are protecting your health and the environment by ensuring the highest possible standards throughout our agricultural supply chain.



In 2012, @StraussGroup issued our Strauss Growers Quality Manual, a complete guide for ensuring the quality of agricultural produce. #quality

Responsibility in Practice

Supplier
Relations



Employee Engagement



Community
Investment



Consumer and
Customer Care



Product Innovation

Environmental
Stewardship

Environmental Stewardship



@StraussGroup knows that you want corporations, including us, to be environmentally responsible #sustainability

You are more aware than ever before of the environmental risks that we face as a global community. Whether you live in the U.S., and have been exposed to unprecedented weather extremes, ranging from drought to floods to tornadoes, or in Asia, where earthquakes and hurricanes may have brought disaster to your lives, or in Southern climates where tropical cyclones have caused endless damage, or in Israel where the threat of water scarcity is a daily reality, you cannot ignore the new accelerated phase of environmental risk that humanity finds itself in. You understand, today, that climate change is precipitated by human action and that deforestation, fossil fuel combustion, uncontrolled use of the planet's finite resources and that the waste generated by our consumption-intensive lifestyles is no longer a feasible way forward. You know that if we carry on in this way, the quality of our lives will deteriorate severely, both in our lifetime and in that of our future generations. All stakeholders look to corporations to take responsibility and account for their impacts on the environment and this often affects the way you shop, the brands you buy and the food you eat.

We need to satisfy our stakeholders that we are doing everything we can to protect our planet and our quality of



Reduce, Reuse and Recycle is our approach to environmental stewardship @StraussGroup

life. In recent years, we have adopted a new Environmental Management System which has been put in place across most manufacturing sites, we have appointed Environment Officers and Green Teams with diverse employees, invested in a range of programs to reduce energy, water and materials consumption, redesigned packaging for eco-benefits, increased our recycling, retrofitted operations for greater efficiency and engaged in green construction to reduce the impacts of our facilities. We have created energy from biomass and developed solar-based solutions for a renewable power source. We are doing what we can but we need to do more. We must reassure you that we are taking all possible steps to be an environmentally responsible food manufacturer.

As our business expands, both through organic growth and acquisitions, we use more of the earth's resources. We attempt to absorb the effects of this growth, by, as far as possible, producing more while not using more resources, or even using fewer resources on an absolute basis. We follow a 3R approach (Reduce, Reuse and Recycle) as far as possible. At the same time, we monitor the impact of our operations per ton of product manufactured, which gives you a measure of the relative environmental performance of the products you buy from Strauss Group.

Environmental Investments

Over the past three years, in addition to all our running costs related to management and improvement of environmental systems, we have invested **over U.S.\$ 10 million in technology and equipment investments** to improve our overall impacts on the environment through energy efficiency, wastewater treatment, lighting retrofits, recycling processes and more. Driven by Responsibility, we think it's important that you know we are not just walking the talk, we are paying for it. This means that you, our customers, can be reassured that we have your long-term well-being at heart.

Environmental Investments	Total Investments in U.S. \$ millions				
	2010	2011	2012	Change from 2011 (%)	Change from 2010 (%)
Investments in environmental improvements	\$ millions 3.32	2.63	5.95	226	179

Our environmental investments relate primarily to projects to improve energy efficiency, wastewater treatment and waste segregation facilities.

Materials Consumption

The main raw materials we use in our manufacturing operations around the world to make the products that you enjoy eating and drinking include liquid unprocessed milk for our dairy products in Israel, liquid and powder cocoa derivatives for our confectionery and chilled dessert lines, chickpeas and tahini for our hummus and other products in Israel, the U.S., Mexico and Australia, fresh fruits and vegetables in Israel and the U.S., for our fresh and chilled salads and dips, as well as frozen and crushed fruits, and green coffee, cocoa powder, sugar, chicory, corn and other flavored ingredients for our coffee operations in Israel, Brazil and Central and Eastern Europe. We also use significant amounts of sugar, olive oil, honey flour, oil, nuts and potatoes.

In addition, we use packaging materials for our diverse product ranges to ensure our products get to you safely and unspoiled. This includes plastic bottles, tubs, jars, tube and wrappers, as well as laminated foils, paper, card and cardboard for outer cartons. We package coffee in glass jars, metal tins, laminated foils and plastic packs. We use large amounts of plastic wrapping and sealing tape for shipments. Driven by Responsibility, we continue to reassess all our packaging design to reduce materials used and ensure optimum efficiency in transportation.



To satisfy our coffee-drinking consumers all over the world, we purchased 179,000 tons of green coffee in 2012 #greattaste @StraussGroup



Reducing the weight of plastic bottles

During 2012, after four years of engagement in an innovative development process with our plastic bottle supplier, our Yotvata dairy plant in the south of Israel achieved a reduction of 25% in its main packaging unit, 250ml bottles. We reduced the weight of plastic used to make the bottle from 16 to 12 grams without compromising bottle quality or jeopardizing the quality and safety of the product.

The plastic used in these bottles is PET (polyethylene terephthalate), which is made from crude oil derivatives. Globally, millions of tons of plastic are used to make plastic bottles for all types of beverages, and our relatively small consumption of some thousand tons for our 11 million annual units of Yotvata Choco drink produced is not very significant. However, we do whatever we can wherever we can, and more than 40 tons reduction in PET quantities per year is a good saving. Our lightweight PET bottles require fewer raw materials to produce, less fuel for transport and are completely recyclable.



Yotvata Choco Drink - now in lightweight PET bottles with 25% less plastic. #packaging



Hummus salads and dips packaging is made from 30-45% post-consumer recycled plastic #packaging @Sabra

Energy Performance



@StraussGroup is committed to achieving a lower energy footprint in our global operations #sustainability #energyreduction

Energy powers our production facilities, our warehousing and logistics systems, our offices and our activities in the marketplace. We use a range of energy sources, including direct energy from different gases and fuels, and indirect energy from purchased, non-renewable electricity, sourced from the National Electricity Grids in the countries of operation. We are determined to meet your expectations and reduce our consumption so that the products you buy will have a lower energy footprint and the planet we live on will be preserved for future generations.



@StraussGroup reduced absolute energy consumption by 2.8% over two years (2010-2012) while increasing production by 16% #energyefficiency

Energy Consumption	Units	Absolute consumption				
		2010	2011	2012	Change from 2011 (%)	Change from 2010 (%)
Direct Energy						
Liquid Petroleum Gas	Gj	287,930	289,898	281,495	-3	-2
Natural Gas	Gj	413,503	403,040	421,510	5	2
Oil and Fuel	Gj	135,762	140,796	161,684	15	19
Diesel Fue	Gj	94,373	96,901	95,707	-1	1
Petroleum (Gasoline)	Gj	137,325	117,527	139,298	19	1
Ethanol	Gj	725	1,175	1,255	7	73
Biomass from coffee grounds	Gj	86,520	91,317	29,734	-67	-66
Total Direct Energy		1,156,138	1,140,654	1,130,683	-1	-2
Indirect Energy						
Purchased Electricity Consumption	Gj	482,608	460,340	473,932	2.95	-1.80
Total Energy (Scope 1 and Scope 2)	Gj	1,638,746	1,600,994	1,604,615	0.23	-2.08

Note: See Notes to Data Collection p. 105-127 section in this report for details of data collection scope and methods.



● Direct Energy
 ● Indirect Energy
 ● Total Energy

@StraussGroup reduced energy consumption per ton of product by 2.6% over 2 years (2010-2012) #energyefficiency

Our energy management performance in recent years reflect the results of ongoing efforts in all our plants around the world to reduce energy consumption throughout the production process, ranging from the introduction of renewable biomass in our plants in Israel and Serbia, solar arrays in Poland, our LEED certified energy-efficient Sabra plant in Virginia U.S., rechanneling heat from compressors into production halls to save heating costs, controlled management of air conditioning units, auto-electricity shut-offs and use of motion-sensors for lighting savings and a range of retrofit energy-efficient lighting projects in many facilities.

Greenhouse gas emissions performance

Greenhouse gas emissions (the main one is carbon dioxide) are a major cause of the climate change extremes our planet is experiencing. It's not that carbon emissions are a bad thing, in isolation. The problem is that an increasingly high concentration of greenhouse gas emissions traps heat in the earth's atmosphere and stifles the working of our natural ecosystems. Overall, our global temperature has been rising faster in the past ten years than at any other time in history, due to industrialization, globalization, consumerism and frankly, uncontrolled pursuit of growth

by corporations. This doesn't just make our planet hotter. It contributes to many phenomena and threats to human health, including biodiversity loss, rising sea levels, fresh water scarcity, desertification, natural weather extremes, population displacement and more. Many governments now are regulating climate change by putting caps, or even taxes, on carbon emissions from corporate activity. Climate change affects our business in the way it impacts agricultural productivity, the stability of communities in the areas in which we operate and the overall economic global climate.

Between 2010 and 2012, @StraussGroup reduced greenhouse gases emitted to the atmosphere per ton of manufactured product by 13.92% #climatechange

Greenhouse Gas Emissions	Units	Absolute emissions				
		2010	2011	2012	Change from 2011 (%)	Change from 2010 (%)
Direct Energy						
Liquid Petroleum Gas	Tons Co2e	18,653	18,821	18,279	-3	-2
Natural Gas	Tons Co2e	23,197	22,278	23,299	5	0
Fuel Oil	Tons Co2e	10,573	10,990	12,620	15	19
Diesel Fuel	Tons Co2e	6,990	7,276	7,234	-1	3
Petroleum (Gasoline)	Tons Co2e	9,482	8,282	9,816	19	4
Ethanol	Tons Co2e	51	83	89	7	75
Biomass from coffee grounds	Tons Co2e	0	0	0	0	0
Total Direct Energy Emissions	Tons Co2e	68,946	67,730	71,337	5	3
Indirect Energy Emissions						
Purchased Electricity Consumption	Tons Co2e	85,958	82,843	83,410	0.68	-3
Total Emissions	Tons Co2e	154,904	150,573	154,747	2.77	-0.10

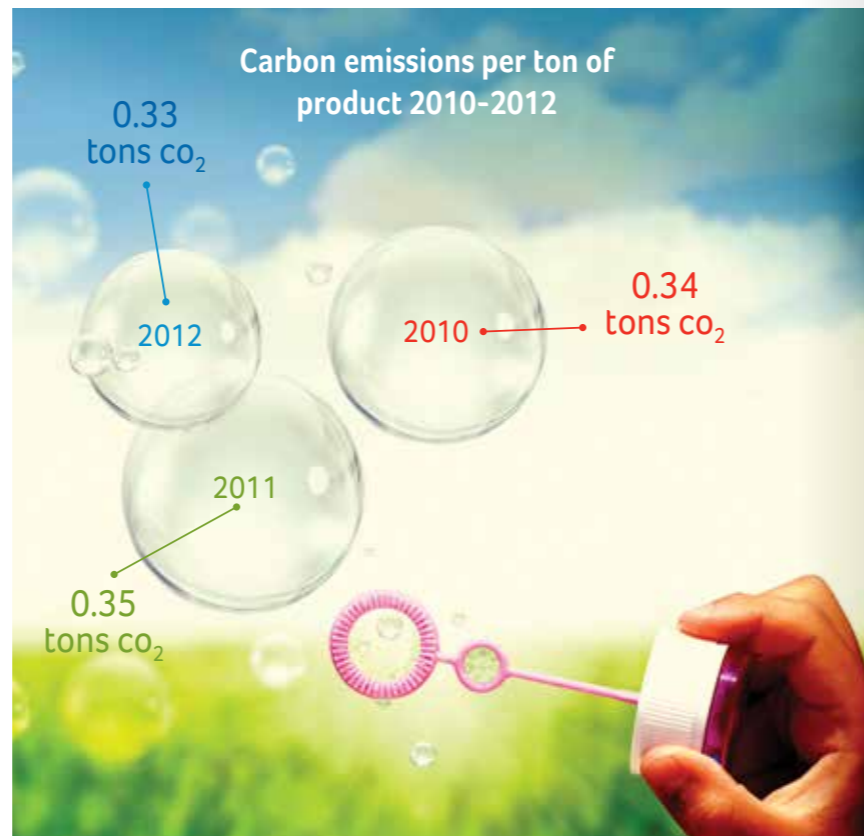
Note: See Notes to Data Collection section in this report for details of data collection scope and methods.

In many ways, carbon and other greenhouse gas emissions are a direct result of the amount of energy we use, so our first priority is to reduce energy consumption, as we have been doing. However, we also influence the level of emissions through the sources of energy we consume. For example, using our renewable biomass, made from coffee bean processing waste, emits zero carbon emissions. Using natural gas instead of electricity from the National Grid reduces carbon emissions by more than half, per unit of consumption. Therefore, we take what is known as a precautionary approach and constantly review our energy mix and seek to innovate to generate a more favorable carbon emission impact, so that you and your grandchildren can continue to enjoy our rich global biodiversity.

Our award-winning biomass energy process in Serbia

We briefly reported in 2011 that we had installed a new facility to create biomass from coffee chaff. Coffee chaff is the name we use for the husks of coffee beans which are sucked out of the coffee bean separation process during manufacturing. In the new biomass process, a first for the coffee industry anywhere as far as we know, these husks, instead of being routed to landfill as waste, are crushed together to form briquettes, and burned as fuel to generate hot water for heating our factory in Serbia.

In 2012, we reaped triple rewards as a result of this innovation. First, we gained one full year of operation of the biomass production which reduced our factory



heating costs. Second, we reduced our carbon emissions as by not purchasing Natural Gas used for winter heating requirements at the factory. Third, we were honored to receive an award for this innovative process, the "Aurea Best Innovation Award" granted by the prominent Serbian business portal "eKapija". In 2013, we will host a meeting of the technical manufacturing experts in the global Strauss coffee teams to present this new technology and review reapplication in Strauss coffee plants around the world. How does this affect you, our stakeholders? It avoids more tons of waste filling up landfill sites across your country, and it reduces carbon emitted into the atmosphere, which helps us combat the effects of climate change. We benefit, you benefit.

The story starts with a forward-thinking Maintenance Manager, Nemanja Maši, at our Serbian Simanovci coffee factory. Nemanja repurposed an idea that had been implemented in Israel to create energy from coffee waste, by focusing on coffee chaff generated during the process, not waste produced at the end of the process, as a source of energy. Nemanja consulted

with the Mechanical Engineering Faculty at the University of Serbia, an analysis institute in Austria and other independent experts to help evaluate the feasibility and potential of this idea. Following scientific corroboration, Nemanja and the Serbia team led the coffee chaff biomass development process, which included acquiring a special boiler to handle the coffee chaff separation. After installation at end 2011, in 2012, we produced 140 tons of coffee chaff briquettes, which provided enough energy to heat the factory for three months, representing winter heating requirements at Simanovci and reducing energy costs by over Euro 83,000 per year. In 2012, the factory avoided over 300 tons of total carbon emissions through reducing Natural Gas consumption (as well as other energy initiatives in the factory). That's equivalent to taking more than 60 cars off Serbia's roads every year. This is a first for Serbia, but, we hope, not a last!

