



DRIVEN BY

Responsibility

Strauss Group Sustainability Report

2013



## Sustainability Report 2013



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# Message from our leadership

## Dear Stakeholders,

"Improving lives" is the theme that runs through this Sustainability Report as we continue to be Driven by Responsibility to make a positive contribution to people, society and the planet. This is our seventh annual Sustainability Report and it represents our continuing commitment to do business that creates economic, social and environmental value for all those we reach. "Improving lives" refers to the way we create more food, nutrition and beverage options for consumers and support consumers that want to lead healthy lifestyles. We believe that sustainable business growth, rooted in our responsible approach to business, will help us do even more in the future to contribute to improving lives.

2013 was a landmark year in our sustainability journey, as we completed our global sustainability strategy that will guide and define our actions through 2020. We achieved this after many long months of analysis, consultation, dialogue and debate. The process was illuminating and engaging, and

the outcome is an integrated framework that we are confident will help us continue to deliver sustainable value. For Strauss Group, composed of five different companies, each with a unique business character, this overarching strategic approach will help us work across company boundaries to address the broader needs of stakeholders, create synergies, leverage our strengths, learn from one another and most importantly, improve our capability to deliver value for all.

Our business context during the past year presented new opportunities and enabled us to maintain Strauss Group global sales at more than \$2.35 billion, delivering more than \$220 million in operating profit as we continue our operations in 24 countries with a global team of more than 13,500 employees. We were able, in 2013, to grow our business across all product categories, indicating a positive response from our consumers, especially our coffee consumers in Brazil with our partners at Três Corações and the expanded offerings of our Sabra dips and spreads in the U.S. We are

excited that our U.S. consumers love the taste of hummus, with Sabra continuing to lead the market with 64 percent share.

During the year, we consolidated our position in the Russian coffee market through acquisition of remaining shares of Le Café roasted and ground coffee operations, and we inaugurated our Sabra "Center of Excellence" research and development center in the U.S., the first of its kind in the industry for chilled dips and spreads. Max Brenner continued to expand, opening more signature Chocolate Bars across different continents, bringing new chocolate experiences through more than 50 Chocolate Bars in six countries. In Israel, Strauss Water launched the innovative Tami 4 Bubble Bar, which dispenses carbonated water in addition to hot and cold options, bringing consumers a technological breakthrough in the WaterBar category for a healthy, fun and environmentally positive drinking experience. Strauss Israel continued to innovate with more than 228 new products and product variants reaching the market across all categories.



In 2013, as in previous years, we continued to face the challenges of delivering value in demanding economic circumstances. These include high energy prices, increasing raw material prices and packaging costs, political, social and economic instability in Eastern Europe where we enjoy significant market presence, more demanding regulation in areas of food safety and environmental protection and increased frequency of weather extremes causing disruption to crop availability and disasters affecting many communities around the world. We have navigated these challenges, Driven by Responsibility, striving to improve value-adding choices for Strauss Group and for our consumers and stakeholders.

Among these choices has been our undertaking to focus on three areas where we hope to achieve industry leading positions as we go forward toward 2020: advancing healthy lifestyles for our consumers, leading our employees to greater health and wellness and achieving greater supplier diversity in our supply chain operations around the world. We believe we can make a sustainable difference through these key aspirations, while continuing to improve our sustainability performance in other areas. Further, this year, we became early adopters of the Global Reporting Initiative G4 sustainability reporting framework, aligning our reporting with current leading global practice in transparency and accountability.

We are appreciative of the tireless efforts of our employees around the world who help Strauss Group create sustainable value, and we thank our consumers, business partners, suppliers and all other stakeholders for another year of trust, dialogue and partnership.

We hope you will find interest in this report and as always, we welcome your feedback.

**Ofra Strauss**  
Chairperson

**Gadi Lessin**  
President and CEO

**Michael Avner**  
EVP and General Counsel

# Strauss at a glance

Strauss Group sales by region, 2013



Strauss Group is a food and beverage company, dedicated to enriching and improving people's lives through our fresh, delicious, nutritious, and innovative products. Our portfolio of five companies provides a response to two leading trends in food and beverage consumption: Health & Wellness, and Fun & Indulgence. We are headquartered in Israel, active in 24 countries, and, in 2013, Strauss Group generated \$2.35 billion in consolidated sales.

We employ over 13,500 people and indirectly provide employment and economic opportunity for contracted employees,

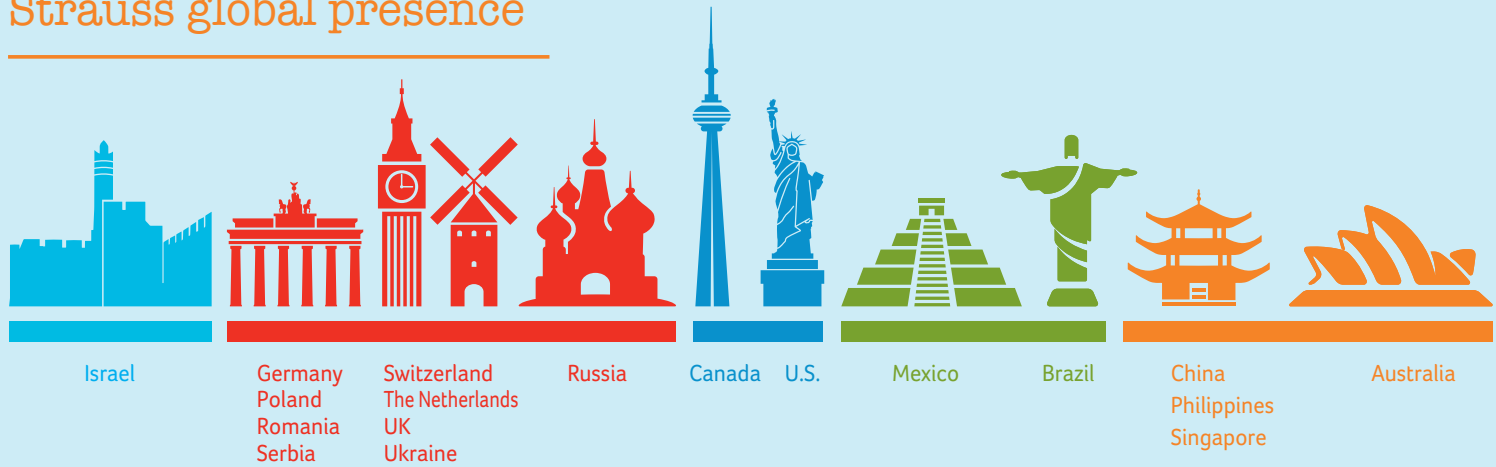
franchisees, independent distributors and thousands of business partners and suppliers around the world. Strauss Group is traded on the Tel Aviv 25 Index, which includes Israel's largest public companies, and earns an AA+ credit rating from Ma'alot, a Standard and Poor's affiliate.

Our brands include market leaders in several countries and categories and reach millions of consumers each day.

At Strauss Group, we have always placed great value in partnerships, believing them to be a sustainable platform for expanding

our offering for the benefit of our consumers around the world. We partner with respected, leading-edge multinational corporations such as Danone, PepsiCo, Haier, Virgin and TPG, and with local leading players such as Sao Miguel, Yotvata and Yad Mordechai, to deliver quality, innovative products which offer healthy choices and contribute to sustainable lifestyles.

## Strauss global presence



## Our brands







# International partnerships



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



We partner with Haier to bring purified drinking water solutions to customers in China, using our breakthrough purification technology.



We partner with PepsiCo to deliver Sabra hummus and chilled dips and spreads in the U.S. and Canada, and to bring Frito-Lay's salty snacks to consumers in Israel. Our joint venture with PepsiCo under the Obela brand brings hummus to Mexican and Australian consumers.



We partner with Virgin Group to bring Strauss Water's purification solutions and drinking water appliances to customers in the UK.

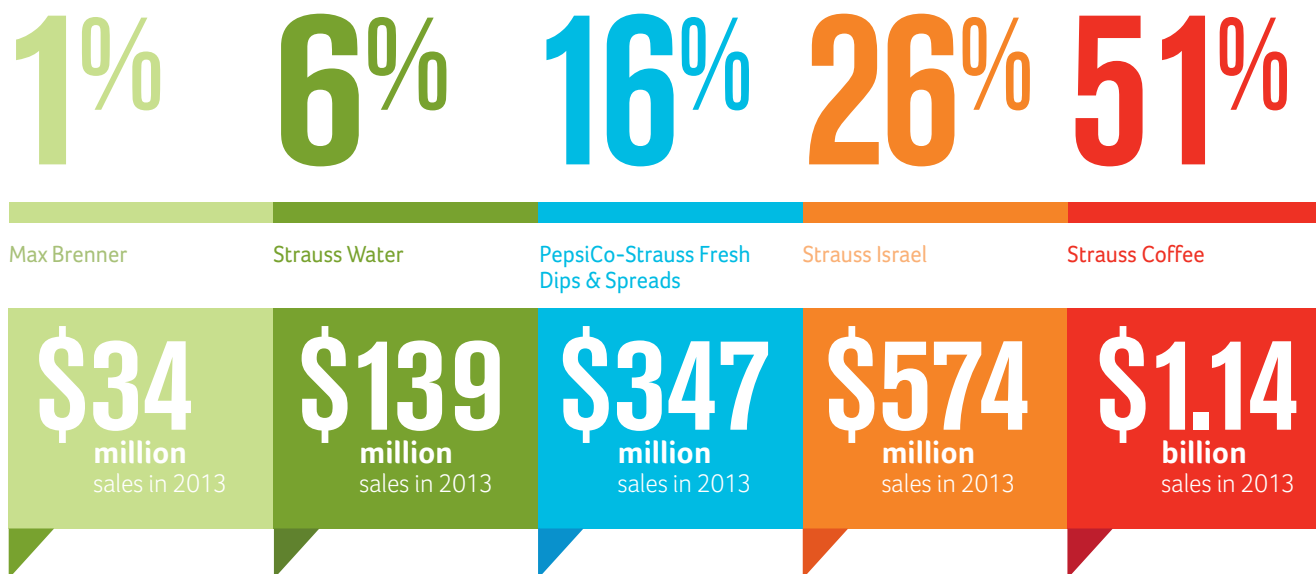


We partner with São Miguel Holding in Tres Coracoes (3C), a 50/50 JV in Brazil for production and distribution of roast and ground coffee and other products.



We partner with the private equity fund, TPG Capital, to enhance and expand our presence in the coffee category.

## Strauss Group sales by company, 2013



Develops, manufactures and sells premium chocolate products under the Max Brenner brand in over 50 "Chocolate Bars", (including franchisees) in 6 countries. Max Brenner Chocolate Bars enhance the social experience of going out and enjoying the pure fun of drinking and eating chocolate.

Develops, assembles, markets and services filtration and purification appliances for drinking water, using cutting-edge technology developed in Israel, offering convenient, clean and tasty drinking water to Israeli, UK and Chinese consumers.

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. Sabra is the fastest-growing chilled dips and spreads brand in the U.S. In 2013, the Obela hummus brand was launched in the three leading chains in Australia.

Develops, manufactures, sells, markets and distributes 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 all our core categories.

Develops, manufactures, sells, markets and distributes 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, the JV Tres Coracoes processes and sells coffee and other products to the local market and exports green coffee to customers abroad.

**Note:** Figures for Sabra and Obela reflect Strauss 50% share. Strauss Coffee and Green Coffee figures include Strauss 50% share in 3C. Figures for F&I include Strauss 50% share in the salty snacks business. Strauss Water includes Strauss share in Strauss Water UK and China. In Brazil we operate through Tres Coracoes, a 50%/50% JV with Sao Miguel Holding e Investimentos.



# Our vision and values

The combination of Strauss Group's unique vision and our ability to take the most basic of raw materials and turn them into wonders is instilled in the company: it's both a business concept and a driver of product development. Our vision inspires us to enrich the quality of people's lives all over the world by developing businesses, special products and innovative solutions.

## Strauss values

### Caring & Daring

Caring means paying close attention to our consumers, customers, employees, partners and the communities we operate in. Daring is the ability to act bravely, taking risks to advance significant change.

### Passion & Responsibility

Our passion is the joy of creation, our genuine desire for food, the delight of giving, our need to nourish others. Taking responsibility makes us dedicated to advancing our vision, reaching our consumers and society as a whole. We act with responsibility and passion for everything we do.

### Team

We create winning teams where every player is a key player. We treat our team members with trust and mutual respect. Beyond our own employees, we advance partnerships as a way to increase the scope and scale of our activity and create greater value for society.

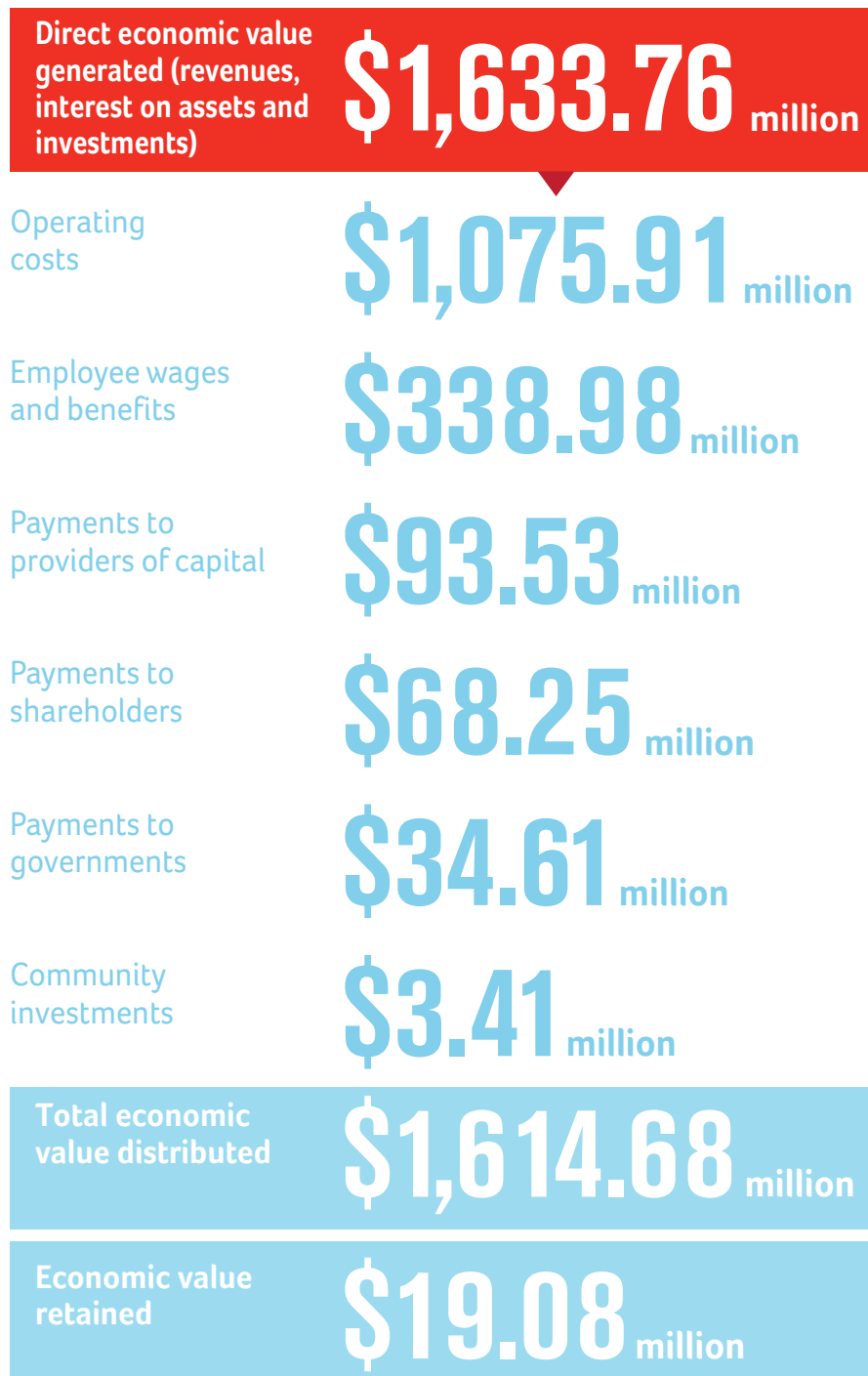
**Strauss  
vision:  
Creating  
wonders  
out of  
basics**



## Our economic contribution

The direct economic value we generate through sales of our products is distributed among our stakeholders and contributes to their prosperity. Beyond this direct contribution, our business activities benefit many thousands of families and their dependents in 24 countries, stimulate economic activity through our supply chain through more than 17,000 suppliers and business partners, and support community development and social prosperity.

## Economic value distributed



**Note:** Financial figures in NIS were converted to \$ at the rate of 3.46. This table is for representative purposes only and details may differ from our published annual financial accounts. In the case of any difference, our audited financial accounts published for 2013 will prevail. Also, this chart represents the direct economic value of the revenue generated by companies 100% owned and controlled by Strauss Group and may therefore differ from consolidated financial figures reported.





# Sustainability Strategy

# 2014-2020

# Developing our strategy

As an international group with five operating companies and a relatively flexible structure, allowing for different partnership holdings and interactions, developing a group-wide strategy was never going to be an easy task, and was never our first priority. Over the past years, we have been advancing our sustainability journey, primarily on a company-by-company basis, using our corporate vision and values and code of ethical conduct as guides, without prescribing specific objectives, goals or targets. Each company developed its own plans, and our corporate sustainability leadership at group level drove communications, data collection, reporting, knowledge sharing between companies and common areas of

issue management. Corporate Responsibility trustees in each part of the business helped advance programs and initiatives.