Carbon emissions from all energy sources in Serbia 2010-2012 (tons CO₂) per ton of product

Year	2010	2011	2012
Carbon Emissions (tons CO ₂)	0.385	0.377	0.340



Reducing 300 tons of carbon emissions @StraussGroup through biomass energy equaled more than 60 cars off the road in Serbia in 2012



Nemanja Masic, Maintenance Manager Strauss Adriatic, holding a coffee chaff briquette used for generation of renewably sourced energy for the Serbia Coffee plant.





For the first time in 2012, @StraussGroup measured Scope Three emissions from air travel. We flew around the world 21 times.



Another area in which we influence climate change is through the operations that create greenhouse gas through work performed by third parties (for example, distributors of our products) and through the business travel we undertake. These are called Scope Three emissions by the Greenhouse Gas Protocol, the global authority on greenhouse gas emission accounting. So far, we have not been able to measure our entire Scope Three emissions, but we are working on doing this more completely in the future.

As a start, for the first time, we have tracked our business air travel in 2012. Around the globe, we took 1,221 flights, or around 100 flights per month, covering over 850,000 air kilometers. This caused 1,149 tons of greenhouse gas emissions, which is equivalent in greenhouse gas terms to planting almost 27,000 trees. This is now our baseline for future performance. Where we can reduce air travel in favor of virtual meetings, we will do so. We have equipped all our major office centers with videoconferencing facilities and expect to increase their use in the future.

Air Emissions from Ozone Depleting Substances	Air Emissions from Ozone Depleting Substances in KG				
	2010	2011	2012	Change from 2011 (%)	Change from 2010 (%)
ODS in 2012 include: R-22, 407C,R-410A	6,068	15,791	7,023	-56	16

Ozone-depleting substances

Certain substances, defined by international protocols, cause the ozone layer to erode (the ozone layer absorbs ultra-violet light from the sun, so if there is a big hole in it, we suffer the harmful effects of UV radiation on earth). In line with these protocols, we report the levels of such ozone-depleting substances in the different categories as defined by the technical experts. The substances involved, as far as our operations at Strauss are concerned, are mainly different types of coolants used in our refrigeration and some air-conditioning systems. The type and level of such coolants emissions depends on both the technologies we use, the state of our equipment and our careful handling and operational practices. At a level of just over 7,000 kg emissions of ozone-depleting substances in our global operations, which is barely 15 grams emissions per ton of product manufactured, our impact is modest. For reference, this is equivalent to around 8 regular home-style refrigerators.

Emissions from Air Pollutants		Emissions in tons				
		2010	2011	2012	Change from 2011 (%)	Change from 2010 (%)
SOx (sulphur oxides)	Tons	138	132	166	26	20
NOx (nitrogen oxides)	Tons	93	92	139	51	49
PM (particulate matter)	Tons	28	27	22	-19	-21
Total Emissions from Air Pollutants	Tons	259	251	327	30	26

Specific air pollutants

The use of fuels to operate Strauss facilities (ovens, boilers and others) in production processes causes the emissions of various pollutants into the air and cause environmental degradation. These substances have been determined by international protocols and are well-known and well-defined. Our objective is, of course, to minimize the emissions of such substances, though in 2012, we saw an increase due to the increase in our total 2012 production.



@StraussGroup emitted 7 tons of ozone-depleting substances in different coolants in 2012, less than half of 2011 ODS emissions #ODS #ozone

Water Consumption	Absolute performance					Performance per ton product manufactured					
	2010	2011	2012	Change from 2011 (%)	Change from 2010 (%)	2010	2011	2012	Change from 2011 (%)	Change from 2010 (%)	
Water consumption	m3	1,206,436	1,438,678	1,506,410	4.71	24.86	3.048	3.319	3.276	-1.31	7.47

Water performance

Water is used in limited ways in different processes in our production operations, and also for cleaning, drinking and food preparation in our cafeterias, for hygiene purposes and, in some facilities, gardening. We draw almost all our water from the National Grid networks in the locations in which we operate – a small number of facilities draw water from water wells located on site. Our water impact is relatively modest compared to other manufacturing sectors. However, that's not to say you don't expect us to improve our performance here too, and that's what we aim to do.

In 2012, we managed to curb our increasing water consumption per ton of manufactured product and achieve a reduction of 1.31%. The impact of acquired companies and operational expansion (over 16% growth in production volumes between 2010 and 2012) as well as an increase of 6% in the number of people employed in our facilities during this period, meant that, inevitably, more people needed water to drink, shower after production shifts and use the bathrooms, so more water was required. Measures we are taking to reduce water consumption include low-flow taps in all installations, low-flush toilets, increase communications for greater employee awareness and, in our production operations, use of recycled water from A/C units where possible and introduction of new processes which save water, such as water purification to enable increased water recycling.



In 2012, @StraussGroup reduced water consumption per ton of product by 1.31% versus 2011. #water



Solid Waste	Absolute waste in tons					
	2010	2011	2012	Change from 2011 (%)	Change from 2010 (%)	
Waste to Landfill	Tons	14,857	14,824	15,367	4	3
Waste to Reuse	Tons	42,016	41,932	47,728	14	14
Waste to Recycling	Tons	4,781	14,095	9,629	-32	101
Hazardous Waste to Safe Landfill	Tons	3.76	1.03	3.74	263	0
Total Waste	Tons	61,658	70,852	72,728	3	18

Waste performance

We generate waste in our production processes and in our packaging operations, and in our offices. We consider the downstream effects of packaging design in all our product decisions and attempt to create products which we know will require less packaging, and therefore generate less waste, both in our production process, and when you have finished consuming the products in your homes. As far as possible, we look to put every scrap of waste back into our process, or recycle it in an efficient way.

Overall, this amounts to around 0.16 tons of waste per ton of product, of which, in 2012, the vast majority, (79%) was reused or recycled. The most significant proportion of all of our waste is biomass we reuse in our facilities, or send for reuse by other manufacturers. In some cases, such as our biomass operations, we used production waste (coffee chaff and coffee bean residues) and transform it in to an energy source. We donate all electronic waste for safe dismantling and recycling.



In 2012, @StraussGroup recycled or reused over 79% of our total solid waste #waste

The small amounts of hazardous waste we generate are residual maintenance and cleaning materials or chemicals used in our quality control and development laboratories. All such waste is strictly monitored, labeled and collected for landfill via authorized handlers. No hazardous waste is shipped abroad.



In 2012, water discharged from our @StraussGroup operations amounted to 79 % of our total water consumption. #wastewater

Wastewater performance

Water discharge from our plants carries different pollutants, which, in most cases, we treat at our factories prior to sending wastewater to local certified purification facilities. We have invested big sums over the years to improve our wastewater treatment capabilities and the facility at our Ahihud Dairy in the north of Israel and in Sabra plant in Virginia U.S., for example, in order to deliver lower levels of organic pollutant material than is required by law.

In 2012, our total water discharge was 1,183,858 m³ for our global operations. This is the first time we have reported total water discharge figure for the Group. We continue to focus on discharging wastewater from our operations at the highest level of purity, and we use the main wastewater pollutant analyses, in line with leading practice

around the world, to understand the impact of our water discharge. These tests measure solids remaining after water filtration, as well as the level of chemicals which can cause biological reactions. This helps us understand the biodegradability levels of our wastewater discharge, which ultimately reaches our rivers, lakes and seas. We aim to achieve the highest levels of purification in order to reduce risks from such wastewater pollutants.

Between 2010 and 2012, we achieved a reduction of 4.27% in our modest wastewater pollutant levels, which is more than 17% per ton of product manufactured.

A novel solution for salty snacks wastewater purification

In our salty snacks factory in Israel, we have implemented a novel solution to resolve non-degradable solids and high pH levels in the wastewater generated by our tortilla chips products. Up until 2012, the tortilla chips waste stream was polluted to levels higher than those acceptable by local municipal sewage systems, and meant that this wastewater had to be shipped from the plant to special purification facilities. There was no easy solution, and our scientists and production experts tried many solutions without success. In early 2012, recognizing that we have a mass of untapped talent and expertise through our Alpha Strauss food-tech innovation program (see

Wastewater pollutants	Tons	Total wastewater pollutant levels				
		2010	2011	2012	Change from 2011 (%)	Change from 2010 (%)
TSS (Total Suspended Solids)	Tons	721	1,921	921	-52	28
COD (Chemical Oxygen Demand)	Tons	2,656	1,368	2,414	76	-9
BOD (Biological Oxygen Demand)	Tons	1,489	1,370	1,128	-18	-24
Total wastewater pollutants	Tons	4,866	4,658	4,463	-4	-8

section on Product Innovation), we approached the Alpha Strauss network for assistance. Within the space of a few short weeks, an innovative solution was found, which uses electrical pulses to remove pollutant particles. Routing wastewater from tortilla chips production through this system, we are able to deliver clean water of a standard comparable to drinking water, and discharge it to municipal waste systems with no risk to people, animals or flora and fauna.

A novel solution for coffee wastewater purification

In 2012, we turned our focus to wastewater treatment in our coffee production facility in Safed in Israel. Our objective was to deliver a preventive system, which would purify the excess water from our coffee operations while still in the production process, ahead of generating wastewater which is treated post-production. The solution we implemented, at an investment of U.S.\$ 1.2 million, is a complex filtration system, developed by our scientists at Strauss Coffee, which uses a uniquely-structured membrane in a reverse osmosis process that separates coffee particles from excess water, resulting in clean water approaching drinking standard quality. This is a particularly innovative solution because this membrane was not developed for use in the food industry - its main use is treating water in chemical plants. In fact, we are the only company in the world, as far as we know, that uses this type of process in coffee production.

Another benefit of our membrane solution is that more than one ton of coffee, or about 1.5% of our total coffee production at the Safed plant, is retrieved in the filtration process and recycled back to production. This means more efficient, responsibly-produced coffee for your daily morning break. In addition, we recycle about 2 cubic meters of water per hour after it exits the filtration system, thereby reducing our requirement for water from our National Water Grid, leaving more available for you to use in cooking, cleaning and maintaining the quality of your life.



Yoella Ganem-Krief,
Environmental Manager,
Strauss Water, Israel

New employee perspective: "Environmental responsibility for me is considering all stages of the product lifecycle as the company's responsibility. This is also how I've created my work plan - including each and every department."



In the future

2012 has been a year of consolidation and improvement as, in addition to making progress, we are reviewing our strategy at a global level. In our next report, we will share a new global strategy and new targets for environmental improvements.



More progress can be expected from @StraussGroup in the area of environmental stewardship in the future. New targets in 2013.

Product Innovation



Leveraging our 'start-up-nation' capabilities, we work to find solutions to food industry challenges @StraussGroup #agri-tech #innovation

Population growth as an opportunity: As the population of the world heads toward 9 billion in 2030, and global food demand is expected to double, boundless opportunities exist for food manufacturers to fill the projected gaps in food supply to meet these growing needs and support food and nutritional security in an equitable way around the globe. Not only is the quantity of food becoming a critical focus to feed the world's populations, the quality, safety, nutritional composition and health-related added-value benefits are also key to meeting changing consumption and health needs for improved quality of life.

Food suppliers are faced with a range of opportunities: We have the possibilities to create innovative food products, including new functional foods in unique delivery formats, using cutting-edge food technologies and efficient supply chain networks to meet the different health and wellbeing needs of our global community. Israel is often referred to as the "start-up nation" due to the rapid pace of new technology development, and has become known for advances in agri-tech, bio-tech and clean-tech. Creativity also abounds in the food sector and we see similar opportunity for Israeli innovators to become food-tech leaders and tap into this potential and turn it into real, sustainable benefit for consumers. We are a high-tech, agro-tech, bio-tech and clean-tech nation. We also believe in Israel becoming a "food-tech" leader.

Driving Innovation: We are driven by a responsibility to contribute to meeting the food gap, not only by continuing to deliver our current range of nutritious food products, but also through innovative food technologies for sustainable, health-enhancing food options. We always seek the most advanced technologies available in the food industry to drive our own product development, but also, we see our responsibility, as a major food supplier, to encourage next-generation technologies which solve major food industry challenges with a reach that is broader than the populations we serve directly with our food brands. This is no easy task. Innovation is not always nicely packaged and available exactly when we want it. It takes many intelligent and creative minds to deliver innovation, and not all of these are available in our company (although there are many!). It takes massive investment in time and money to innovate, and our resources



are limited (although we invest an average of over U.S. \$ 3 million each year in product innovation around the globe), so we need to augment our resources to drive significant change. Also, there are always many more innovation ideas than are commercially viable, and we need a way of ensuring we focus on the projects which have the most promising potential to meet food needs on a realistic timing to address new opportunities.

The Alpha Strauss initiative for food tech

Officially launched in March 2012, after an incubation period of almost one year, the Alpha Strauss initiative attempts to address these challenges while realizing significant opportunities both for Strauss, you, our consumers, and the food industry in general. With a vision to "accelerate the development of the Israeli Food Tech Community", Alpha Strauss is a community for inventors, entrepreneurs, nutrition specialists and food scientists in Israel to come together to solve key food industry challenges by using and leveraging the local start-up community with its innovative minds and affinity for disruptive change. The community is nurtured by Strauss, and we assist innovators by providing access to knowledge generated over decades in our extensive innovation and development teams, financial support for



We strive to "accelerate the development of the Israeli Food Tech Community" @StraussGroup #alphastrauss #entrepreneurship



Dagan Eshel, Director of Alpha Strauss Project

feasibility assessments, access to pilot plant equipment for performing trial runs, access to reams of consumer research to help target the innovation to consumer preferences and commercial and marketing advice for developing a business plan and go-to-market approach. This collaboration is beneficial to Strauss, as we have access to new technology ahead of the market, which enables us to deliver early benefits to you.

Alpha Strauss provides us with a platform to become a partner in the development of new food technologies, many of which would not progress without the active and involved support of a large company with food production experience, established processes and extensive facilities and a certain level of available financing. Forming a bridge between entrepreneurs, with their fresh and exciting ideas, and the food industry, Alpha Strauss advances the food tech sector in Israel and beyond, as technologies are commercialized for use by any food manufacturer and not only Strauss. The Alpha Strauss team is led by a group of high-level Strauss executives including technology, nutrition and business development specialists.



Strauss challenges matrix

Technologies	Areas	Water	Raw Materials	Ingredients	Process	Packaging
Productivity		Technologies that improve source water	Agrotech for low cost & high quality raw materials	Processes that maintain beneficial attributes of the product	Enhance efficiency, fast deployment and reduce cost	Reduce cost of packaging materials and processes
Quality & Safety		Water safety and quality sensors	Agrotech for safety and quality raw materials	Ingredients to enhance taste, texture, quality	Processes that improve product quality & safety	Increase product stability and safety
Product Edge		New benefits of PoJ water systems	Agromaterials with improved / unique sensory and health attributes	Enhance health and well being profile of our products	Processes that provide new or improved product properties	Added value beyond basic role of package
Sustainability		Wastewater treatment	Sustainable agricultural practices	Technologies that reduce our environmental footprint	Green packaging	

In the early phase of the Alpha Strauss Initiative, we conducted a thorough mapping of high-level technological issues for the global food industry and developed a matrix which can apply to any food company in the world. In selecting the Alpha Strauss partners to work with, we refer to this matrix and the specific needs we wish to address in our own food innovation program as determined by our business strategy and your needs. In cases where the technological solution is less relevant for our own product development, we assist entrepreneurs by referring them to industry partners in Israel and abroad, utilizing our vast reach and relationships in this market. Innovators and Alpha Strauss partners have access to a special website which supports the collaboration platform: www.alphastrauss.com

Impacts: The Alpha Strauss Initiative has already yielded over 200 unique new technology ideas and ten of these are in more advanced stages of development. Hundreds of local entrepreneurs have had the opportunity to receive feedback on their ideas, and many have been able to develop their innovations in a safe environment with appropriate resources. As for us, at Strauss, we are advancing technologies that we

could not have created alone, and this benefits our product development and, no less importantly, it drives an even more vibrant passion for innovation within our own teams. We hope to increase the Alpha Strauss platform to include new innovators and partners in the coming years, and turn this into a truly global platform. We seek to realize the new technologies under development and turn them into new consumer products and delivery systems with measurable benefits for global food quantity and quality development to meet unmet needs.