However, in the past few years, as we have developed greater insight, and as our global footprint has grown significantly, we felt we needed a more robust structure to leverage our strengths, create greater synergies and efficiencies, and present a consistent voice so that our stakeholders can understand what we stand for and how we affect their lives. The compelling conclusion was to draw up a long-term strategic framework which would pull together all the elements of our sustainability practice and define

a path forward for Strauss Group, with each company within the group making a contribution aligned with its unique business line and specific risks and opportunities.

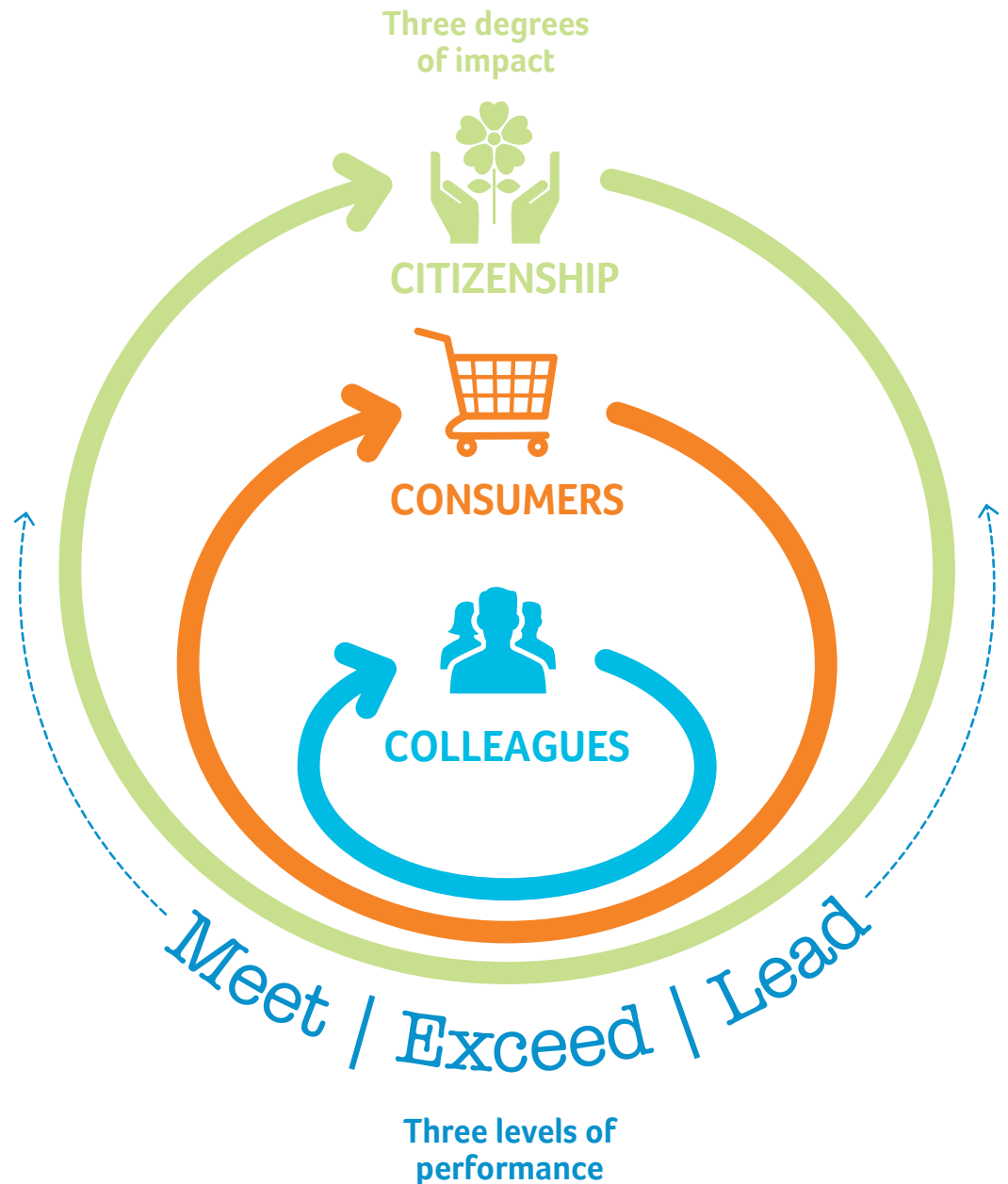
In order to do this, we engaged our Group Management Team and the Executive Management Teams of each company in several rounds of meetings and discussions, considering global and local social and environmental trends, stakeholder feedback and aspirations and business objectives across our companies. This process took almost a full year, and by early 2014, we had agreed on a framework that will take us all forward to 2020, using 2012 as the main baseline.



# Three degrees of impact – three levels of performance

Our new stakeholder-driven Sustainability Strategy 2020 has two main types of building blocks: degrees of impact and levels of performance.

Degrees of impact reflect the progression of our impacts on different stakeholder groups, and the degree to which we are in a direct position to create value and have a positive influence. This starts with the most direct relationship we have with our own employees – colleagues – through whom we are able to reach all our other stakeholder groups. Relative to other stakeholder groups, our colleagues are a small number, but their impact on other stakeholders is critical.





# Three degrees of impact

**Our Sustainability Strategy 2020 is designed to help us improve our impacts on all stakeholder groups with the goal of improving people's lives.**

## Colleagues

**Our first degree of impact**  
We seek to make a positive difference in the lives of our employees, so that they will be empowered to contribute to our success. We do this by creating

an inclusive workplace, investing in personal and professional development, health and wellbeing and ensuring a vibrant dialogue within the company. We believe that our investment in providing an empowering, values-based workplace will translate into improved second and third degree impacts – the way employees support consumers and customers and our overall citizenship objectives.

## Consumers

**Our second degree of impact**  
We seek to make a positive difference in the lives of our consumers and help create a healthier, more sustainable society. We do this through delivering new and more nutritious food products, providing diverse food choices and engaging consumers in greater nutritional awareness. Our goals

in this area include efficiency in our supply chain, product quality and availability, and marketing and consumer outreach platforms to enable consumers to make informed and healthy choices.

## Citizenship

**Our third degree of impact**

As a responsible corporate citizen, we seek to create value for society and the environment in order to improve people's lives and advance healthy lifestyles. We do this through community investment, environmental stewardship and maintaining an efficient and ethical supply chain. Our goals in the citizenship area include ethical and efficient supply chain practices, efficient resource management in our own operations, and investment in the communities we serve.



## Three levels of performance

### Meet performance expectations

This performance level requires us to deliver consistently on a selected range of basic sustainability objectives, including governance, risk management, ethics and compliance with laws and regulations. This is not new. We have always done this. But in considering our strategic objectives, we felt it was important to ensure that meeting the minimum standards of expected performance across all aspects of sustainability practice, including compliance, will not be taken for granted and lose rigor as we strive to do more.

### Exceed performance expectations

This performance level encourages us to exceed prior performance in key areas that are relevant to a broad range of stakeholders. For the first time, we are establishing group-wide targets in key areas of impact for our employees, consumers and other stakeholders. In this way, we aspire to exceed our own prior expectations and do more than we have achieved in the past.

### Lead performance expectations

In three focused sustainability priority areas, we aspire to achieve leading performance in line with the best that can be expected of an international company in our sector. The three areas of focus in our 2020 strategy are: consumer wellbeing, employee wellness and supplier diversity.

In 2014, we are finalizing ways to progress our strategic objectives, establishing group-wide definitions, methodologies and infrastructure for managing, monitoring and measuring our progress. In some cases, new baselines need to be established. In others, new tools and ways of working must be agreed. We will report on our progress in future sustainability reports.



# Our priority sustainability issues

Following an initial review and identification of our priority sustainability issues in preparation for our 2012 Sustainability Report, we spent most of 2013 in dialogue, both internally and externally, to further refine our understanding of what matters most to our business and to

our stakeholders, and develop a more focused set of core issues and use those to create a long term group-wide sustainability strategy. In addition to the extensive interactions we maintained with our employees and with our customers described in the Engaging

Stakeholders section of this report, we conducted a Round Table discussion with experts in different issues relating to our business, and also a review with a global thought-leader in sustainability.

	Advancing healthy lifestyles	Product transparency and responsible marketing	Reducing resource consumption and waste
<b>Context</b>	<b>Improve quality of life</b>	<b>Informed consumer choices</b>	<b>Preserve the planet</b>
<b>Focus</b>	<ul style="list-style-type: none"> <li>• Making food healthier</li> <li>• Adding health to food and drink</li> <li>• Raising healthy lifestyle awareness</li> <li>• Investing in nutritional research</li> </ul>	<ul style="list-style-type: none"> <li>• Clear product labeling and nutritional information for consumers</li> <li>• Customer satisfaction and service</li> <li>• Responsible marketing communications</li> </ul>	<ul style="list-style-type: none"> <li>• Technology and innovation</li> <li>• Operational excellence</li> <li>• Reduce energy, emissions and water consumption</li> <li>• Reduce waste and increase recycling</li> <li>• Engaging employees in environmental stewardship</li> </ul>
<b>Strategic Goals</b>	<ul style="list-style-type: none"> <li>• Improve consumer wellbeing through increased sales of products with a healthy lifestyle claim by 15% by 2020.</li> <li>• Engage consumers in healthy lifestyle activities through each Strauss Group company, reaching 10 million consumers by 2020.</li> <li>• Engage in a global strategic flagship social partnership, with a multi-year commitment to improve healthy lifestyle practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Meet all regulatory requirements in all markets.</li> <li>• Continuously improve our accessibility and service level for customers and consumers.</li> </ul>	<ul style="list-style-type: none"> <li>• Operationalize at least three significant innovative product technologies that improve sustainable and healthy lifestyle choices by 2020.</li> <li>• Reduce consumption of energy, water and packaging materials by 15% per ton of product by end 2020.</li> <li>• Reduce greenhouse gas emissions per ton of product by 15% by end 2020 (2012 baseline).</li> <li>• Increase % of recycled waste from total waste by 15% by 2020.</li> </ul>
<b>G4 Aspects</b>	<ul style="list-style-type: none"> <li>• Local communities</li> <li>• Healthy and affordable food</li> <li>• Customer health and safety</li> <li>• Indirect economic impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Product and service labeling</li> <li>• Marketing communications</li> </ul>	<ul style="list-style-type: none"> <li>• Materials</li> <li>• Energy</li> <li>• Water</li> <li>• Emissions</li> <li>• Effluents and waste</li> <li>• Products and services</li> </ul>



	Ethical supply chain	Diversity in everything we do	Engaging our employees
<b>Context</b>	Manage social and environmental risk	Innovation and opportunity	Align our organization to meet sustainability goals
<b>Focus</b>	<ul style="list-style-type: none"> <li>• Sourcing of sustainable products</li> <li>• Supplier commitment to sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Equal opportunity in employment</li> <li>• Supplier diversity in procurement practices</li> <li>• Advancing women in the community</li> <li>• Product diversity</li> </ul>	<ul style="list-style-type: none"> <li>• Employee engagement</li> <li>• Leadership and development</li> <li>• Health, safety and wellbeing</li> <li>• Employee benefits and compensation</li> </ul>
<b>Strategic Goals</b>	<ul style="list-style-type: none"> <li>• Increase sustainable sourcing of top 5 global food ingredients by 15% by end 2020 (2012 baseline).</li> </ul>	<ul style="list-style-type: none"> <li>• Diverse supplier spend (focused on women-owned businesses) to reach at least 10% of total purchasing spend by 2020.</li> <li>• Achieve a rate of 50% of global management positions held by women by end 2020.</li> <li>• Offer product variants to meet specific health needs (obesity, diabetes, celiac, heart disease) in our top 10 selling brands by 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve employee wellness by reducing risk in three areas – cardio (fitness, weight), respiratory (smoking) and prevention (voluntary checkups), as measured on a health-risk index using 2015 as a baseline.</li> <li>• Maintain employee engagement above 80%.</li> <li>• Reduce work injury rate to no more than 3 injuries per 100 employees by 2020.</li> <li>• Reduce lost days due to injuries to no more than 40 lost days per 100 employees by 2020.</li> </ul>
<b>G4 Aspects</b>	<ul style="list-style-type: none"> <li>• Procurement practices</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity and equal opportunity</li> <li>• Equal remuneration for women and men</li> <li>• Local communities</li> <li>• Procurement practices</li> </ul>	<ul style="list-style-type: none"> <li>• Employment</li> <li>• Occupational health and safety</li> <li>• Training and education</li> </ul>



## Expert Round Table

Our stakeholder Round Table, organized to coincide with our preparation of this Sustainability Report, was structured around the core sustainability issue and opportunity: "Promoting Healthy Lifestyles". Participants included seventeen representatives from the Ministry of Health, healthcare professionals, health associations, social and environmental associations and the business sector, in dialogue with eight Strauss Group managers, including members of our senior executive team. The objective of the meeting was to gain insights from each participant on the trends and developments affecting matters relating to healthy lifestyles and to hear feedback and suggestions about Strauss Israel's performance in this area.

## Collaboration

"The Ministry of Health works to advance regulation and increase awareness for healthy diet and lifestyles. We encourage and welcome collaboration with the business sector to advance these objectives."

### Ruth Weinstein

Director, Department of Health Promotion, Israel Ministry of Health

## An important discussion



"This was an important opportunity to hear at first hand the opinions and guidance of leading experts in Israel. Our consumers are becoming more aware and more involved with the way we affect their lives through both the products we provide and the activities we engage in as a food company. We have observed this change in consumer attitudes and expect the "empowered consumer" to have a greater voice in the way we do business. This discussion was extremely valuable in helping us take a strategic view and understand how we can best support new directions for healthy lifestyles."

### Osnat Golan

Strauss Group VP Communications

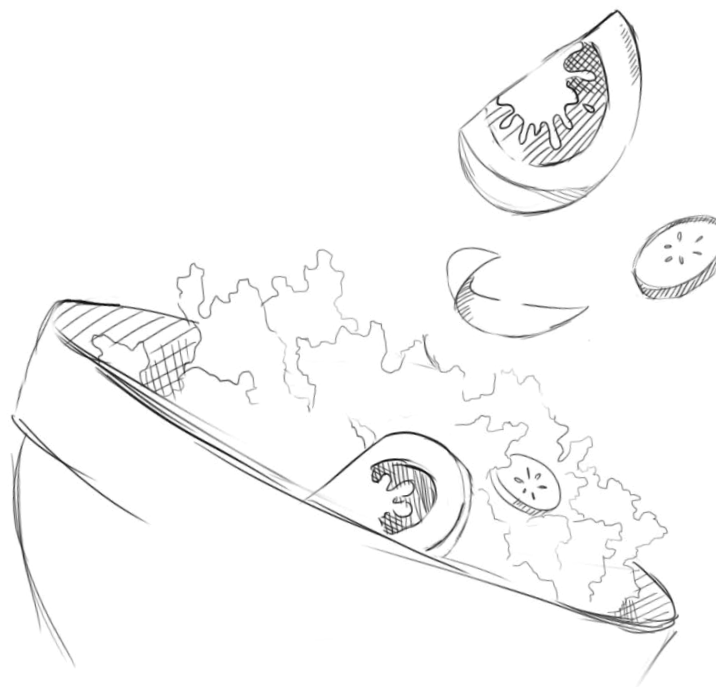
## The main aspects raised by stakeholders in this meeting included:

### Partnerships for healthy lifestyles

It is important to develop partnerships between government agencies, retailers and food and beverage companies to improve product nutritional values, and raise awareness among consumers of different ways to adopt healthy lifestyles. In particular, alongside healthy eating, physical exercise should be encouraged. In parallel, food companies must address the nutritional value of their products, including salt, sugar and fat levels, and new regulation in this area will continue to provide new standards that all companies will be required to meet.

### Marketing and communications

Food companies must engage in transparent communications and share information about



products in the market. In parallel, companies must provide clear product labels, inform appropriately about food ingredients and nutritional values, and engage in responsible marketing practices.

### Inclusive food and nutrition

Food companies must help raise awareness of healthy lifestyle options among diverse groups with diverse nutritional needs, and work to increase accessibility and affordability of healthy food options for those with low socio-economic profiles as well as those with special health needs.

Food companies should help encourage the adoption of healthy habits among underprivileged populations, and consider adapting products to the needs of those with specific dietary requirements.

### Impacts on the environment

As a company with a large footprint in Israel, Strauss must address its environmental impacts, especially on agriculture, food waste and packaging waste. Strauss can also help educate the public to adopt greater environmental consciousness.

## Food for all

"Healthy food options are generally out of reach for weak socio-economic groups. It's important to make healthy food options accessible through education and raising awareness of the importance of healthy food choices, while also making healthy food less expensive."

**Sari Nuriel**  
CEO, Zionism 2000

## Work-life balance

"Work-life balance is an integral part of maintaining a healthy lifestyle, supporting employees in maintaining both a productive career and family life. Companies must actively support work-life balance, rather than just make policy declarations."

**Sharon Abraham-Weiss, Adv.**  
Regional Commissioner at the Equal Employment Opportunities Commission (EEOC)

## Clarity

"Maintaining a healthy diet and consuming the right food is of great concern to the public today. One of the issues often raised is the lack of clarity and accessibility of nutritional information labeling."

**Shelly Mashal**  
District Dietician,  
Maccabi Health Services

# Perspectives

from Aron Cramer, CEO, BSR  
(Business for Social Responsibility)



Aron Cramer is the CEO of BSR, a global organization that advances the integration of sustainability in business and promotes collaboration for sustainable development. Aron is recognized globally as a preeminent authority on corporate responsibility and sustainability strategy. He advises senior executives at more than 250 BSR member companies and is a frequent speaker on sustainability issues.



"The food and beverage industry is central to society's most fundamental need: food and nutrition. In today's world, more people are able to meet their basic needs for food than ever before. This progress is threatened by the new realities of business in a climate-constrained world. As access to food increases, new health challenges are emerging. Throughout history, humans have faced a struggle to obtain sufficient amounts of food: the search for more calories. In

today's world, the challenge for many people is very different. The twenty-first century now sees health problems caused by excessive consumption and poor nutritional content. Food production now faces water scarcity that is exacerbated by climate change. It is essential that food companies like Strauss understand this context, and develop their strategies accordingly.