Supporting research to combat crop diseases and improve quality
 @StraussGroup #lettuce #big-vein-disease

Collaboration with research institutes and growers

We use about 1,800 tons per year of lettuce on average, which is close to two million heads. You may not know this, but Lettuce Big Vein Disease is caused by two viruses originated in fungus and transmitted through the soil. The disease is prevalent mainly during the winter when ground temperature is lower than 20 degrees celsius. The main symptoms of the disease include enlarged veins, deformation and yellowing of the leaves and small size produce. Big Vein Disease causes a drop in the lettuce market value and in some cases, produce is not fit for sale and is wasted. This disease was identified in Israel over a decade ago but it did not become a significant burden on our food supply chain until a few years ago, when weather conditions including very cold winters and sand storms that spread the virus contributed to making this a rather serious issue. No adequate measures of protecting

lettuce against this virus had been identified. In 2012, we participated in research initiated by the Negev R&D Center (a research arm of the Israeli Ministry of Agriculture) in partnership with the Israeli Agricultural Research Organization, Volcani Center, to identify the fungus and the viruses causing the disease and find a preventive solution. Field studies took place in 2012, using two of our lettuce growers who provided fields in which to conduct the studies. We have provided support through sharing our crop information and coordinating between our growers and the research facilities. In 2012, the researchers succeeded in identifying the fungus causing the disease, and we now continue our collaboration to assist in selecting the most efficient and safe treatment to help our lettuces remain healthy.



Consumer and Customer Care



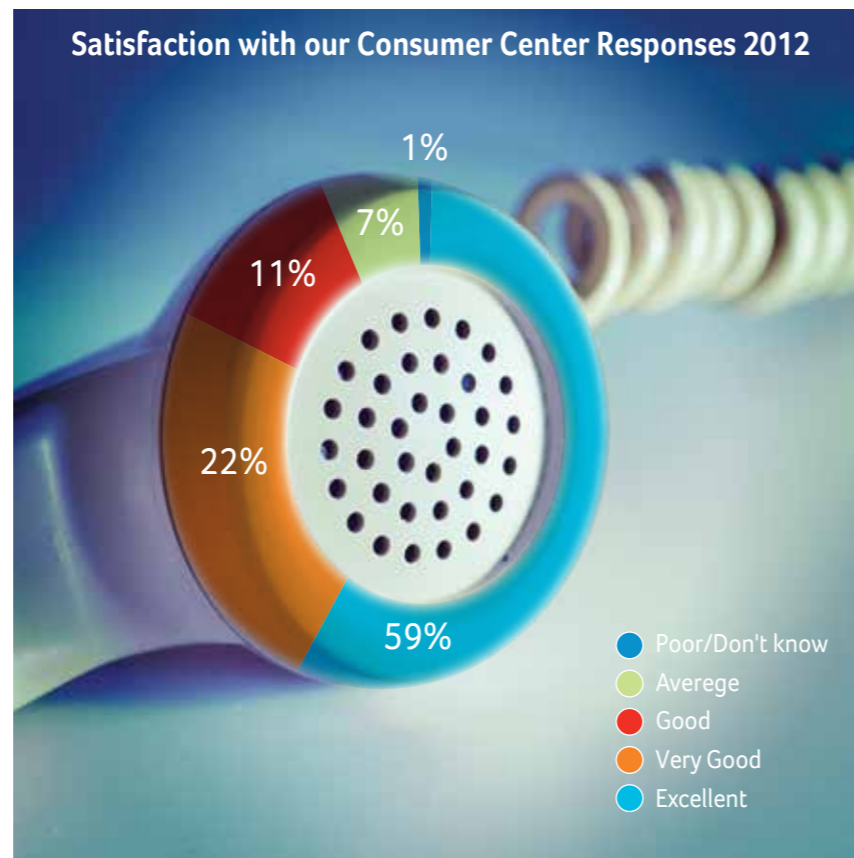
We hear you wherever you are,
in your home or in cyberspace
@StraussGroup #consumer care

You, our consumers, deserve our attention. You expect us to listen to your needs, and even anticipate them. You want us to be responsive to any question you ask and also deal responsibly and effectively with any complaint you have. More importantly, you look to us to take a responsible approach to business, and this means delivering products which, in your view, offer value for money for the benefit they provide. You want us to be good employers, fair and decent in all our dealings, and do no harm to the environment. Although, in most cases, we do not sell our products directly to you, your needs are at the center of all we do.

Your expectations and your choices: In our engagement with consumers, we aim to do two things: first, understand your expectations, in the broadest sense, of us as a food company and the role we play in your lives and in society and second, help raise your awareness of different food and lifestyle opportunities to improve your wellbeing and overall health, by providing informative and educational information which can

guide you in making smart consumer choices which are right for you. In doing so, and in selecting the ways in which we will adapt to your expectations, we must be even more agile, innovative, efficient and strategically focused so that we can turn these new expectations into long-term profitable growth opportunities for our business. This in turn, will help us improve our social impact even further.

We hear you where you are: Today is not only a physical world but also a virtual one, and whether you are in your living room at home or at an IP address in cyberspace, we want to connect. We invest significant resources in almost every way possible, from person-to-person contact through to web-based and mobile applications.



Over 500,000 consumers and other stakeholders connect with @StraussGroup each month via our digital platforms



The main ways we hear and connect with our consumers:

Consumer Service Center

In Israel, we maintain 45 extensively trained representatives that follow through with answers to every query, and in cases where consumers complain about our products, arrange due compensation or a home visit. Our Center is accessible to all populations, including consumers with special needs, offering multiple channels of interaction including a call center in three languages, and emailing and direct chat options via our website and social media. In 2012, you called us 138,000 times, by telephone, through our digital platforms or via email. That's over 500 conversations each day. We also conduct monthly surveys sampling 100 consumers who contacted the center to measure their satisfaction with our response. We also conduct a bi-annual nation-wide survey reaching a total of 1,000

consumers to measure satisfaction with the knowledge and service demonstrated by our representatives. In 2012, general satisfaction of consumers with our Consumer Service Center responses at the level of "very good" or "excellent" was 81%. In other countries, we maintain similar service and call centers, to provide local consumers with the answers they seek.

My Strauss website

[<http://mystrauss.strauss-group.com>] is a website we created especially for our consumers in Israel, a sort of crowdsourcing platform, which allows you to be part of the innovation process, providing feedback, offering suggestions and trying out products as they are in the development phase. Since the site's launch in 2011, 17,000 of you have become members, you have sent us over 32,000 ideas, 22 products were launched as a direct result of your suggestions and requests and over 52 new product ideas are in the initial assessment development phase. Interestingly, most of your suggestions, over 7,000, have something to do with chocolate :).

Our Social Media Platforms

We maintain Facebook pages, a Twitter account, a YouTube Channel, and an Instagram account and we engage in other social media platforms because we know that this is where many of you are. Over 500,000 of our stakeholders connect with us via social media every month. You are using social media to get updated, react and interact, share and support. We make a point of updating these channels with relevant information, encouraging you to provide us with feedback, and ensuring we respond effectively. We estimate that through our corporate social media channels, we reach millions of consumers every day. In 2012, we also ran an innovative marketing campaign, using social media tools, in which we involved our consumers and deepened our engagement with them. This campaign invited 1,000 real-life, randomly selected consumers to be models on billboard posters featuring our market-leading instant Elite coffee. The campaign maintained a dedicated website laying out the billboard locations and inviting consumers to compete to appear at the location of their choice. The site received over 100,000 visitors within its first two weeks, and individuals included in the campaign were able to see their poster and share it with their social media network.

Our Blogs

We blog regularly about matters related to Corporate Responsibility and Sustainability, to keep you updated, and to hear your thoughts. Our main Corporate Responsibility blog [<http://blog.strauss-group.com>] is written by a range of contributors from within our organization, including senior management who personally write about developments in their areas of responsibility, and includes external contributions from international and local experts in different fields such as food and nutrition, healthy eating, product development and corporate responsibility. In addition, our Sabra operation in the U.S. maintains a blog all about hummus [sbrachef.blogspot.com].

Visiting your homes



We visited 840 consumers in their homes in 2012 to resolve their concerns @StraussGroup #home-visits

Home visits are a privilege our consumers afford us. In cases where consumers have had a less positive experience with our products, in Israel, we offer to visit you in your homes and listen and provide an honest response, in order to regain your trust. During our visits, after hearing your concerns, we explain how we operate, the quality assurance mechanisms we have, and possible reasons for the problem you experienced. Fuaz Sawalha, our home-visit representative, has performed Strauss home visits for the past ten years, and considers this direct connection with consumers as an opportunity to listen, share and bring them into the Strauss world. In 2012, Fuaz visited around 840 homes and rebuilt trust with valued consumers.



Fuaz Sawalha,
Home-visit representative,
Consumer Service Center, Israel

"My role is about giving consumers the attention they deserve, with a promise that they are in the center, and that we do it all for them. First and foremost, I listen to understand the consumer's anger and complaint. Then, I explain, and review the issue while answering all their questions with clarity and transparency. I work hard to rebuild their trust, and consider the visit successful if I manage to leave them smiling."



comment...



Beata Telega,
MK Brand Manager,
Strauss Coffee, Poland

New employee perspective: "As Brand Manager, I take full responsibility for products, brands, quality as well as for the environment, health and partnerships. The scope of my work touches coffee consumers who need to be thoroughly satisfied. Every day I act out of responsibility and put passion into everything I do. I am very proud of business responsibility in Poland at every management level."



comment...

Encouraging small customers

Ethics, transparency and trust are the building blocks of all of our relationships with customers. Since 2010, we have invited customers to take part in an annual customer survey. We were pleased to note that compared to other food companies, we were seen as leaders in customer satisfaction in the areas of market leadership and innovation. We also are driven by a responsibility to support small retailers who provide a personal service to local consumers and are an important element in our economy. While we work collaboratively with major retailers, and aim to meet their needs, we feel our economy will thrive with diversity and opportunities for the smaller players in the market. In 2013, we initiated a new customer engagement program with meetings with small retailers to hear them, and create an environment of partnership and dialog. The first meeting took place in early 2013 involving over 20 small retailers.



Driven by a responsibility to support small retailers @StraussGroup #smallretailers



Catalin Tiubete,
Key Account Manager,
Strauss Coffee, Romania

New employee perspective: "We are fighting to become number one in the coffee market, and we have to be aware every day of our responsibility in day by day interaction with our customers, respecting our engagements and proposing actions according to our Strauss Code of Ethics. Everything I do in my professional activity is reflected in the image of Strauss in the Romanian market."



comment...

Employee Engagement



We go beyond the basics, and strive to truly engage our employees in our vision, through our values, toward a more sustainable society. @StraussGroup

Engaging with Employees



Our employees @StraussGroup want to be part of a caring, responsive, nurturing workplace #career

You want us to treat employees with respect and fairness:

Statistics have shown that when most people think of the responsibility of business, they think first of the responsibility of companies to maintain a stable workplace which provides fair and decent terms and conditions for employees as well as opportunities to develop and grow.

As employees, you want a healthy, safe and inclusive workplace:

A workplace driven by responsibility should protect employees from harm by providing a safe working environment which encourages employees to be fit and healthy as well as safe at work. Also, companies should provide equal opportunity for all employees through recruitment from diverse groups within the population and by enabling all individuals to develop. This is what we strive to do in our operations.

Every interaction with our employees is an engagement opportunity:

When we talk about being Driven by Responsibility, in terms of our workplace, we mean going beyond the basics, aiming to truly engage our employees in our mission, through our values, and open communications, toward a more sustainable society. Every interaction we have with our employees, and potential employees, is an engagement opportunity. This means listening, offering feedback and being open to receive feedback and treating every employee with respect.

As employees, you want to be part of a caring, responsive, safe, nurturing workplace, which enables you to do your best work, while being inspired to develop professionally and personally. You want to have equal opportunity to engage in meaningful work and receive feedback about your performance. Of course, you want to be treated with respect, you want all your rights upheld, and to be paid fairly and competitively for your contribution.



Zana Despotovic,
Senior Financial Analyst,
Strauss Adriatic

New employee perspective: "In my opinion, responsibility in my work implies awareness of deadlines and priorities, provision of accurate information and reports, as well as willingness to change processes and work cooperatively with colleagues in order to make a positive change."



comment...

Internal communications and dialog

Our business culture is based on open and transparent dialog with our employees. We make every effort to keep employees updated on business activities, plans, projects, performance, and results. We understand that informed employees, who have the opportunity to engage in dialog and contribute their perspectives and ideas internally is the basis for our attentiveness and responsiveness to external stakeholders.

The main channels of communication with our employees are as follows:

- **Our global "Colors of Strauss" portal:** This is a global intranet platform which provides employees with information about Strauss Group, news, performance results and main events, includes relevant policies and employment information, and offers opportunities to share ideas, interact and influence. Thousands of employees from all over the Strauss world connect with Colors of Strauss every day.
- **Our Global Opinion Survey:** This comprehensive employee survey, covering employee feedback about Strauss as an employer and employee satisfaction is conducted every two years. Our last survey was in 2010, and 87% of employees who responded said that they are proud to work at Strauss. The next employee survey is scheduled for 2013.
- **Open Door Policy:** All Strauss employees enjoy a direct line to management to share grievances, ideas or discuss any matter of importance.
- **A range of diverse meetings and events:** In a business such as ours, we conduct thousands of meetings, events and roundtables in different countries, groups, forums and projects. Many of these are communications meetings in which we update employees and hear your views.
- **Performance Discussions:** Employees around the Strauss Group engage in formal, and informal, performance discussions about their contribution. Overall in 2012, 93% of employees received a formal performance evaluation.

Upholding the law

Being a responsible employer starts with upholding the law and all the international conventions governing human rights and workplace practices. We uphold the laws governing employment in every country we work in. In many cases, we try to do more than the laws require. As participants in the United Nations Global Compact, and law-abiding corporate citizens, we confirm that we do not employ children, nor do we force individuals to work for us in any way. We respect the rights of individuals to collective bargaining and freedom of association. Through our rigorous annual risk management process, we have not identified any part of our operations which are at risk for child labor, forced labor or limitations on freedom of association. Security personnel on our sites are trained in our ethical practices and maintain a respectful approach to individuals, respecting their rights. No complaints or grievances have been filed against Strauss Group anywhere in the world in relation to upholding human rights. 47% of our workforce is made up of members of employee representative associations, and we maintain positive, respectful relations at all times. Our factories enjoyed positive industrial relations in 2012, as in previous years. We strive to eliminate all forms of discrimination and promote a culture of diversity and inclusion.