The ultimate test of the sustainability of a food and beverage company - as it is for any company - is about the core products and services it markets. Food companies should also be a part of systemic changes that enable a truly sustainable food system for a global population. Leading companies engage with global industry and value chain partners to drive meaningful progress, as well as deepening connections in local markets.

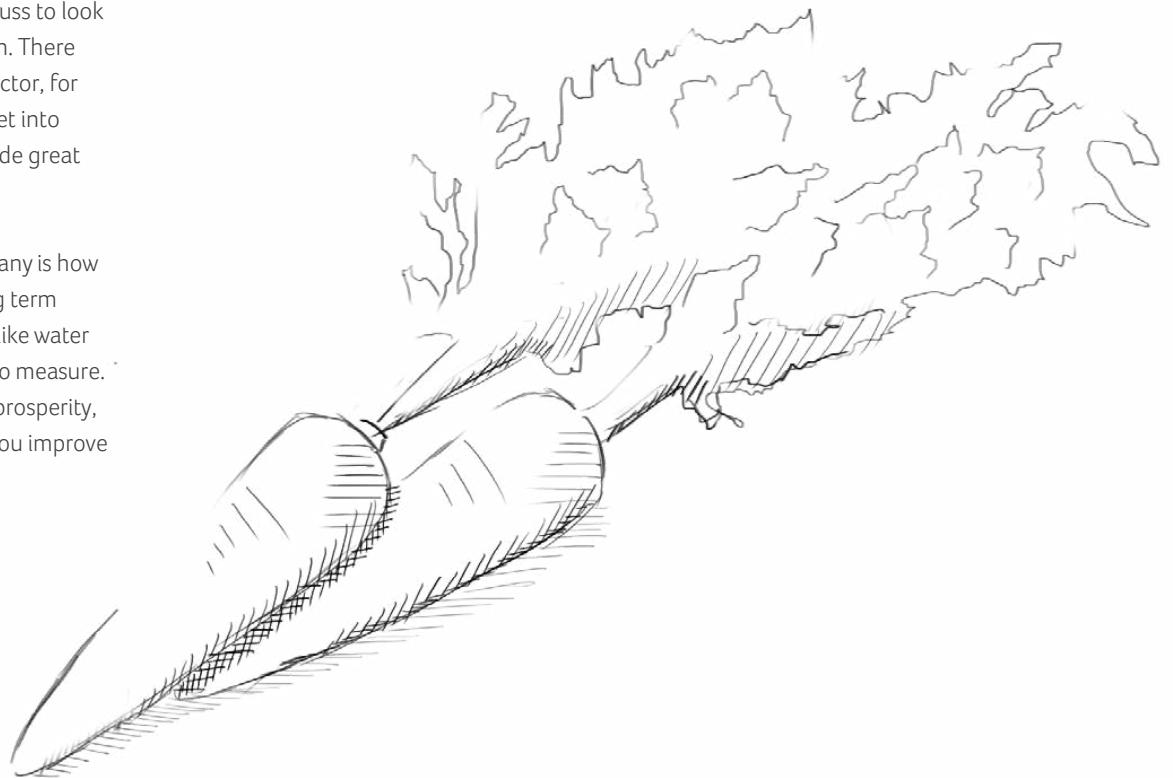
An issue which cuts across all aspects of the food value chain is food waste. By addressing food waste, especially in a sluggish global economy and amidst severe resource scarcity, the food industry can make a meaningful difference and create a huge win-win for consumers, food companies and the environment. This is not an issue for Strauss to resolve on its own but it should be worth consideration.

**Strauss should be focused on real issues that are driven by core products. These could include enhancing consumer choice, helping consumers understand the health implications of consumption habits, through product labeling and other means, and sustainable sourcing.**

Strauss should be focused on real issues that are driven by core products. These could include enhancing consumer choice, helping consumers understand the health implications of consumption habits, through product labeling and other means, and sustainable sourcing. Human rights is also a topic that is rising in visibility and importance, and there is an opportunity for Strauss to look in particular at its impact on women. There is a big push in the food and agri sector, for example, to help women farmers get into global supply chains. This can provide great social value.

Another mark of a leadership company is how well it defines and measures its long term sustainability targets. Some topics, like water and energy use, are relatively easy to measure. But other areas crucial to inclusive prosperity, such as how you measure the way you improve

people's lives, is more complex and qualitative. This is all related to what may be the ultimate challenge for sustainability reports: how to provide crucial information in a shorter format that is more focused. I believe Strauss's more strategic approach should help deliver a compelling report this year."

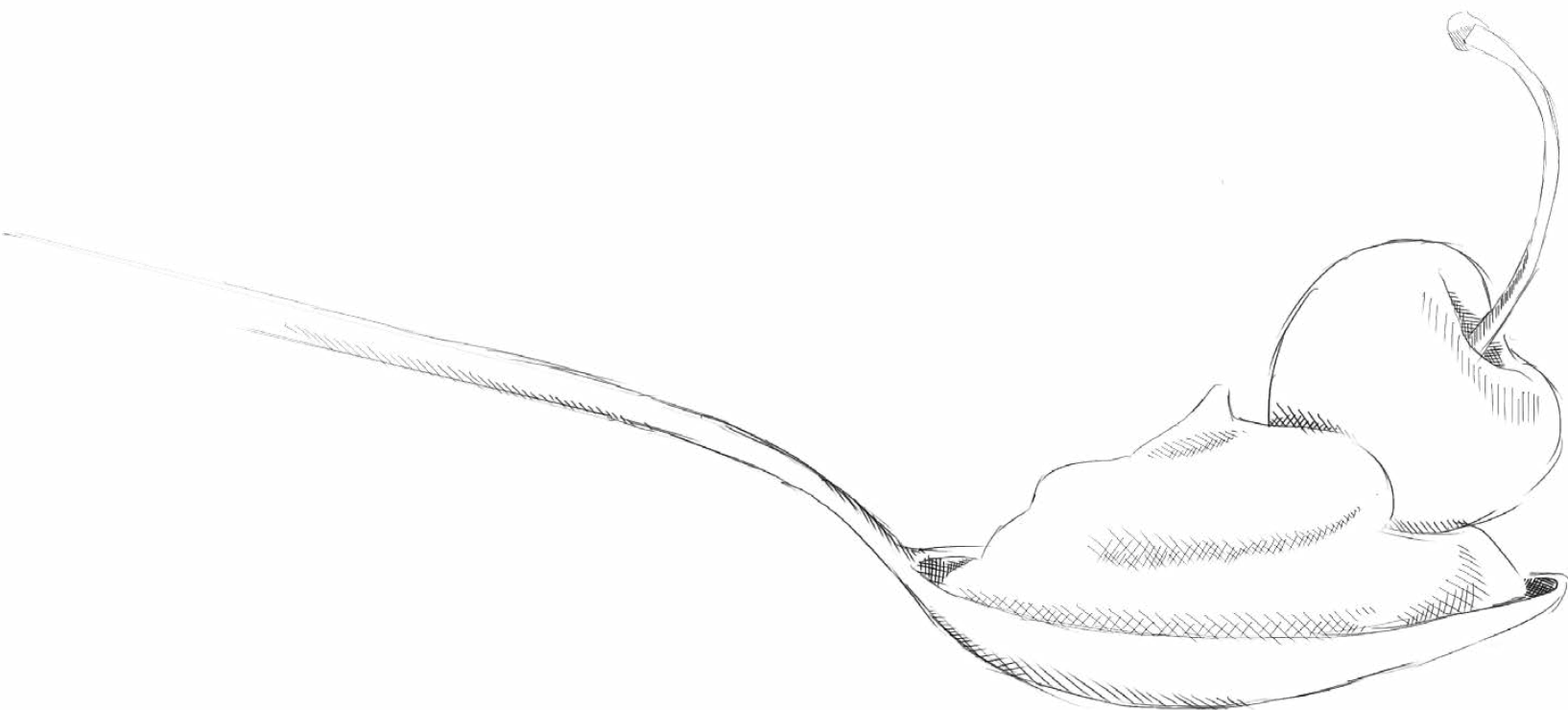








Improving  
lives



# Promoting healthy lifestyles

Focus	Strategic Goals	Aspects	Indicators
<ul style="list-style-type: none"> <li>• Making food healthier</li> <li>• Adding health to food and drink</li> <li>• Raising healthy lifestyle awareness</li> <li>• Investing in nutritional research</li> </ul>	<ul style="list-style-type: none"> <li>• Improve consumer wellbeing through increased sales of products with a healthy lifestyle claim by 15% by 2020.</li> <li>• Engage consumers in healthy lifestyle activities through each Strauss Group company, reaching 10 million consumers by 2020.</li> <li>• Engage in a global strategic social partnership with a multi-year commitment to improve healthy lifestyle practices.</li> </ul>	<ul style="list-style-type: none"> <li>• Local communities</li> <li>• Healthy and affordable food</li> <li>• Customer health and safety</li> <li>• Indirect economic impacts</li> </ul>	<ul style="list-style-type: none"> <li>G4-SO1</li> <li>G4-EC8</li> <li>FP4</li> <li>FP6</li> <li>FP7</li> </ul>

Promoting healthy lifestyles is a priority sustainability issue for Strauss Group because it is extremely important to our consumers. A healthy lifestyle can be defined in many different ways, and mean different things to different people. For some, the focus is on access to nutritious food, especially for those who face challenges in food availability and

affordability. For others, a healthy lifestyle may mean avoiding consumption of certain types of food such as those high in fat, gluten, sugar or salt. Many define a healthy lifestyle as one that includes weight control and physical exercise, while for others, relaxation and stress management are important. Others find it important to avoid

different forms of chemicals, alcohol and tobacco. For some, a healthy lifestyle includes all of the above. Whatever the prime focus of anyone's definition of healthy lifestyle, the prime contribution we can make as a food and beverage company is to provide a broad range of products for our consumers that help improve their lives.

## Strategy to action

### Making food healthier

Consumers are more aware than ever before of the nutritional values of different food products, and of the potentially negative consequences of consuming too many calories. As an industry, food manufacturers have been finding ways to reduce levels of high-calorie ingredients to make food that has greater nutritional benefit. At Strauss, we have also been working tirelessly to ensure our brands provide improved nutritional benefit for our consumers and support the adoption of healthy lifestyles.

Unfortunately, these less nutritious food ingredients are often the ones that provide consumers with the taste they love, so reformulation is no easy task. However, for the past several years, at Strauss Israel, we have been progressing a clearly defined multi-year plan to reformulate our products to reduce salt, fat and sugar, while retaining texture, taste and all other healthy parameters of our products.

### Sugar

A healthy lifestyle includes calorie management and careful management of sugar intake. As food manufacturers, we have supported a reduction in sugar consumption and have been systematically reducing added sugar content in our products. For example, we have reduced the sugar content in our Actimel product by making a change to the production process without requiring additional ingredients to be added or significantly altering the product taste. In all of our fruit yogurts and yogurt beverages, we have reformulated to reduce up to 20-25 percent added sugar content. Similarly, we



# 20%-25%

### Reduced sugar

in all of our fruit yogurts and yogurt beverages

# 7%

### Reduced salt

content in our Tapuchips snack

reduced sugar levels in our chocolate milk and our chocolate bars under the Elite brand.

### Salt

During the past three years, we have reduced the salt content of our Tapuchips snack by 7 percent, saving almost 3,000 kg of salt in production of this one brand, as part of our overall multi-year plan to reduce salt content across a range of products. Alongside our own salt-reduction program, we participate in a governmental initiative, promoted by

the Israeli Ministry of Health, to reducing daily sodium intake of the Israeli population by 3 grams, from 9 grams to 6 grams per day per person, by 2020, in order to reduce health risks associated with excessive salt intake. The program involves Israel's leading dairy product manufacturers, and after consultation with manufacturers, the first products with focused government-led targets for salt reduction were defined as cottage cheese and soft white cheese.



## Fat

We have been systematically reducing added fat content in our products. For example, in early 2014 we created a breakthrough in our leading hummus salad brand. Hummus is one of Strauss's highest selling products, and is a significant element of the staple Middle Eastern diet in Israel. Our new Country Hummus product contains no added oil, retaining only fat content that is naturally present in the raw sesame seed paste (tahini), a key ingredient in hummus salad. Therefore, the fat content of Country

Hummus is 9.5 grams of fat per 100 grams of product, which is significantly lower than the fat content of similar hummus products. At the same time, we were able to increase the level of protein in the product by 13 percent. As Israel consumes in total over 30,000 tons of hummus salad per year, and much of this is consumed by young children, our lower fat content higher-protein hummus salad can make a significant contribution to improving healthy lifestyles and the quality of life for millions.

## Food choices for a healthy lifestyle

In addition to making existing food products healthier, we try to create more and better food choices for different types of consumers. This includes products that offer portion control for adults who wish to control their calorie intake, healthy vegetable snacks attractive to kids, fresh salad options and products with nutritional benefits under our Energy brand.

Adults looking for a sweet chocolate treat now have the option of a new chocolate bar with added benefits. Our 92 calorie chocolate bar, a lower-calorie chocolate bar that we developed in collaboration with a leading research university, The Technion, and a

The fat content of Country Hummus is 9.5 grams of fat per 100 grams of product, which is significantly lower than the fat content of similar hummus products.





## Food and more

Danacol is a yogurt drink enriched with phytosterols, proven to help reduce cholesterol levels by up to 15%.

Actimel is a probiotic yogurt drink that helps strengthen the body's natural defenses. In addition to regular yogurt cultures, each bottle (100ml) of Actimel contains over 10 billion live *L. casei* bacteria.

Strauss's new enriched cottage and white cheese contain a quarter of daily calcium and vitamin D requirements in a half-cup portion.

Our new Yotvata Enriched Milk contains 30% of daily calcium and vitamin D requirements.

Strauss's Gamadim soft cheese brand is the only product of its kind with a unique composition of iron, zinc, vitamins and calcium, especially adapted for children.

leading science institute, the Weizmann Institute, is an example of this. The chocolate is rich in nutritional fibers and calcium, with a low glycemic index value of 20 (versus 50 in regular chocolate), which means the carbohydrates in the chocolate break down more slowly, releasing glucose more gradually into the bloodstream. Our 92 calorie chocolate bar comes in controlled portions of 25 grams.

Adults and kids looking for fresh snacks and menu options can continue to enjoy our expanded fresh salads range. For example, following the success of our carrot snack packs for adults last year, we introduced a carrot snack pack for kids. The packaging and marketing of the product includes Disney characters to help children associate healthy food choices with fun. For adults, we created innovative fresh salad options such as beetroot, zucchini and onion salads. These are made with locally grown produce and provide new and healthy tastes for healthy lifestyle options.

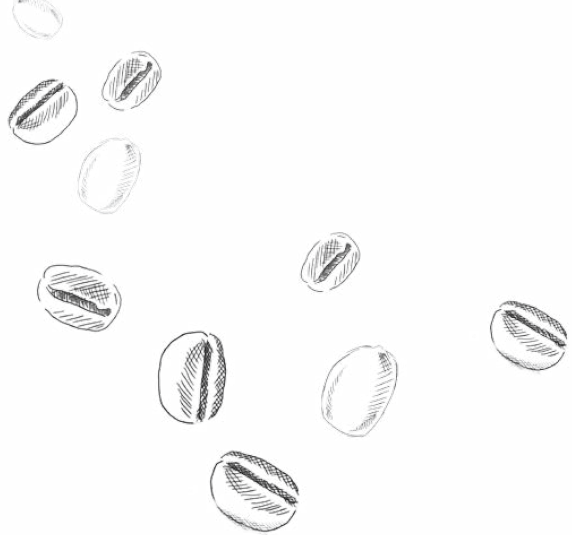
Other innovations in 2013 include a single-portion ready-meal dairy ravioli, which is ready in one minute, a wide variety of soft white cheese spread with different fresh flavors, and more 100-calorie products for strict calorie control options. Overall, in 2013, we offered more than 30 new product or product variants to improve the quality of life for consumers in Israel.

### Adding nutritional benefits to food and drink

The pursuit of a healthy lifestyle may also mean, for some, the inclusion of food choices which make a positive contribution to health, offering more than standard food choices. Fortified and functional food choices contain ingredients that may help reduce risk for certain health conditions. These products are generally based on ingredients that occur naturally or can be added during the manufacturing process. The key areas in which we add nutritional benefits to food and drink include fortifying our dairy products with

vitamins and minerals, providing probiotic and phytosterol-based functional food options, and introducing functional innovations in the beverage category to provide more nutritional benefits in all sorts of different ways.

**Overall, in 2013, we offered more than 30 new products or product variants to improve the quality of life for consumers in Israel.**



### Gum and more

In 2013, we introduced a new chewing gum coated with xylitol under our Bazooka and Must brands. Xylitol is a natural sugar alcohol that helps prevent cavities while being equal in sweetness taste to sugar. Our regular chewing gum pellets have been coated with xylitol for the past two years. This year, we have expanded this for the benefit of children for whom Bazooka is a popular option and also we developed a chewing gum with 100 percent xylitol that retains freshness for 45 minutes.

### Coffee and more

In 2013, Strauss Coffee launched two new and innovative coffee products that offer healthy lifestyle solutions for consumers that seek added value from their instant coffee. The first is a unique instant coffee drink that includes nutritional fiber to aid a feeling of satiety for those interested in controlling calorie intake, while the other is a Turkish coffee beverage that is enriched with polyphenols that support health benefits.

### Balance Coffee

In 2013, we launched a revolutionary new coffee beverage leveraging the strong coffee-drinking habit in Israel. Our new coffee under our Elite brand is called Balance, and is a rich Brazilian coffee containing corn and chicory fiber and milk-based proteins. One cup of Balance contains up to 23 percent of the recommended daily fiber consumption.