Matan Windhem,
Team Leader, Logistics
Strauss Israel

New employee perspective: "Responsibility is considering everything around us in all we do: protecting the environment, contributing to the community, responsibility to our consumers and providing employees the support and care they need."



comment...

A great place to work

We want Strauss Group to be one of the best places to work, and an "employer of choice" in all our markets. In Israel, we have maintained our position for eight consecutive years as one of the top ten "the best companies to work for" in the top-100 ranking conducted in Israel by the BDI business information company in conjunction with The Marker newspaper, the most highly rated ranking in Israel, and in Brazil, our company Tres Coracoes was listed in 2012 among the top 100 companies to work for by the Great Place to Work® Institute, for the second consecutive year. In our other markets, where we have smaller teams, we may not have appeared on any lists, but we maintain the same standards.

Our global team



Our global team numbers 14,000 employees - growth of 27% in employment since 2007 @StraussGroup

We'd like you to get to know a little about the employees who make up the Strauss Group. We have been growing at quite some rate over the years, especially as our global business expands, and this has resulted in a net increase in our global team of 27%, from 11,000 employees in 2007, when we first started reporting on Corporate Responsibility, to the 14,000 employees who are part of the Strauss Group global community today located in 20 countries around the world.

Of this total number of employees, all are employed on permanent, open employment contracts, either personal contracts or Collective Agreements, and 93% are employed on a full-time basis. In some roles, we offer part-time positions to accommodate employee preferences or due to the nature of the work, for example, roles in our Elite Coffee Chain in Israel which are shift-based and enable employee flexibility. Regionally, 71% of part-timers are based in Israel, 28% in the U.S. and just 2% in other countries.

Strauss Group Full Time Equivalent Employees by Region in 2012





Local is best

Our policy is to contribute to the economic development of the communities in which we operate through hiring, employing and developing local personnel. In cases where we make acquisitions, we do our best to retain local management and a local workforce. We know they understand local culture and context and you, all our local customers. Of our 1,737 senior and middle managers around the world, 99.8% are locally hired.

Employee benefits and rewards

At Strauss, we regard minimum wage as a legal obligation, which we fulfill, but we also strive to go beyond the minimum and provide a compensation package which exceeds legislation while remaining competitive in local markets.



Our global management @StraussGroup understands you, our consumers, wherever you are. 99.8% of managers are locally hired.



Our reward policy includes base pay, bonuses, a range of non-salary benefits for all employees, as well as stock options for our most senior managers. Taking base pay alone, 11% of our employees receive entry-level minimum wage for unskilled roles, although, when the range of benefits is added to base pay, the overall package is much higher than mandated minimums. In 2012, our total salary and benefits costs amounted to U.S.\$ 1.5 billion. In the locations in which we employ the most people, Brazil and Israel, our standard entry wage amounts to 10% and 78% above legal minimum wage in those countries.



We paid over U.S.\$1.5 billion to our employees in salary and to cover the cost of non-salary benefits in 2012 @StraussGroup #employees #compensation

As companies in our group around the world are subject to local norms and in some cases, JV or partnership arrangements, salary benefits are generally determined locally in accordance with local policies and practices. In Israel, for example, employees receive a compensation package which includes health insurance, life insurance, a pension plan, transportation assistance to and from work, subsidized meals and other benefits specific to local markets

and competitive with local norms, such as gifts for holidays and special events, clothing allowance, and mobile phone allowance. In Israel, we offer the purchase of our products at reduced cost, and we provide employees with loans at preferred terms. At the end of 2012, the outstanding balance of employee loans was over U.S.\$ 2.2 million, which is an indication of how valuable a benefit this is for employees.



Hubert Wiaderny,
Service Coordinator,
Strauss Coffee, Poland

New employee perspective: "Responsibility is being committed to my duties, and trying to do my work at the highest level and to deepen my knowledge. I appreciate the opportunity to develop professionally".



comment...

Special action to improve employee compensation in Israel

In 2011, there was a significant social protest in Israel which started with consumers objecting to the high price of basic foodstuffs (including cottage cheese, which was targeted as a symbol of unreasonable pricing – we are the second largest supplier of cottage cheese in Israel). Ongoing anti-establishment demonstrations led to a wider movement addressing the broader issues of socio-economic inequalities in Israeli society, the high cost of living and the disproportionate distribution of taxes. You, our consumers in Israel, gave us reason to revisit how we are driven by responsibility in relation to our competitive position in the market, but equally, in relation to our own employees. We felt we had to bring this important dialog in-house, and in late 2011, we formed a new program of employee roundtable dialogs to ensure we listen, learn and act to address your concerns, feedback and recommendations. Following a series of meetings, we developed a new Social Plan to provide additional assistance and support to our employees at the lower salary-range levels in Israel.

Between late 2011 and throughout 2012, we held three roundtable discussions in each of our factories in Israel. Senior management participated in all meetings, and in several cases, our Chairwoman, Ofra Strauss, personally attended. Several employees took the opportunity to discuss personal hardships, as well as provide feedback about the compensation packages they receive and also about the attentiveness of our managers.

The resulting Social Plan was formed, at an investment of over U.S.\$ 4 million, to raise the bar for the lower-earning employees in Israel, while maintaining management compensation at 2011 levels. The Social Plan included a one-year freeze on management salaries, a salary increase to lower-earning employees, a preferred rate health insurance plan, and greater access to Strauss products at reduced prices. Support was provided for employees with individual hardships through the availability of social workers in Israeli factories who are on-site and can respond, confidentially, to employee requests for assistance, as well as enabling consultations with external organizations that provide assistance such as financial counseling and insurance provisions. In addition, we funded 70 university scholarships for the children of employees, in return for their commitment to ten hours per month of community volunteering.



Debora Meczyk,
VP Human Resources,
Strauss Israel

"This plan was a major breakthrough in our thinking and practice. It made it very clear that we are driven by responsibility to our employees, and that we try to improve their lives, on many different levels. Listening to real day-to-day issues that employees face was an important management experience, and also a somewhat emotional one, and led us to update our approach and take far-reaching action to ensure employees have both a place of work, with caring colleagues, and a source of personal support at Strauss."



comment...

In addition to these core provisions, we also took steps to reduce inequalities in our employee base by hiring contracted employees. Over the years, we have supplemented our employee teams with temporary personnel employed through third-party manpower providers. While ensuring that all such employees were compensated in line with the law, they often found themselves working alongside Strauss employees who benefited from improved employment benefits. In 2012, we hired close to 150 employees onto our permanent payroll.

Supporting alternatives for our merchandisers in Israel



In 2012, as required by law, 164 merchandiser roles ended in Israel. We supported them fully. 85% secured alternative jobs @StraussGroup or elsewhere.

Sometimes the law changes and this has a big impact on you, and on our business. In Israel, the Antitrust Authority had ruled that merchandisers may not be employed by food manufacturing companies as this gives (unfair) competitive advantage to large companies who exploit merchandising opportunities to gain shelf-space at the expense of smaller producers. Merchandisers are our employees who work to stack supermarket shelves and ensure our products are exactly where they should be so that you, the consumer,

can make your selection. Typically these roles have been preferred by women who do not have many opportunities in the job market. Also, such roles offer part-time flexibility for working or single moms. In 2012, in order to comply with the law, we needed to terminate the employment of 164 women merchandisers in our Israeli operations who organized our chilled products in supermarkets. We were driven by responsibility to support these employees as they left our operations, and many would need training and support in order to find other roles.

Our goal was to help secure jobs for as many of our departing colleagues as possible, either within the supermarkets in which they already worked, or elsewhere. Our Human Resources team took on specific targets in this area as part of their performance objectives. We deployed all the resources available to us to identify opportunities for merchandisers, assist them in new job search with practical support, such as writing resumes for the first time, job interview training and personal budget management. For those who transferred to work in supermarkets, doing the same role, we supported negotiations with the new employers to ensure they receive continuation of employment rights and benefits. For those who left to take retirement, we created a favorable and equitable retirement package. In 2012, of the 164 employees who ceased their roles as merchandisers, 26(15%) left the company and others were hired into different roles at Strauss and in supermarket chains.



A safe workplace

You want us to maintain a safe workplace. This is a most fundamental aspect of our responsibility to you, our employees. We need to provide a safe working environment, maintain safe procedures, and provide you with enough training, and more, so that you, our employees, will always have safe working as your top priority in anything you undertake. This includes anything you do in our factories, our offices and out on the road.

We must improve our safety record. In Brazil and Israel our accident rates are too high. This is a top priority for us. We record lost workdays from the first day of absence due to injury. Most of the injuries in our factories, which cause lost workdays, are minor, and in some cases, due to local practice, an employee may take a full three days off work, which may make the data look worse than it is in reality. Minor accidents are due to small cuts or trapping fingers in equipment causing bruising, slips on wet floors or bumping into doors or equipment.



You want us to maintain a safe workplace. @StraussGroup we must improve our safety record. #safety

Safety policy: zero accidents

We remain committed to providing a safe and healthy work environment and strive to continuously improve our performance with a goal of zero accidents. We employ trained Safety Officers in all our locations, and they maintain an intensive pace of safety training and workshops in all parts of the business. In some locations, such as Israel, Romania and Poland, we have implemented the standard OHSAS 18001, a recognized global safety quality standard. We conduct regular safety audits, identify hazards and take corrective action. We also strive to ensure there are no health risks to employees in our plants, and our safety program includes health-related education and training. At some locations, we employ a physician who provides medical consultations and advice for employees. Attention to safety also includes road safety for our staff involved in sales roles which require significant road travel, as well as instilling a culture of safe driving for those employees who travel to and from work in cars. In cases where we provide company vehicles, these are fitted with the highest standards of safety equipment and accessories.

In all our operations, including Israel and Brazil, we deploy constant efforts to invest in safe working and instill a safe working culture among all employees to improve safety awareness and practice. In Israel and Brazil alone, we invested over 325,000 hours in Safety Training, that's over 35 hours per employee.

Lost Time Injuries by Region	Number	Rate	Lost Time Workdays by Region	Number	Rate
Europe	8	0.54	Europe	43	28.86
U.S.	17	1.74	U.S.	181	18.56
Brazil	140	3.45	Brazil	2,880	70.95
Israel	372	6.57	Israel	3,629	64.14
Total	537	4.41	Total	6,733	55.27

Notes: Injuries in Israel exclude road injuries to and from work. Injury and lost time rates are calculate using OSHA methodology per 100 employees. In Brazil, minor road accidents are included as these are required to be registered by law. There were no fatalities in any of our operations.

Managers increase accountability for safety in Nazareth Ilit (Israel)

In our chocolate factory in Nazareth Ilit, the management team decided that reducing the incidence of accidents required the personal leadership and day-to-day involvement of managers. A new program was developed using the PDCA Model (Plan Do Check Act) and was piloted in Nazareth Ilit in the last quarter of 2012. So far, the program is a success and is being rolled out in other plants. In five months of operation (October 2012 – February 2013) in Nazareth Ilit, 64 safety action items were identified, of which 47% were fully resolved with new procedures, and the remainder continue to be reviewed.

The new safety program is rooted in constant management interaction with employees regarding safety hazards, and includes daily safety tours of the factory floor, on-the-spot checks and discussions of issues identified, creation of an action plan to resolve all issues, and transparent recording of safety results on factory notice boards so that all can see what has been done.

Each morning, two managers from all different functions are assigned to visit every work station and interview the operators, encouraging them to report any potential safety hazard they encounter, and share their thoughts about safe working and potential improvements. Often, it is the operators who suggest the best solutions, and also take the responsibility to ensure implementation for local procedural changes. The managers who identified the issues also carry responsibility to monitor implementation and progress. This program has led to a significant change in culture, awareness and understanding of safe working practices. It empowers both management and employees to take initiative and share accountability.

Leading and succeeding at Strauss



In 2012, Strauss launched a new Leadership and Core Competency Model #values #vision #execution

Corporate Responsibility is also about developing values-based leadership and ensuring the development of individuals in our organization. This makes us a more sustainable business. In 2012, Strauss launched a new Leadership and Core Competency Model based on the values and culture of our Group, and includes guidelines for positive interactions at all levels, internally and externally, and competencies for developing strategy and executing action plans. In addition, the model defines the competencies required to succeed in the future, and helps us identify what's needed to acquire these new capabilities.

The process of developing the Leadership and Core Competency Model involved personal interviews with most of our top 50 most senior executives and managers. We realized that, as our group gets bigger, and we expand through acquisitions, these competencies – what it takes to lead and succeed at Strauss – must be expressed in a way that they can be formally taught and passed on to all new people joining the business, as well as serve existing managers in training and development programs, and provide a framework for performance reviews. The new model was launched at our Global Leadership Team conference in November 2012, attended by the top 50 managers in the Strauss Group, and is currently in an early implementation stage and will continue to be embedded during 2013 and beyond.



Strauss Group Global Top 50 management team at the bi-annual leadership retreat, Israel



We invested in almost 50,000 hours of formal leadership and other professional skills and competency-based training in 2012 @StraussGroup

Investment in training and development of employees

Employees don't just want a job. They want a future. Professional and personal development is an integral part of improving our business, and in general, we employ individuals who have a thirst for learning and growing. Continued professional development contributes to our ability to deliver operational excellence and innovation to our consumers. Given the dynamic nature of our business, our requirements change as our business changes. Therefore, an investment in professional development contributes to employability; as people learn new skills and competencies, they are less at risk from changes in our business that could affect their long-term employment, as they always have skills which they carry with them into alternative career opportunities. In this way, while we target to maintain a stable and growing workplace, as we have done consistently for over 7 decades, we also provide employees with the skill basis to thrive in times of change.

We provide training and development programs for our employees around the world, targeted to professional needs and

personal opportunity, in a way which enables them to do better what they do best. These programs provide training for employees in many different operational and technical roles, marketing and sales skill-building, leadership development programs, and much, much more. Every new employee participates in induction training in which they learn about the company (and our Corporate Responsibility activities) as well as dedicated professional training in order to perform their new role.

In addition to safety training programs, which reached over 35,000 hours in 2012, we invested in over 48,000 hours of formal leadership and other professional skills and competency training in our operations around the world, which reached 7,473 employees at different levels in the business (48% women, 58% men. This is an average of 7.12 hours per female employee per year, and 5.93 hours per male employee per year across all levels. At management level, this is 7.2 hours per year per manager, roughly equal for men and women.

A compelling case for diversity and inclusion

You want to be included. No matter who you are, where you come from, whatever your background, race, gender, nationality, age, religion, sexual orientation or any other aspects of diversity, you want us to ensure you have an equal opportunity in relation to our business. This applies to employees and potential employees and also to those of you with whom we do business, our suppliers, and our partners in the community. We believe that diversity and inclusion are main drivers of successful business operations and create a stimulating environment in which employees can learn and grow both professionally and personally, and which has a broader impact on society as a whole.