In Israel, people drink an average of 3.5 cups of coffee a day. Balance is designed for consumers that want to feel satiated at the most challenging hours of the day between meals or at snack times. Drinking one cup of Balance promotes a sense of satiety for up to three hours. Weight Watchers Israel has tested Balance and recommends it to members as part of a controlled diet.

### Turkish coffee

In 2013, we launched, under our Elite Turkish coffee brand, a coffee beverage that contains 30 percent more polyphenols compared to regular Elite Turkish coffee. Polyphenols are a form of antioxidants that are found in coffee, and understood to possess a variety of potential health benefits. In recent years, studies confirm there are several health benefits to moderate coffee consumption and in particular Turkish coffee. In Israel, 40 percent of adults drink Turkish coffee at least once a week.



## Coffee and sports

In order to help increase consumers' understanding of the wellbeing benefits of coffee, especially when consumed as part of a healthy lifestyle that includes physical exercise, we hosted an educational coffee campaign designed to raise awareness that drinking Turkish coffee before sporting activities can improve sporting achievements. We provided more than 55,000 cups of free coffee, and more than 80,000 one-cup sachets throughout the year, in collaboration with dieticians and sporting experts. In a representative sample of 500 people that tested their views about coffee benefits, awareness increased to 26 percent in March 2014 from just 11 percent in July 2012.

## Investing in nutritional research

We maintain the Strauss Institute to support our mission of improving people's lives by advancing nutritional research, holding scientific conferences for nutrition professionals, and promoting healthy lifestyles in the community. The Strauss



Institute continues activities conducted by the Danone Institute in Israel for the past 14 years, and collaborates with Danone Institutes around the world. Strauss Institute activities are directed by a scientific council of five leading academics and researchers in the field of nutrition in Israel.

In 2013, we launched a new Strauss Institute website in Israel ([strauss-institute.com](http://strauss-institute.com)). The

site includes information for consumers and healthcare professionals to support awareness of healthy and balanced diets. During 2013, the site was piloted among 1,200 health professionals who revisited the site regularly at a rate of more than 700 entries per month.

In 2013, Strauss Institute awarded research grants for students interested in examining the link between nutrition choices, food ingredients and health. Four grants totaling more than \$50,000 went to three doctoral students and one masters student from different universities. We plan to make available up to \$60,000 annually in such research grants.

## Weight Watchers

"Weight Watchers operates over 500 groups in Israel, hosting 15,000 weight watchers every week. Group members and leaders act as a support system, role models and a source of inspiration. The "Points Plus" system assists our customers in maintaining a healthy and balanced lifestyle and cope better with their weight. We are happy to collaborate with companies that provide products which are proven to contribute to the efforts of maintaining healthy weight and promoting a healthy lifestyle."

Lilit Romem, CEO,  
Weight Watchers Israel





## Excellence

"The Center of Excellence is now home to experts in all areas of food manufacturing and we are eager to put our findings to work as we continue to change the way consumers around the world dip and spread. As we build on our heritage to invent the future, we will continue to be inspired by global advances in food production and aim to further our leadership within the category. This marks a significant step forward in our pursuit to bring the diversity of the world to life through an array of fresh tasting, real and wholesome products."

Tulin Tuzel  
Chief Technology Officer, Sabra

## Sabra's Center of Excellence

In 2013, Sabra officially launched a "Center of Excellence", in Virginia, U.S., alongside Sabra's manufacturing plant. The Center, the first of its kind in the dips and spreads industry, will act as a point of innovation for advancing research capabilities and help improve our products in all aspects of raw material sourcing, manufacturing, packaging and distribution.

The Center works in collaboration with universities and agricultural research centers, and houses experts in culinary arts, food technology and nutrition. The plan is to conduct groundbreaking research on chickpeas, fruits and vegetables. This activity is aimed at supporting continuous innovation while focusing on product diversity, high nutritional values, quality and taste. The Center features a state of the art culinary center, research laboratory, ideation space, a pilot plant and hands-on research modules.

In addition, in the U.S., the growth of the hummus market has made another positive impact. Farmers in Virginia State have turned to hummus in the face of declining tobacco demand, their primary market up until recently. Sabra, in collaboration with Virginia State University, advances research that will support Virginian farmers become more efficient and maintain their livelihoods as they convert to hummus production.

## Raising healthy lifestyle awareness

A key opportunity to help consumers take a proactive approach to healthy lifestyles is to ensure they are aware of basic nutritional guidelines, the impact of different nutritional elements in their diet and have the tools to adopt eating habits that make sense for them. As a large food and beverage group



## The new Sabra Center of Excellence will act as a point of innovation for advancing research capabilities and help improve our products.

that invests considerably in research, we have many resources at our disposal that can help the professional community of dieticians and nutritionists, and ultimately, those who consume our products. We share our professional knowledge with dieticians and nutrition professionals through workshops, information booths at conferences, tours of Strauss manufacturing sites and online activities. During 2013, more than 2,000 dieticians participated in different activities which helped enrich their knowledge and understanding of how our products can contribute to healthy lifestyle choices. A highlight of the year was the half-day workshop we hosted with a lecture on healthy products for children by Strauss Israel's chief nutritionist and a cookery master-class by Phyllis Glazer, a well-known culinary expert specializing in healthy cooking.

## Nutritional tools for kids

In 2013, we launched, as part of our Strauss Institute website, a fun game that helps kids learn more about nutrition in an interactive way. The online tool is called Meals from

the Movies, and invites children to create a balanced, portion-controlled meal in a way which makes use of the different food items to form a personal movie on the screen. Each of the food types are "actors" in the movie and explain their role in an animated song. This game makes learning about nutrition fun, and provides a basic nutritional understanding which should help children adopt healthy eating habits as they grow into adults leading healthy lifestyles.

During 2013, more than 2,000 dieticians participated in different activities which helped enrich their knowledge and understanding of how our products can contribute to healthy lifestyle choices.

# Product transparency and responsible marketing

Focus	Strategic Goals	Aspects	Indicators
<ul style="list-style-type: none"> <li>• Clear product labeling and nutritional information for consumers</li> <li>• Customer satisfaction and service</li> <li>• Responsible marketing communications</li> </ul>	<ul style="list-style-type: none"> <li>• Meet all regulatory requirements in all markets.</li> <li>• Continuously improve our accessibility and service level for customers and consumers.</li> </ul>	<ul style="list-style-type: none"> <li>• Product and service labeling</li> <li>• Marketing communications</li> </ul>	G4-PR3, G4-PR5, G4-PR7, G4-FP8

## Informed consumer choices

Product transparency and responsible marketing, including product claims associated with our products, and the nutritional information we provide, is an important sustainability issue because it helps consumers make informed choices about what foods and beverages to purchase and to consume. Proper understanding of what food contains is an essential prerequisite for making healthy food choices and leading healthy lifestyles. Nielsen research shows that 59 percent of consumers around the world have difficulty understanding nutritional labels on food packaging. At Strauss, we aim to achieve the highest possible transparency, beyond food and labeling regulatory requirements where possible, and we encourage consumers to take a keen interest and ask us for further information they might require.

## Strategy to action

### Clear product labeling and nutritional information for consumers

Within the constraints of product packaging and the large amount of information that must be provided by law for consumers, we aim to make our labeling as clear as possible and ensure that prominent aspects relating to the product content is visible to the consumer. For example, in Europe, legislation requires allergenic information on product labels. This will not be law in Israel until 2015, but at present, we present such information on our products to ensure that our consumers have the best information available at all times. Internally, we are constantly vigilant and alert to all new regulation relating to product labeling requirements, and ensure that all relevant staff members are informed and changes are made accordingly. In many cases, we prepare ourselves ahead of regulation coming into force.

### Customer satisfaction and service

Our success is measured in our customer satisfaction. We aim to ensure all consumers are delighted with Strauss products, including food products, coffee beverages, Strauss WaterBars or a delicious dessert at one of our Max Brenner Chocolate Bars. We aim to ensure that our consumers and customers get the best product quality and also the best service. Overall in 2013, we recorded over 154,000 interactions with customers initiated through our call center and online media platforms. That's more than 660 conversations every single working day of the year.



**85%**

of consumers confirmed our call-center responses are **very good or excellent**

**75%**

of consumers perceive Strauss as **highly attentive to consumers**

#### **The voice of the consumer**

In 2013, in Israel, we initiated a program to bring the voice of the consumer right onto the production floor, into the conference room and into the hearts and minds of our employees and managers. We do this by playing recordings of calls from consumers received by our call center to employees and managers in a range of roles. The calls inevitably engender discussion about instances of customer dissatisfaction expressed in the calls, and the corrective action we can take to prevent recurrence. This process brings consumer issues to life and makes them very real for all our staff. Several specific product improvements have been made as a result of these interventions, both to products and to packaging.