In 2012, we embarked on a global plan to engage all Strauss companies in our diversity efforts. @StraussGroup #diversity #inclusion

In 2012 we embarked on a global plan to engage all Strauss companies in our diversity efforts. Focusing on diversity of individuals, including gender diversity, we work to promote understanding, awareness of the business and personal advantages, and adopt a comprehensive set of practices common to everyone who works in our Group. Each of our five operating companies has prepared plans to advance diversity and inclusion, including training, recruitment and specific performance targets which are tailored to the current status, needs and challenges in each company. Overall, we created a new Diversity Measure for gender balance, reported on a quarterly basis, which links diversity and gender equality performance with senior management compensation.

A team was established for focused efforts on advancement of women in our management and senior management teams, with the personal involvement of most women and has

recommended a multi-year plan with a clear objective for gender diversity to achieve 50% in senior management by 2015.

Specific actions we have undertaken with the support of the Human Resources team in 2012 include:

- **Building of a community of Diversity Managers:** In Israel, we created a Diversity Managers Forum to recognize and encourage diversity efforts, develop skills for improved diversity management, encourage new initiatives and share successes.
- **Creating dialog and raising awareness:** Ensuring diversity and inclusion is on the agenda at management team meetings in all business units, discussing challenges and opportunities and supporting women's advancement.

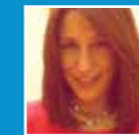


- **Improving recruitment outreach and processes:** Reinforcing our relationships with associations that promote diversity hiring, improving outreach in advertising in diversity-related channels, adapting assessment tools use in hiring processes to ensure inclusion and working with managers to identify positive induction and onboarding processes.



Around the world, in 2012, we recruited 3,670 new employees, of whom 1,511 were women (41%) @StraussGroup #gender #women #diversity

Around the world, in 2012, we recruited 3,670 new employees, of whom 1,511 were women (41% at all levels, including management). An early diversity success in 2012 includes the recruitment of 15 university graduates from the Arab and Ethiopian communities in Israel.



Samantha Marino,
Retail Marketing Manager,
Sabra, U.S.

New employee perspective: "The idea of being "Driven by Responsibility" to me means working with all people with fairness, candor, respect, integrity and honesty. It is my feeling that our senior executives strive to practice these principles every day and, in doing so, set the example for all levels within the organization. My hope is that as I expand my influence at Sabra I will be looked upon as someone who cares - about people, about my contribution and about the company as a whole."



comment...

Women at Strauss	Europe	U.S.	Brazil	Israel	Global
Women % of total senior management	0	38	50	35	33
Women % of total middle management	39	31	29	43	38
Women % of total non-management	41	46	34	52	44
Total Women %	40	43	33	51	43



Around the world, we have 33% women in senior management, and 43% women overall @StraussGroup #gender #women #diversity

A diverse approach to recruitment

In all our operations, we make efforts to give opportunities to groups in the population who do not always find meaningful roles in the regular job market. This includes individuals from disadvantaged groups such as those of different ethnic origins, single mothers, employees with physical or mental disabilities, or ex-convicts. For example, in recent years, our chocolate factory in Nazareth, Israel, has operated a program which provides employment for prisoners. Around ten prisoners work at the factory on a full time basis, and receive payment in accordance with employment laws and specific agreements with the Israeli Prison Service. This program provides an important part of the prisoner rehabilitation process and enables them to learn a skill and experience life in the workplace, which assist them in adapting to life after completing their sentence and reintegrating into society. We believe that by providing constructive and meaningful work for prisoners, we contribute to reducing the future burden on society by providing a basis for them to become positive and productive citizens in the future.

Supplier Relations



As a supplier, you look to @StraussGroup to behave ethically and fairly and meet our commitments.



As a supplier, you look to us to behave ethically and fairly and meet our commitments. These are clear messages you give us in our regular conversations and interactions with you. You also want an equal and fair opportunity to compete for our business. You want to make a profit and sustain and develop your own business, over the long term, and you look to serve our business in a way which enables you to do that. You want us to pay you on time, give you feedback and ask for your opinions. More than anything, we hear that you want to be considered as more than suppliers, but also as partners, responsible together with us for shared outcomes, and for doing the best that we can, together, utilizing the best of the resources that we both have available. We want all these things too, and we do our best to deliver.

Also, you want us to use our purchasing power to contribute to positive social change. This means engaging with a diverse

range of suppliers and promoting opportunities to do business with small suppliers from diverse communities and minority-owned or women-owned businesses. Each year, we increase our efforts to broaden our supply sources to include different types of suppliers. Just as we aspire to be a diverse company through the people we employ, so we also aspire to encourage diversity in our communities through the suppliers we engage. We develop long-term relationships with organizations and not-for-profit groups that support diverse employment opportunities and help us both identify diverse suppliers and connect with them. This contributes to our business and also helps bridge social inequalities. In fact, advancing diversity is the core focus of our community investment, and alongside supporting economic development with diverse suppliers, we also invest to create platforms in which they can thrive. We approach relationships with our suppliers with a long-term view and invest in mutually beneficial partnerships. This



means that we try to meet our suppliers' expectations, but we also have demands. Beyond the usual triangle of quality, price and service, we expect our suppliers to uphold our values and comply with our Social Charter. Developed in 2011, this charter asks suppliers to bind themselves to the same high standards of Corporate Responsibility that we hold ourselves accountable for. As part of our supply chain and value chain, our suppliers share our impacts and we want them to do so



responsibly. We select our suppliers carefully, after commercial due diligence, and signature of our Social Charter is a condition of doing business for all suppliers. 30% of suppliers in Israel have signed the Charter, which includes all new suppliers in 2011 and 2012, and we are currently working to engage our longer-standing suppliers. In 2012, we developed a new Supplier Evaluation Program, which aims to review the entire scope of a supplier's operations with us. We provide considered feedback, and receive feedback from suppliers.

Innovating with suppliers

We encourage our suppliers to innovate and share their insights and expertise. Our innovation platform is a formal process through which suppliers are encouraged to bring forward innovation ideas, or develop ideas we have had. We provide suppliers with a brief of a new product or a new product variant (a different taste or size, for example), or an efficiency or cost reduction process they would like to try out. A brief includes all information and specifications we would like to include about the new product idea, and all relevant technical details. Suppliers present their ideas in a meeting with relevant members of our product development and marketing teams, and for those ideas which are worth progressing, we move forward in a collaborative partnership. For example, in 2012, three new yogurt flavors were developed with a flavors supplier.



In 2012, @StraussGroup developed three new yogurt flavors in our Innovation Process with a flavors supplier. #collaboration

Supplier evaluation

In 2012, we implemented a unique Supplier Evaluation process in Israel, managed through our ERP system. An initial pilot of the system included 35 suppliers and a 360° examination of their operations including quality, pricing, cost-effectiveness, logistics, transparency, and innovation. The system allows for



Uri Marmor,
CEO Afifit
Strauss Israel supplier

"We look for integrity in business conduct, timely payments and a collaborative approach which does not abuse the customer's power and influence. We try to work with customers that are flexible and accommodate our needs, for example, when raw materials costs rise beyond expectation, we try to work together to reach an understanding. Some customers are unresponsive, but with Strauss, we always agree a fair deal for both sides. Flexibility, partnership, and understanding are all important stepping stones in working together. Strauss provides us with stability which helps us plan our business, make equipment investments and improve our production lines. This helps us provide a safe and sustainable workplace for our employees. Also, Strauss supports our efficiency efforts, for example, we needed to invest in a new machine for packing cookies resulting in a change that Strauss would have to make to packaging. Strauss approved this and enabled our upgrade, which really helped us develop our own business."



comment...

a standardized, uniform and comparable monitoring process, and provides a tool from which both suppliers and Strauss can learn and improve. Within our teams, the evaluation process involves multiple interfaces that work together to collect and analyze the supplier performance data including procurement and operations, quality assurance, logistics and warehouses and accounting.

The initial pilot in 2012 proved successful and suppliers welcomed the feedback and our collaborative approach to continuous improvement. By working in partnership with our suppliers, we are able to provide you with new and better products.

Our suppliers and their opinions

Afifit is a family-owned factory producing biscuits and crackers since 1959. For the past 20 years Afifit has made special biscuits used in chocolate products marketed by Strauss, as well as one of our customers' long-time favorites, 'Smiley' cookies.

Top Gum Sweets Industries Ltd. manufactures candies for customers in Israel and abroad. The factory has 35 employees and it is located in Sderot, a peripheral low-income city. In Israel, Top Gum is the only manufacturer of kosher gelatin-based candies. Top Gum is a relatively new supplier to Strauss, since 2011, and supplies around 10 tons a month.



Revital Biton,
Operations Manager Top Gum
Strauss Israel supplier

"It's important to us that customers give us clear requirements, which we can follow properly, and pay us fairly for the products we provide and enables us to sustain our business. Understanding is crucial for good working relationships."



comment...

Community Investment

As members of the local communities in which we operate, you want us to be good corporate citizens. In your community, you are aware of those who have less, those who are less able, those who are disadvantaged and those who need help in many different ways. You look to us, who draw our strength from your community, to be involved, and invest some of the value we generate from the community back with community. Actually, many of our employees and our communities are one and the same. They are primarily locals who have grown up in the areas in which we operate, so the community connection becomes doubly important.

You want us to engage. It's not enough to invest money. You want us to invest our time and our energy. Over the years, we have encouraged our employees to do this, and we have reached unprecedented levels of involvement, with over 3,600 (28%) of our employees worldwide donating time in the community, adding up to 12,300 hours of service in 2012. We engage at a more strategic level with around 40 community associations and charitable organizations, partnering with them to advance important causes.

Our social investment policy

Over the years, we have focused on making a contribution to social development in areas where we identify an acute need in society and where we feel we are best able to make a difference. In recent years, we have decided to focus specifically on diversity and inclusion as the key social need which we believe is the root of empowerment and social development for individuals and communities. We engage at all levels with associations and groups that promote diversity and inclusion in society, employment and in the community, and we maintain a monetary fund for donations to such organizations in line with a clear policy which is transparent and available for all to view on our corporate website.

In 2012, the total value of our investment was U.S.\$ 2.76 million which includes 12,300 hours volunteered by our people around the world.



In 2012, the total value of @StraussGroup investment in our communities was U.S.\$ 2.76 million.



Sabra Virginia Corporate Social Responsibility Day with the Petersburg, YMCA Before and After School Program

2012	U.S.\$ millions.
Total financial donations	0.73
Product donations cost value	1.56
Support for our Corporate Responsibility activities	0.25
Value of employee volunteering time	0.22
Total	2.76



We are committed to advancing women in business @StraussGroup #women #gender #diversity

Checking how we are doing

In 2012, for the first time, we conducted a Community Engagement Evaluation Survey in Israel evaluating our community outreach efforts. The survey included community leaders, community partners, and members of our management and of our volunteering community and measured their level of satisfaction with the way programs are executed and their suitability to meet defined needs, as well as the level of cooperation and engagement by both Strauss and the community partners. We received over 50 responses from the different community organizations we engage and from our volunteers and staff. In general, the results were positive and most respondents attested to positive collaboration, meaningful contribution and effectiveness of the programs we undertake. However, some felt that we should drive for longer term activities which will be even more meaningful for all and support sustained change.

Investment in advancing women

You are a woman. If you are not, you probably have a woman in your life. A wife. A daughter. A mother. A grandmother. A girl-friend. A neighbor. Think about how the limitations in society which prevent you, or the woman or women you know from realizing their true potential. We at Strauss Group are determined to do something about it. It starts with creating an equal opportunity workplace, as we have discussed in the



In 2012, over 3,000 @StraussGroup employees invested 12,300 hours of volunteer time in the community.

Employee Engagement section of this report. It continues with us using our resources and passion to support women in our community, and in business in general. Study after study conducted in different parts of the world confirm that businesses with gender diversity do better.

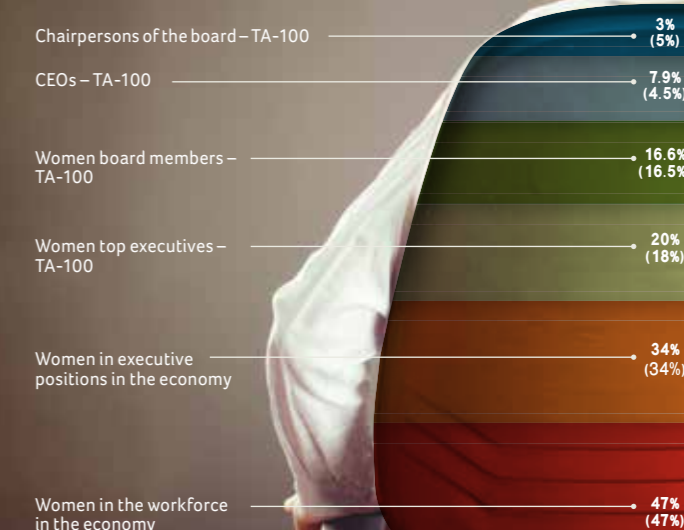
Our partnership with Catalyst

One of the ways in which we work to promote gender diversity is through our partnership with Catalyst. Catalyst is the leading non-profit organization, headquartered in the U.S., with a mission to expand opportunities for women and business. Catalyst's Census Partners around the world work to track the representation of women on boards and senior management using Catalyst Census methodology.

Strauss Group and the **Israel Women's Network** have been Catalyst's Census Partners in Israel since 2010. In 2012, the census was conducted for the third time, providing once again an accurate up-to-date view of the percentage of women in senior management and leadership positions in public companies traded in the TA-100 index of the Tel Aviv Stock Exchange. Results of the census allow comparison of women's representation in these roles across companies, industries and countries, as well as reflect the reality of the Israeli market in this issue.

The 2012 census demonstrates that women's representation in top executive positions and on Boards of Directors remains low and emphasizes the need for a structured work plan encompassing all sectors of the economy. In 2012, an increase in women CEOs of leading companies was observed, but the level of women remains inadequate, at 7.9%. Women only hold 20% of management positions in the largest companies, serve as board members in only about 16% of companies and head Boards in only three large companies in the Israeli economy. Israel ranks fourth in the world (16.6%) for women on Boards of Directors among all the countries reviewed in the Catalyst census.

Catalyst Census in Israel, initiated by Strauss and the Israel Women's Network - 2012 results



The 100 largest publicly-traded companies in Israel have only eight female CEOs. Strauss Catalyst Census 2012 @StraussGroup #women

The 2012 census also included an additional study focusing of the career paths of women as they progress to senior positions in business, in comparison to the career paths of men. Combining the results with those of previous studies from around the world, the picture is clear. Women are held back in the workplace by social, managerial and cultural perceptions.

Our Community Investment Programs Around the World

Our support for women-owned businesses:

We partner with Jasmine, the Association of Business Women in Israel, to promote women's entrepreneurship in Israel. Jasmine was established to realize the economic potential of Jewish and Arab businesswomen in Israel. The Association offers women professional courses, training, networking opportunities and other tools that help them empower their business as well as share information with other women business owners, and learn by sharing experiences. Jasmine also lobbies with government officials and policy-makers to advance the interests of women business owners and prevent legislation that may hinder their economic independence.



Strauss Group Chairwoman Ofra Strauss, Jasmine Director Kiram Balum and WEConnect International CEO and Co-Founder Elizabeth Vasquez, at the annual Jasmine Conference for women-owned businesses.

In Israel, there are currently about 400,000 registered small and medium sized businesses, of which only about 20% are women owned compared with 33% in Europe and 44% in the US. Promoting women in the business world helps diversify and strengthen our social and economic landscape. As a company with extensive buying power in the market, we take an active part in supporting this agenda by promoting the importance of purchasing from local, women-owned SMEs.

Following this partnership with Jasmine as well as with WEConnect International, a global corporate-led non-profit connecting women's enterprises with market opportunity, Strauss is now committed to examining how it can 'walk the talk' itself and form business relationships with more women-owned businesses, using their service and products in its supply chain. Ofra Strauss, Strauss Group Chairwoman, is pleased to serve as the President of Jasmine.



Community Investment: Romania

Strauss Coffee Romania undertook two community projects in 2012, one to clean up a stretch of Black Sea beach, and one to support a Bucharest Kindergarten. Both activities involved the majority of our small team (118 people) in Romania, who demonstrate community solidarity year after year.

The beach clean-up was undertaken by over 45 employees in partnership with the neighboring Sfantu Gheorghe Town Hall. Within the first three hours, the group had collected more than ninety bags of trash, enough to fill two garbage trucks.



In Romania @StraussGroup employees cleaned up a beach and supported a local kindergarten #women



Achihud Dairy employees renovating a youth advancement center in Akko, Israel, as part of the "Window to the Future" project, in which underprivileged high school students receive professional training for maintenance technical skills in the Dairy.

Support for the Sabangia Kindergarten, which cares for 21 infants in a poor community near Bucharest is an ongoing event, and our people in Romania provide toys, supplies and gifts, as well as volunteer to support the children and the teachers. After helping teachers at the kindergarten make a wish-list, Strauss donated educational games, notebooks toys, a computer, school supplies and gifts for each of the kids. Our employees in Romania also donate clothing, shoes, books and more. In fact, in 2012, we collected more than 30 boxes of items which were both needed and appreciated.



Community Investment: Israel

The Strauss chocolate factory in Nazareth Ilit has been a substantial source of employment and revenue to the city since it became a Strauss factory in 1956, and even before that. The factory has always invested in the support for the local community either through participating in Nazareth Ilit City Council's initiatives, or through its own programs. The Nazareth Ilit factory flagship community program is called "leap to Industry" which is a program which encourages teens from a weak socio-economic environment to learn about industry, relate the work to what they currently study at school, and help them develop skills that will later help them in securing jobs and employment stability. In 2012, 16 teens participating in this program were from the 11th grade of a local technical school and were able to learn about life in a factory, in order to gain a better chance of future integration into the job market and earn a wage in the process.



Meghann Fruin,
Training Manager
Max Brenner U.S.A

"I loved handing out warm cookies to the families affected by the hurricane. Their electricity had been off for over a week so a home-cooked treat really made their day!"



comment...

Community Investment: Max Brenner, U.S.A

In October 2012, Hurricane Sandy hit the greater New York City area leaving behind it massive devastation of private and public property and millions of people with no electricity, water or heat. In the aftermath, the work of rebuilding took long weeks and months, and many individuals volunteered in different causes around the area, using their talents to help wherever possible. Max Brenner's employees took part in the volunteering efforts in two main ways. First, Max Brenner sent in the "chocolate love truck" with a team of Max Brenner employees



Max Brenner U.S.A donated warm cookies and hot chocolate to Hurricane Sandy victims @StraussGroup

bringing some fun relief to the Rockaway Beach community in New York City. 1,000 warm cookies, and 1,000 hot chocolate drinks were served by the Max Brenner team to the residents of the Rockaway Beach Community. Second, a Max Brenner team of volunteers worked on clearing debris and restoring nature in the Fort Tryon Park in Northern Manhattan. The team cleared 10 bags of debris from baseball fields, collected 300 bags of leaves, loaded 3 truckloads of refuse and filled seven truckloads of fallen branches and trees.

Community Investment: Strauss Water

In 2012, Strauss Water in Israel, we partnered with "MY", our community partner and the not-for-profit organization of the social community centers in Or Yehuda, Strauss Water's HQ location in Israel. The product of our collaboration was a program for young adults who seek jobs following completion of their mandatory army service. The program, 'Aiming for Success', provides participants with tools to guide them through the first steps of seeking employment, while focusing on their interests, and learning how to utilize their skills and capabilities in the job market. The program, which ran over several weeks, included personal assignments for the students and a dedicated website in which resources were posted for the students. During the program, students received coaching from two Strauss Water employees. 15 students graduated from this program.

Max Brenner employees in community service for Hurricane Sandy victims



Strauss Water and MY Community Centers in Or Yehuda, Israel, receive the Strauss Group Effective Social Partnership Award at annual social leaders forum



'Aiming for Success' Community Investment Project, Strauss Water



Responsibility in Governance

Ethical Behavior



Sustainability Management



Governance

Governance

Everyone's talking about governance these days. What's governance? Simply put, it's the way the Board of Directors oversees the workings of the company, directs strategy and ensures appropriate financial and other controls are in place and risks are understood and managed. By inference, governance also includes robust management processes within a company, starting with the CEO, who reports to the Board of Directors. Why are people talking about it so much? Because poor governance has often been seen as the cause of major corporate irregularities and failures, such as the global financial crisis of 2008-2009. Good, strong governance is seen as the key to a sustainable business, which contributes to a sustainable future.

Governance has always been important to us. We have always applied the highest principles and practice of good governance. We need to. We partner with global businesses who demand strategic, professional and considered leadership and who do not want to enter into risky partnerships. Our business is growing and expanding at a rapid rate. We don't want to get lost.

The composition of our Board of Directors

The Strauss Group Board of Directors is comprised of 11 members, including the Chairwoman, and four independent directors, two of whom are external directors. None of the Directors, including the Chair, are members of the management team, nor hold any position in the Company, which is considered good practice for avoiding potential conflict of interest. 36% of Board members are women, including the Chairwoman, Ofra Strauss, a major shareholder of Strauss Group and the granddaughter of our founders. Eight members of the Board have been identified as having financial and accounting skills as defined by regulation.

Age of our Directors

Age	Male Directors	Female Directors
Under 60	2	2
Age 60 – 70	4	2
Over 70	1	

Committees of the Board of Directors: Our Board of Directors maintains five committees which assist the Board in carrying out their duties.

Committee	Membership
Audit Committee	Four Directors including three with financial skills and three independent Directors.
Financial Statements & Finance Committee	Five Directors, all with financial skills and three who are independent Directors.
Human Resources and Compensation Committee	Three Directors, two of them are independent Directors.
Investment and M&A Committee*	Seven Directors.

*This committee is not a standing committee and convenes as necessary.

Selection of Directors: Directors are selected according to their professional experience and specific knowledge in the company's area of business.



Recommendations to the Board: As required by the Israeli Securities Authority Strauss holds annual general meetings in which the Group's shareholders have the opportunity to raise questions and concerns to the Board of Directors.

Director and senior management compensation: For matters related to Director compensation, please see our Annual Report. Our policy for executive officer compensation is linked to our financial performance and is based on defined company objectives and measurements, as well as on personal objectives and performance. In 2013, a new amendment to the Companies Law came into effect, requiring public companies to adopt a more transparent procedure for determining senior managers' compensation. The Amendment requires the boards of directors of public

companies to appoint a Compensation Committee with a majority of independent directors, and according to its recommendation, formulate a compensation policy for the company's officers. The policy is subject to approval by the general meeting of shareholders. As a public company, Strauss Group will be required to fulfill the items of this amendment, and is making the necessary preparations for compliance as required.

Overseeing sustainability performance: The procedures for our Board of Directors for overseeing our management of economic, environmental, and social performance include regular updates on sustainability performance as well as an annual review of our overall program and strategy. Updates include risk assessments, and compliance with codes of

conduct and ethical standards. Directors provide feedback on the issues and instructions for management. For example, in 2012, the Board placed focus on ethics and compliance which led to an update of management procedures and work plans. In addition, a CR Review takes place annually in each of the managing committees of the five companies in Strauss Group.

Evaluation of the Board's performance: An evaluation process for Board and individual Director performance is performed by our Chairwoman, and includes personal interviews and performance reviews with all Directors. This process allows self-examination for Directors and the opportunity to receive objective feedback. The next evaluation will take place in 2013.

Risk Management: Risk management in Strauss Group is addressed through different frameworks involving our Internal Auditor, the Finance Committee and our Risk Management Officer. In addition to periodical audits by the Internal Auditor, teams in all relevant business units work to analyze and assess the risks, and propose appropriate safeguarding measures. The Board's Audit Committee supervises and assesses risk issues on a regular basis based on periodical reports it receives. For more information on Risk Management, please see our Annual Report.

Compliance Infrastructure: Organization-wide audits are performed by an independent auditor every two years at each site and in each business unit of our global operations. The internal audit schedule is determined based on risk assessments conducted by the Group and covers every aspect of compliance, including anti-corruption. In 2011-2012, 64% of our sites and business units worldwide underwent an audit to monitor the compliance with laws and regulations and internal company policies. Areas of focus included ethics, prevention of sexual harassment, safety, environmental

performance, food safety, information security, workplace and employee rights, and policies regarding donations. Findings from the audits demonstrated the need for improved communication with employees about information security, the ethics hotline and other minor issues. Also, in 2012, Strauss Coffee implemented several compliance programs in relation to anti-competition regulations, the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and security enforcement. Follow up activities in all areas will be implemented in 2013.



Ethical Behavior

Conducting our business ethically and with integrity is one of the stepping stones of our company and guides us in our daily work, as well as in business transactions and our relationship with partners, suppliers and customers. Our Code of Ethics was published in 2007 and outlines the principles we work by and expectations of our employees and partners.

Embedding our Code of Ethics

Our Code of Ethics, which is translated into 11 languages, is available to all employees at each of our sites around the world, on our intranet portal, and available to all on our corporate website. All new employees receive ethics training upon joining the company. Every site, factory and logistics center has a dedicated ethics corner, where employees can find the Code of Ethics, as well as a booklet illustrating ethical dilemmas and the appropriate responses. The name of the local Ethics Trustee (there are 35 trustees throughout our Group) is also available to all employees. An Ethics Trustee is appointed in each of our business units as a point of contact for employees' questions or reporting of suspected ethical breaches. The Ethics Trustees implement ethics training locally and ensure all procedures are followed.

Strauss Water Code of Ethics



In 2012, a Strauss Water Code of Ethics was developed to specifically address ethical considerations in our @StraussGroup WaterBar business

In 2012, a Strauss Water supplement was added to the Strauss Group Code of Ethics. The supplement provides greater detail and guidance relating to Strauss Water activities including its relationships with customers, business partners, suppliers and distributors which are unique to the Strauss Water operations model within the Strauss Group, given the different nature of the business. Additional aspects of the Strauss Water supplement include:

- Forming and maintaining direct long term relationships with customers
- Listening to our customers and providing a reliable service
- Manufacturing and distributing products that meet the highest standards of health and safety.
- Marketing responsibly and ethically to customers
- Forming and maintaining trusting relationships with partners and distributors.



Social Charter for Strauss Suppliers

In Israel, we maintain a Social Charter, which is a Code of Ethics written especially for our suppliers, outlining Strauss Group's ethical expectations from its suppliers. The Social Charter is included with every agreement with our suppliers and is a condition of doing business with Strauss Group. By signing the Social Charter, suppliers commit to ethical conduct and legal compliance, fair employment, safe working conditions, environmental responsibility and business integrity. To date, 178 of our 359 major suppliers have signed the Charter, which includes all new suppliers since the introduction of the Charter in 2010.

Ethics Hotline

The global Strauss Ethics Hotline was established in 2009, and has been managed by our internal auditor since January 2011. This is to ensure objectivity in reviewing all reported incidents and prevent conflict of interests within the company. Employees from most of Strauss Group companies around the world are encouraged without fear of reprisal to access the Ethics Hotline by phone or via the Strauss website. In 2012, the Hotline received ten approaches from employees and managers and these were investigated and resolved.



Eric Galkin,
Director of Global Purchasing & Supply Chain, Max Brenner, U.S.A

New employee perspective: "Ultimately we need to do business the right way, which is that every decision made is legal, safe, environmentally friendly and made with integrity. My goal is not to pick and choose what issues to be responsible on but, to have an everyday mindset that all decisions have the goal of total responsibility to the business and the global community."



comment...

Sustainability Management

Corporate responsibility and sustainability help us define the way we manage our business activities, and guide us in our everyday decisions. Driven by Responsibility is how we feel and how we aim to behave.

We manage our corporate responsibility efforts within a leadership matrix structure of global and local managers and trustees who define and execute strategy, create work plans, and communicate with employees. The basis of our management approach is open communication with our employees. We try to maintain the highest degree of internal transparency possible, so that employees can understand issues, see ongoing results and engage with stakeholders in an open and constructive way.

- **Corporate Responsibility Officer,** Michael Avner is Strauss Group's Chief Legal Officer and Company Secretary and a member of our executive management team. Mike provides periodic updates to the Board of Directors on CSR performance and issues.
- **Corporate Responsibility Manager,** Daniela Prusky-Sion is responsible for implementing CR Strategy and work plans across our global business divisions.
- **Corporate Social Council:** This forum was created in 2011 and is comprised of a group of senior executives representing corporate and Strauss Israel leadership, in order to provide direction and support for more intensive stakeholder engagement at different levels. The Council has reviewed the nature of our engagement and dialog processes with different groups of stakeholders and defined clear responsibilities and action plans to ensure opportunities for dialog are realized. The Council meets regularly and reviews our progress in this area, and senior executives have taken personal responsibility to advance Corporate Responsibility and stakeholder engagement processes.



Community Leaders

act as contact points and coordinators between local community partners and our different business units. Guided by the CR Manager, and the work plan created for their business unit, Community Leaders work with community partners to identify local needs, execute activities, maintain relationships and engage employees in volunteering activities. The Community Leaders Forum in Israel meets annually to review progress and share ideas.

- **Corporate Responsibility Trustees Forum:** A Corporate Responsibility Trustee in each business unit helps manage CR activities locally. Thirty-five trustees received training and lectures on CR related issues, and are the contact point for CSR activities and ethical queries. The forum provides a framework for cooperation and knowledge-sharing between trustees, and meets annually.

In 2012, we were pleased that our Corporate Responsibility efforts were recognized by Forbes, who pronounced Strauss as the most socially-responsible company in the Israeli food industry.

Strauss Israel CR Trustees Annual Meeting

In January 2013, the CR Trustees Annual Meeting in Strauss Israel was held to review 2012 performance and discuss 2013 objectives and plans. Over 20 trustees participated in discussions which included a review of their role as Trustees and ideas about how they can become even more engaged and proactive within their respective operating divisions. While the Corporate Responsibility Trustees confirmed that they recognize our leadership and proactive approach to Corporate Responsibility within the Group, they also expressed their desire to become more involved in strategy development at an early stage and increase the weight given to Corporate Responsibility objectives in performance management processes. The Trustees also felt that more work was needed to ensure suppliers are fully on-board with Corporate Responsibility principles and practices.

Responsibility to Report

About this Report



This @StraussGroup report follows the Global Reporting Initiative (GRI) G3.1 Guidelines at an Application Level A

This Sustainability Report describes our approach to sustainability and the key actions we have taken during 2012 to advance responsible and sustainable practices in our global business. It is designed to provide you, our stakeholders, with a transparent account of our impacts on society and environment. In all cases, data relates to the 2012 calendar year unless otherwise stated. Our last report was published during 2012 covering the calendar year 2011.

In developing this report, we have considered input from our primary stakeholders – employees, customers, suppliers – and a range of additional stakeholders where appropriate. The Corporate Responsibility Officer and other Strauss Group executives determined the selection of content for this report based on an assessment of material issues, including those known to be important to stakeholders. This report follows the Global Reporting Initiative (GRI) 3.1 Guidelines at an Application Level A, and has been checked by the GRI for conformance with this Application Level.

This report has been written in accordance with the principles advised by the Global Reporting Initiative Technical Protocol for defining report content. These are: Materiality (the issues

most important for our long-term business growth and which are of most importance to stakeholders), Stakeholder Inclusiveness (responding to stakeholder expectations and interests), Sustainability Context (presenting our performance in the wider contexts of sustainability issues) and Completeness (inclusion of all the information which reflects significant economic impacts in order to enable stakeholders to assess our performance).

This report is our sixth annual Sustainability Report and we intend to continue to report each year. We do not seek external assurance for our report, due to resource limitations, but external consultants who assist in our report preparation and support environmental data collection processes assist us in scrutinizing the accuracy of our data. This report also complies with our commitment to submit an annual Communication on Progress to the UN Global Compact.

More information about Strauss Group can be found on our corporate global website, www.strauss-group.com, and the websites of our subsidiary companies (accessible via our global website).



This report is our sixth annual Sustainability Report and we intend to continue to report each year.

Notes to Data Collection

Environmental data collection includes sites listed in the table below which cover more than 90% of our total production operations

Country	Location	Main Activity	Built Area (m2)	Included in our data collection		
				2010	2011	2012
Brazil	Santa Luzia, near Belo Horizonte in Minas Gerais	Production of roast and ground coffee and cappuccino.	12,800	✓	✓	✓
Brazil	In Eusébio, in the state of Ceará	Production of roast and ground coffee.	4,650	✓	✓	✓
Brazil	Natal	Production of coffee, chocolate and cappuccino.	8,100	✓	✓	✓
Brazil	Nova Iguaçu, Rio de Janeiro	Production of filter paper for filter coffee.	3,150	✓	✓	✓
Brazil	Mossoro RN	Production of corn products and drink powders.	13,200	✗	✗	✗
Brazil	Varginha, MG	Processing of green coffee.	7,300	✗	✗	✗
Germany	Upahl ***	Instant coffee production	N/A	N/A	N/A	✓
Israel	Achihud	Production of dairy products.	21,000	✓	✓	✓
Israel	Nazareth	Production of chocolate, candy and gum.	35,000	✓	✓	✓
Israel	Beit Shemesh	Max Brenner chocolates.	2,300	✓	✓	✓
Israel	Shderot	Salty Snacks production	10,000	✓	✓	✓
Israel	Yotvata	Production of milk beverages and enriched milk.	6,100	✓	✓	✓
Israel	Netivot	Aviv Dairy - Production of dairy products.	2,020	✓	✓	✓
Israel	Carmiel	Production of salads.	9,000	✓	✓	✓
Israel	Sde Nitzan	Cutting, mixing and packaging of fresh refrigerated vegetables.	2,560	✓	✓	✓
Israel	Yad Mordechai	Production of honey products, olive oil and jams.	4,300	✓	✓	✓
Israel	Haifa Bay	Refrigerated distribution in Israel.	4,735	✓	✓	✓
Israel	Acre	Logistics center	8,695			
Israel	Petach Tikva	Refrigerated distribution in Israel.	5,790	✓	✓	✓
Israel	Beit Shemesh	Refrigerated distribution in Israel.	390	✓	✓	✓
Israel	Beersheba	Refrigerated distribution in Israel.	4,920	✓	✓	✓
Israel	Zerifin	Refrigerated distribution in Israel.	19,000	✓	✓	✓
Israel	Safed	Production of instant coffee	5,300	✓	✓	✓

Notes to Data Collection – Continued

Country	Location	Main Activity	Built Area (m2)	Included in our data collection		
				2010	2011	2012
Israel	Lod	Production of roast and ground coffee and choco powder.	4,441	✓	✓	✓
Israel	Petach Tikvah	Corporate Head Offices	2,500	✓	✓	✓
Israel	Nativ HaLamed He Kibbutz	Strauss Water plant	6,092	✓	✓	✓
Israel	Or Yehuda	Strauss Water headquarters	6,760	✓	✓	✓
Israel	Lod	Strauss Water storage unit	1,250	✗	✗	✓
Mexico	Mexico City	Production of chilled salads and dips	1,639	N/A	N/A	✓
Poland	In Swadzim, near Poznan	Production of roast and ground coffee.	11,540	✓	✓	✓
Romania	Bucharest	Production of roast and ground coffee and instant coffee.	4,365	✓	✓	✓
Russia	Strunino, Vladimir District	Production of roast and ground coffee and a packaging plant for frozen dried instant coffee, chicory, etc.	13,370	✗	✗	✗
Serbia	Simanovci, near Belgrade	Production of roast and ground coffee.	8,500	✓	✓	✓
U.S.	Virginia	Production of chilled salads and dips.	10,630	✓	✓	✓
U.S.	Oceanside, California**	Production of salsa dips.	3,700	✗	✗	✗
U.S.	Farmingdale, NY**	Production of dairy dips.	3,900	✗	✗	✗
U.S.	Philadelphia, Boston, Las Vegas, New York City	Max Brenner Chocolate Bars ****		✓	✓	✓

* In addition, selected data has been collected from 71 point of retail coffee sales in Israel.

** Our Sabra Plants in Oceanside California, and Farmingdale NY have currently no reporting infrastructure in place. These sites constitute less than 10% of Sabra production.

*** Factory acquired in 2012

**** Data from Max Brenner U.S. excludes environmental data.

Energy consumption

Biomass used in Israel and Serbia is classed as renewable biomass

company conversion factors are used.

Renewable biomass has zero carbon emissions (CDP).

as at end 2012. In other cases, we refer

to our global employment of 14,000 employees, which includes both our direct employees and additional contractor employees who work in our operations on an as-needed basis. Gender split of training hours in some locations is estimated.

Carbon Emissions

Carbon emission conversions are made using latest available GHG Protocol conversion factors in each country of operation, with the exception of Israel, where locally published electricity

Employees

In our 2012 Annual Report, the number of direct employees was reported as 12,182 in our global operations. Employee data in this sustainability report is based on this number, correct



This is our Communication on Progress in implementing the principles of the United Nations Global Compact. We welcome feedback on its contents.

United Nations Global Compact

The UN Global Compact (UNGC) is a strategic policy initiative of the United Nations which encourages thousands of companies around the world to adhere to ten principles of responsible business relating to human rights, labor standards, environmental protection and anti-corruption. Strauss Group started to participate in the UNGC in 2008.

Statement of Support for the UN Global Compact

On behalf of all the companies in the Strauss Group, I reconfirm our continuing commitment to and participation in the UN Global Compact. We commit to upholding and promoting the ten principles of the United Nations Global Compact and supporting the broad objectives of the Millennium Development Goals. We reconfirm our intention to maintain our adherence to the UNGC principles, to continue to promote them within our companies and with all our business partners, and to report annually and transparently on our progress.

We will ensure that our stakeholders are aware of this commitment and receive our updates.



Gadi Lesin
President and CEO
Strauss Group

May 2013

UN Global Compact Index

Global Compact Principles	Corresponding GRI Indicators (See GRI Index table for page numbers)
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	HR1, HR2, HR3, HR4
Principle 2: Businesses should make sure they are not complicit in human rights abuses.	HR2, HR3
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	HR5, LA3, LA4
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	HR7
Principle 5: Businesses should uphold the effective abolition of child labor.	HR6
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	HR4, LA10, LA11
Principle 7: Businesses should support a precautionary approach to environmental challenges.	3.13, EN1, EN2, EN3, EN4, EN5, EN6, EN7
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	1.1, EN8, EN9, EN10, EN11, EN12, EN13, EN14, EN15, EN16
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN17
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	SO2

GRI Reporting Guidelines

The Global Reporting Initiative (GRI) is a global non-profit international organization which acts to increase the level of social and environmental reporting among companies throughout the world. The main way of assimilating this process is the use of the reporting framework which contains detailed guidelines for reporting on impacts and provides a consistent structure which thousands of companies around the world now use for sustainability reporting. For more information, please see: www.globalreporting.org.

This report complies with Application Level of the GRI G3.1 Framework. This has been confirmed by experts at the Global Reporting Initiative who checked our report in draft form and found it to be compliant with this reporting level.

The different levels of the GRI framework relate to the level of transparency and disclosure in the report. Below is the table of the Application Levels of the GRI:



Statement GRI Application Level Check

GRI hereby states that **Strauss Group Ltd** has presented its report "Strauss Group Sustainability Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 20 June 2013




Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 18 June 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report on all criteria listed for level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17				
	G3 Management Approach Disclosures	Not Required.	Management Approach Disclosures for each Indicator Category.				
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, social, and environmental.	Report on a minimum of 20 Performance Indicators, including at least one from each of: Economic, environmental, human rights, labor, society, product responsibility.				
			Report Externally Assured	Report Externally Assured	Report Externally Assured	Report Externally Assured	Report Externally Assured

Profile Disclosures

GRI Ref.	Description	Report	Page No.	Comment
1.1	Statement from the most senior decision-maker	Fully	16	CEO Statement
1.2	Description of key impacts, risks, and opportunities.	Fully	This page	See our Annual Directors Report 2012, available at www.strauss-group.com
2.1	Name of the organization.	Fully	8	Profile
2.2	Primary brands, products, and/or services.		12	Our Brands
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	13	Strauss Group's operating structure. In addition, a full list of operating subsidiaries and joint ventures can be found in our Annual Report, 2012, Financial Statements, page 33
2.4	Location of organization's headquarters.	Fully	8	Profile
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	11	Strauss global presence
2.6	Nature of ownership and legal form.	Fully	9	Profile
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	13	Strauss Group's operating structure
2.8	Scale of the reporting organization.	Fully	8	Profile. All figures and sales are shown in U.S. \$ calculated at the representative exchange rate of 31 December 2012: \$1 = NIS 3.72
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	This page	There were no significant changes in size, structure or ownership of the Group, beyond ongoing M&A activity as detailed in our Annual Report. However, in 2012, Strauss Group division Max Brenner transferred its Israeli Chocolate Bar shops to franchisees.
2.10	Awards received in the reporting period.	Fully	45, 58, 77	"Inspiring Corporate Responsibility" Awards Biomass energy process in Serbia. A great place to work.
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	104	About this Report
3.2	Date of most recent previous report (if any).	Fully	104	About this Report
3.3	Reporting cycle (annual, biennial, etc.)	Fully	104	About this Report
3.4	Contact point for questions regarding the report or its contents.	Fully	128	Feedback on this Report

GRI Ref.	Description	Report	Page No.	Comment
3.5	Process for defining report content.	Fully	104	About this Report
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	105	Notes to Data Collection
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	104	About this Report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	104	About this Report
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	105	Notes to Data Collection
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement e.g., mergers / acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	This page	No data has been restated.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	This page	There are no significant changes in scope, boundary or measurement methods.
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	110	GRI Index
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	104	About this Report
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	98	Governance. Annual Directors' Report.
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	98	Governance

GRI Ref.	Description	Report	Page No.	Comment
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	98	Governance. Annual Directors' report.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	99	Governance
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	99	Governance. Annual Directors' report.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	98	Governance
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Fully	98	Governance. Annual Directors' report.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	18	Our Vision and Values
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	98	Governance
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	100	Governance

GRI Ref.	Description	Report	Page No.	Comment
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	58	GHG emissions performance
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	24, 107	Memberships and Affiliations. United Nations Global Compact
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	24	Memberships and Affiliations.
4.14	List of stakeholder groups engaged by the organization.	Fully	22	Engaging stakeholders
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	22	Engaging Stakeholders
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	22	Engaging Stakeholders
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	23	Dialog with Employees

Management Approach Disclosures

	Categories and Aspects	Report	Page	Comment	
ECDMA	Economic				
	Economic Performance	Fully	27	Our Economic Contribution	
	Economic Impacts	Fully	27	Our Economic Contribution	
	Market Presence	Fully	8	Profile	
ENDMA	Environment				
	Materials	Fully	53	Materials Consumption	
	Energy	Fully	55	Energy Performance	
	Water	Fully	62	Water Performance	
	Biodiversity	Fully	This page	Beyond managing our environmental impacts within our overall responsible management practices, we have no specific strategy for managing biodiversity impacts, as none of our operations significantly affect biodiversity	
	Emissions, Effluents, and Waste	Fully	57, 63	GHG emissions performance Waste performance	
	Products and Services	Fully	52	Environmental Stewardship	
	Compliance	Fully	52	Environmental Stewardship	
	Transport	Fully	60	Scope three emissions	
	Overall	Fully	52	Environmental Stewardship	
	LADMA	Labor Practices			
		Employment	Fully	75	Employee Engagement
Labor/Management Relations		Fully	75	Employee Engagement	
Occupational Health and Safety		Fully	81	Safety policy: zero accidents	
Training and Education		Fully	83	Investment in training and development of employees	
Diversity and Equal Opportunity		Fully	84	A compelling case for diversity and inclusion	
HRDMA	Human Rights				
	Equal remuneration for women and men	Fully	123	see table for LA14 performance indicator	
HRDMA	Human Rights				
	Procurement Practices	Fully	86	Supplier Relations	
	Non-discrimination	Fully	76	Upholding the law	
	Freedom of Association and Collective Bargaining	Fully	76	Upholding the law	
	Abolition of Child Labor	Fully	76	Upholding the law	
	Prevention of Forced and Compulsory Labor	Fully	76	Upholding the law	
	Complaints and Grievance Practices	Fully	75	Engaging with Employees	
	Security Practices	Fully	76	Upholding the law	
	Indigenous Rights	Fully	This page	None of our operations affect indigenous peoples and there have been no incidents of rights violations within Strauss Group.	

	Categories and Aspects	Report	Page	Comment
	Assessment	Fully	100	Governance
	Remediation	Fully	100	Governance
SODMA	Society			
	Community	Fully	89	Community Investment
	Corruption	Fully	101	Ethical Behavior
	Healthy and affordable food	Fully	31	Changing Consumer Attitudes
	Public Policy	Fully	This page	We do not support political parties and do not engage in direct lobbying. Our public policy positions are presented to the trade associations of which we are members.
	Anti-Competitive Behavior	Fully	This page	Strauss prevents anti-competitive behavior by implementing ethical practices through all of its business.
PRDMA	Compliance	Fully	100	Governance
	Product Responsibility			
	Customer health and safety	Fully	31	Changing Consumer Attitudes
	Product and service labeling	Fully	This page	We comply with all legal requirements for ingredients and nutritional labeling for all our products without exception.
	Marketing communications	Fully	This page	We adhere to all laws, standards and adopted voluntary codes as required related to marketing and promotion.
	Customer privacy	Fully	This page	We adhere to all laws, standards and adopted voluntary codes as required related to customer privacy.
	Compliance	Fully	This page	We comply with all laws, as well as internal and external standards with regards to products, marketing and labeling.

	Categories and Aspects	Report	Page	Comment
SCDMA	Supply Chain			
	Protecting natural resources	Fully	52	Environmental Stewardship
	Minimizing toxicity	Fully	This page	We strive to reduce emissions, effluents and wastewater in all of our operations for a minimum impact on air, land and water.
	Fair trade	Fully	24	Memberships and Affiliations
	Fair compensation for labor	Fully	78	Employee benefits and rewards
	Traceability	Fully	31	Changing Consumers Attitudes
	Genetically modified organisms (GMOs)	Fully	This page	We work with our growers to use best agricultural practices. We do not specifically monitor use of GMOs.
	Animal welfare	Fully	This page	We do not raise animals.
AWDMA	Animal Welfare			
	Breeding and genetics	Fully	This page	We do not raise animals.
	Animal husbandry	Fully	This page	We do not raise animals.
	Transportation, handling and slaughter	Fully	This page	We do not raise animals.

Performance Indicators – GRI G3.1

	Indicator	Report	Page	Comment
FP1 core	Percentage of purchased volume from suppliers compliant with company's sourcing policy.	Fully	This page	49.8% of our production suppliers in Israel have committed to our Supplier Charter. We estimate that this covers more than 60% of our purchase volumes in Israel.
FP2 core	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard.	Fully	This page	6.2% of our total coffee purchase were made in 2012 were made through the 4C organization, which supplies responsibly produced coffee.
EC1 core	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	27	Our Economic Contribution

	Indicator	Report	Page	Comment
EC2 core	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	57	GHG emissions performance
EC3 core	Coverage of the organization's defined benefit plan obligations.	Fully	This page	See Strauss Annual Directors Report 2012 at www.strauss-group.com
EC4 core	Significant financial assistance received from government.	Fully	This page	We have not received any significant financial assistance from governments in 2012.
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Fully	78	Employee benefits and rewards
EC6 core	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	This page	Where possible, we aim to support local suppliers, but we do not have a formal policy in this respect and do not measure local sourcing specifically.
EC7 Core	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	78	Local is best
EC8 core	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	This page	We have not made any infrastructure investments for public benefit.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	27	Our Economic Contribution

	Indicator	Report	Page	Comment
EN1 core	Materials used by weight or volume.	Fully	53	Materials Consumption.
EN2 core	Percentage of materials used that are recycled input materials.	Fully	This page	See Below

Response to EN2: 100% of our input materials for food production are not from recycled sources, for obvious reasons, and this is the majority of our total input materials volume, though we do have not tracked total volumes specifically to date. We have an opportunity to use recycled input materials for packaging – and several of our plastic and paper or cartonboard materials are from recycled sources. In our Strauss Water operations, we recorded 176 tons of post-consumer recycled paper and cartonboard used for production. We will endeavor to track this more precisely in coming years and report fully by 2014.

	Indicator	Report	Page	Comment
EN3 core	Direct energy consumption by primary energy source.	Fully	55	Energy performance
EN4 core	Indirect energy consumption by primary source.	Fully	55	Energy performance
EN5	Energy saved due to conservation and efficiency improvements.	Fully	55	Energy Performance
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	55	Energy Performance
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	56	Energy performance
EN8 core	Total water withdrawal by source.	Fully	62	Water performance
EN9	Water sources significantly affected by withdrawal of water.	Fully	This page	Almost all our water consumption is drawn from national water grids and therefore affects no other water sources in any way.
EN10	Percentage and total volume of water recycled and reused.	Not reported		
EN11 core	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	This page	We do not have land in areas of high biodiversity value. All our facilities are in urban areas.
EN12 core	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	This page	We do not generate significant impacts in areas with high biodiversity value. All our facilities are in urban areas.
EN13	Habitats protected or restored.	Fully	This page	We do not engage in protecting or restoring habitats. Our operations have no negative effects in this area.
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	This page	Beyond managing our environmental impacts within our overall responsible management practices, we have no specific strategy for managing biodiversity impacts, as none of our operations significantly affect biodiversity

	Indicator	Report	Page	Comment
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Fully	This page	We have no impact in this area.
EN16 core	Total direct and indirect greenhouse gas emissions by weight.	Fully	57	GHG emissions performance
EN17 core	Other relevant indirect greenhouse gas emissions by weight.	Fully	60	Scope Three emissions
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	58	GHG emissions performance
EN19 core	Emissions of ozone-depleting substances by weight.	Fully	61	Ozone-depleting substances
EN20 core	NOx, SOx, and other significant air emissions by type and weight.	Fully	61	Specific air pollutants
EN21 core	Total water discharge by quality and destination.	Fully	64	Wastewater performance
EN22 core	Total weight of waste by type and disposal method.	Fully	63	Waste performance
EN23 core	Total number and volume of significant spills.	Fully	This page	There were no significant spills in any of our operations during 2012.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Fully	63	Hazardous waste
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Fully	This page	Our water discharges do not affect biodiversity value of water bodies and habitats.
EN26 core	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	54, 64	Reducing the weight of plastic bottles Wastewater performance
EN27 core	Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	This page	See below

Response to EN27: None of our food products around the world are reclaimed or recycled post-consumer. We are starting to implement packaging reclaim in different countries, and in Romania, Serbia and Poland we reclaimed 2.3 tons of post-consumer packaging waste for recycling in 2012. In Israel, waste is collected by a national service (The Recycling Corporation) which publishes packaging reclaim results for the entire country. In 2012, the Packaging Corporation published recycling levels of 62% general waste. We believe that this also applies to Strauss Group in Israel, though we do not have more specific data at this time.

Indicator	Report	Page	Comment
EN28 core	Fully	This page	In 2012, Strauss Group paid no significant fines for non-compliance with environmental laws and regulations.
EN29	Fully	This page	See below

Response to EN29: Included in our greenhouse gas emissions reported under EN16, we generate greenhouse gas emissions related to our transportation activities for which we purchase fuels and gases. In 2012, these emissions amounted to almost 17,463 tons of CO2e

Greenhouse Gas Emissions resulting from transportation activities in 2012	Tons CO2e
Diesel fuel	6,695
Petroleum (gasoline)	9,816
Ethanol	89
Natural Gas	324
Total	16,924

NB: This does not include emissions generated by third-party logistics and transportation vendors.

Indicator	Report	Page	Comment
EN30	Partially	53	Environmental investments

Indicator	Report	Page	Comment
LA1 core	Fully	77	Our global team
LA2 core	Fully	121	

Employees by Gender and region

	Female	Male	Total
Europe	601	2,795	3,396
U.S.	423	552	975
Brazil	1,356	2,703	4,059
Israel	2,863	889	3,752
Total	5,243	6,939	12,182

Employee Turnover by Region in 2012	Female	Male	Total Turnover	Total turnover as % of total employees	Female turnover % contribution to total turnover	Male turnover % contribution to total turnover
Europe	195	253	448	4	5%	6%
U.S.	162	190	352	3	4%	5%
Brazil	504	1,059	1,563	13	12%	26%
Israel	917	799	1,716	14	22%	20%
Total	1,778	2,301	4,079	33	44%	56%

Employee Turnover by Age	<30	30-50	>50	Total Turnover	Total turnover as % of total employees	<30 turnover % contribution to total turnover	30-50 contribution to total turnover	>50 contribution to total turnover
Europe	97	291	60	448	2%	2%	7%	1%
U.S.	333	18	1	352	8%	8%	0%	0%
Brazil	928	613	22	1,563	23%	23%	15%	1%
Israel	944	697	75	1,716	23%	23%	17%	2%
Total	2,302	1,619	158	4,079	56%	56%	40%	4%

We calculate employee turnover as the number of employees who left our business during the year divided by the total number of employees at the preceding year-end.

Indicator	Report	Page	Comment
LA3	Fully	78	Employee Benefits and Rewards
LA4 core	Fully	76	Upholding the law
LA5 core	Fully	This page	We comply with all minimum notice periods required by law, or by our Collective Agreements in place, whichever is the more favorable for employees. Where possible, we offer longer notice periods.
FP3 core	Fully	76	Upholding the law

	Indicator	Report	Page	Comment
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	This page	There are no formal joint management-worker health and safety committees in Strauss Group. However, at all our operating sites, employees are engaged in local safety committees. We estimate this involves over 100 employees which is almost 1% of our workforce
LA7 core	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Fully	81	A Safe Workplace
LA8 core	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	This page	We maintain full safety training programs which include reference and training related to serious diseases where relevant in our different factories. However, in most of the locations where we operate, and due to the nature of our operations, serious diseases in not a major material concern.
LA9	Health and safety topics covered in formal agreements with trade unions.	Not reported	-	
LA10 core	Average hours of training per year per employee by employee category.	Fully	83	Leading and succeeding at Strauss
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	82	Leading and succeeding at Strauss
LA12	Percentage of employees receiving regular performance and career development reviews.	Fully	76	Internal communications and dialog. The percentage includes an estimation of 80% for non-management employees in Israel where full records are not held at HQ.
LA13 core	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	77, 98	Our global team. Governance.
LA14 core	Ratio of basic salary of men to women by employee category.	Fully	123	

Our policy is to apply equal pay opportunity for equal roles. In practice, at non-management level, actual pay will be determined by performance, seniority, and market norms in each country for different types of roles. At non-management level, there is a wide diversity of roles and each pay-scale is determined accordingly at equal level for men and women, though the nature of roles performed by men and by women tends to be different. Below is a table which compares women's earnings to men in key countries of operation. At management level, all roles are evaluated on the same scale, calibrated by market and equal rates of pay opportunity apply.

Ratio of basic salary men to women in 2012	Women's earnings ratio as a percent of male earnings at nonmanagement level
Europe	88
U.S.	89
Brazil	82
Israel	78

	Indicator	Report	Page	Comment
LA15 core	Return to work and retention rates after parental leave, by gender.	Fully	This page	In 2012, 364 employees took parental leave of which 19 (5%) were male. In 2012, 295 employees returned to work after taking parental leave, of which 19 were male (6%). This represents a retention rate of 81%. 100% of these employees were still in employment twelve months after return from parental leave.
HR1 core	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Fully	100	Governance
HR2 core	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	100	Governance
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not reported	-	
HR4 core	Total number of incidents of discrimination and actions taken	Fully	This page	There were no reported incidents of discrimination in any of Strauss Group operations in 2012.
HR5 core	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	76	Upholding the law

Indicator	Report	Page	Comment
HR6 core Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Fully	76	Upholding the law
HR7 core Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Fully	76	Upholding the law
HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	76	Upholding the law
HR9 Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	This page	None of our operations affect indigenous peoples and there have been no incidents of rights violations within Strauss Group.
HR10 Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	76	Upholding the law
HR11 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	76	Upholding the law
SO1 core Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	89	Our social investment policy
FP4 core Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need.	Fully	31, 35, 36	Hummus - a healthy choice. Functional foods.
SO2 core Percentage and total number of business units analyzed for risks related to corruption.	Fully	100	Governance
SO3 core Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	100	Governance

Indicator	Report	Page	Comment
SO4 core Actions taken in response to incidents of corruption.	Fully	This page	There have been no instances of corruption.
SO5 core Public policy positions and participation in public policy development and lobbying.	Fully	This page	We do not support political parties and do not engage in direct lobbying. Our public policy positions are presented to the trade associations of which we are members.
SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	This page	We have made no donations of a political nature in any form.
SO7 Legal actions for anti-competitive behavior.	Fully	This page	There have been no legal actions for anti-competitive behavior.
SO8 core Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	This page	We have paid no significant fines or received non-monetary sanctions for non-compliance.
SO9 Operations with significant potential or actual negative impacts on local communities.	Fully	This page	None of our operations have inherently significant impacts on local communities, beyond our role as a local employer and payer of taxes. We are never the major employer in any community in which we operate.
SO10 Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	This page	None of our operations have inherently significant impacts on local communities, though we engage in dialog to ensure our operations do not negatively impact local communities.
PR1 core Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	This page	We have not implemented a comprehensive program to assess the life cycle stages of all our products. However, many of our food products have been improved to support a healthy diet. See our responses to FP6 and FP7.
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	This page	There have been no incidents of non-compliance with regulations and codes concerning health and safety of our products.

	Indicator	Report	Page	Comment
FP5 Core	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.	Fully	This page	30% of our raw material and ingredient suppliers provide products which are certified to third party qualifications according to internationally recognized standards. Our best estimate is that this represents more than 70% of our total purchase volume.
FP6 Core	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and sugars.	Fully	This page	Our Health and Wellness segment products which represented 23% of our business in Israel in 2012. They are characterized by the emphasis on nutritional and functional aspects that are important for a healthy diet. Most of these products now claim increased health benefits and reduced sugar, oil and sodium content. Sabra dips represent below 5% of our total business and contain zero trans-fats and reduced sodium.
FP7 core	Percentage of total sales volume of consumer products, by product category sold, that contain increased fiber, vitamins, minerals, phytochemicals or functional food additives.	Fully	This page	A significant part of our volume in Israel contains fortified or functional elements, for example, yogurts which contain probiotic strains, and/or calcium supplements, Danone dairy products such as Danacol and Actimel which are probiotic or contain phytosterols and some of our dairy ranges contain added vitamins or minerals. These are products in our Health and Wellness category which represented 23% of our business in Israel in 2012.
PR3 core	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	This page	100% of our food and beverage products are subject to strict labeling regulation in all countries in which we operate. We comply with all such legal requirements.
FP8	Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements.	Fully	This page	We comply with all legal requirements for ingredients and nutritional labeling for all our products without exception.

	Indicator	Report	Page	Comment
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	This page	There have been no incidents of non-compliance with regulations and codes concerning product labeling.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	71	Consumer Service Center
PR6 core	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	This page	Our corporate compliance and risk management processes ensure that we adhere to all laws, standards and adopted voluntary codes as required related to marketing and promotion. In addition, all our marketing staff around the world are fully trained in our Code of Ethics.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	This page	There have been no incidents of non-compliance with regulations and codes concerning marketing communications.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	This page	There have been no incidents of non-compliance with regulations and codes concerning breaches of customer privacy.
PR9 core	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	This page	We have paid no significant fines for non-compliance relating to the provision and use of our products and services.
FP9 core	Percentage and total of animals raised and/or processed, by species and breed type.	Fully	This page	We do not raise animals.
FP10 core	Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic.	Fully	This page	We do not raise animals. This indicator does not apply to our business.
FP11 core	Percentage and total of animals raised and/or processed, by species and breed type, per housing type.	Fully	This page	We do not raise animals. This indicator does not apply to our business.
FP12 core	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type.	Fully	This page	We do not raise animals. This indicator does not apply to our business.
FP13 core	Total number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals.	Fully	This page	We do not raise animals. This indicator does not apply to our business.

Feedback on this Report



We welcome your comments, queries, suggestions and general feedback on this report. We promise to respond.

Please contact us at:
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Thank you!

Thank you for taking an interest in our Sustainability Report and we sincerely ask you to consider providing your feedback which will help us improve to meet your needs more effectively. Please also visit our website, www.strauss-group.com, where you will find additional information and our Corporate Responsibility blog, which is updated regularly.

We acknowledge the hard work, passion and commitment of all Strauss employees who contribute to our business and sustainability performance, and to over 100 employees who have specifically contributed content for this Sustainability Report.

Credits:

We would like to deeply thank the professionals who worked with us on this report, gathering and processing data, and producing the report:

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