#### **The new flag system**

In 2013, we implemented a further improvement in our consumer call center, based on a system of call center representatives "raising flags" to help deal with serious quality issues in real time. This new process raises attention to types of complaints that may not have been identified as immediate priority (for example, not life-threatening) but nevertheless represent a critical issue in terms of consumer trust. An incident raised with a flag is immediately addressed, analyzed and action required is taken without delay, and information is looped back to the representative who raised the flag to complete the cycle. In this way, we maintain consumer trust and confidence relating to issues that are important to them, and are thankful to them for alerting us to potentially serious quality issues.



## Responsible marketing communications

Our marketing communications are based on our corporate values and comply with all marketing regulations, aiming to exclude any harmful, immoral, irresponsible or misleading content. We strive to build long-term trust among our consumers by communicating with integrity and fulfilling our promises. Our marketing staff is fully trained in our Code of Ethics and approach to responsible communications.

## Customer Privacy

At Strauss, we attribute the highest importance to customer privacy. We adhere to all laws, rules and regulations and strict internal procedures relating to privacy. We carefully manage information security as we maintain our database of consumers and ensure we have required approvals for mailings to them. We do not share consumer information with any third party.

## Getting close to customers

Our consumers are able to purchase their products through a network of wholesale and retail sales outlets. These organizations are critical partners for Strauss, as the way they do business can significantly affect the availability, quality, affordability and overall presence of our products in the different marketplaces where we operate around the world. As our markets change, our customers become smarter, more aware and more demanding. We invest exceptional efforts to understand our customers' needs, create positive relationships and establish a framework of interactions based on mutual trust.

Strauss Israel has over 10,000 points of sales around the country, including

small retailers and chain supermarkets. Three years ago, we launched a program to ensure our entire organization is compellingly customer-oriented. As part of this program, we rolled out a workshop for 42 sales district managers to increase commitment and provide tools to help the sales team understand and engage with customers at a deeper level. Each sales manager takes part in visits during which they "shadow" the customer to understand the key issues and decisions that are made in a typical day, and can identify more precisely with the customers' needs. More than 30 such shadow visits took place in 2013, and helped us see through our customers' eyes how we can further contribute to advancing healthy lifestyles and provide outstanding service.



## Understanding customers

"We learned from our customer visits that retailers interact with multiple stakeholders: customers, employees, suppliers and others, dealing with many challenges on a daily basis. We aim to be supportive

by listening to what's important to them and providing added value through flexibility and collaboration."

Eran Hay-Yosef

Sales and Distribution Manager, Strauss Israel

# Engaging our employees

Focus	Strategic Goals	Aspects	Indicators
<ul style="list-style-type: none"> <li>• Employee engagement</li> <li>• Leadership and development</li> <li>• Health, safety and wellbeing</li> <li>• Employee benefits and compensation</li> </ul>	<ul style="list-style-type: none"> <li>• Improve employee wellness by reducing risk in three areas – cardio (fitness, weight), respiratory (smoking) and prevention (voluntary checkups), as measured on a health-risk index using 2015 as a baseline.</li> <li>• Maintain employee engagement above 80%.</li> <li>• Reduce work injury rate to no more than 3 injuries per 100 employees by 2020.</li> <li>• Reduce lost days due to injury rate to no more than 40 lost days per 100 employees by 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• Employment</li> <li>• Occupational health and safety</li> <li>• Training and education</li> </ul>	<ul style="list-style-type: none"> <li>G4-LA1,</li> <li>G4-LA6,</li> <li>G4-LA10,</li> <li>G4-LA11</li> </ul>



# Aligning our organization to meet sustainability goals

Aligning our organization to meet sustainability goals is important because it is our employees in all parts of Strauss Group that determine whether we will be successful or not. As a diverse group, operating in many countries and cultures, we must all share a common set of values and be inspired by a common vision and purpose. We align our organization by embedding our values, truly caring for our employees' safety and wellbeing, investing in developing their capabilities and rewarding them for their tireless efforts. We value diversity and aim to create an inclusive workplace. This pays off for our business - statistics show that organizations with a high level of engagement report higher productivity and higher profitability - and it pays off for society, as, with more than 13,500 employees building a livelihood within the Strauss Group organization, the economic and social benefits for local communities are widespread.

## Strategy to action

### Employee engagement

We perform a global employee engagement survey every two years and the most recent global survey was conducted in 2013. Within a globally aligned framework, each Strauss Group company tailored an engagement survey to meet specific organizational needs while retaining a core that is common

across the entire Group. The common elements included fifteen specific questions we asked of all our employees around the world, including questions on corporate responsibility and business ethics. Overall in 2013, we achieved an 84 percent response rate, with 5,634 responses out of a total 6,646 that were invited to participate. In general, across our markets, we found that our engagement scores ranged from 75 percent to 92 percent in different companies, a generally positive result by any standard, but one that leaves us with aspirations to do even better.

The areas that our employees were most positive about include our performance in improving quality of life for our consumers, and being a socially responsible company. The top three results included showed that

90 percent or more of our employees believe that:

- Our products add value to our consumers' quality of life
- Our company is socially responsible
- Our work environment is free from harassment.

The areas that our employees scored less well were in the areas of driving for personal excellence and leadership.

**In general, across our markets, we found that engagement scores ranged from 75% to 92% in different companies**

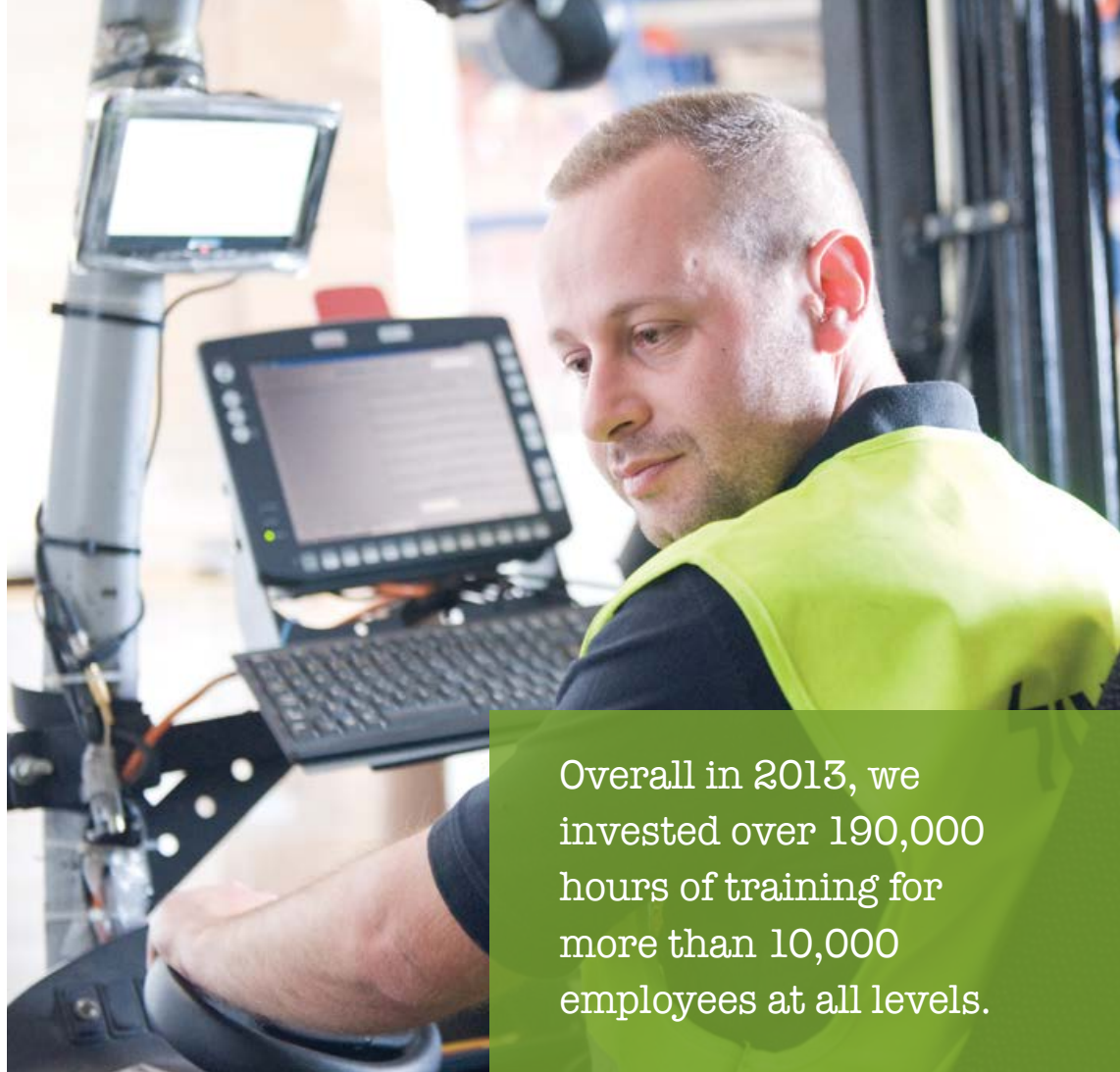


## Leadership, development and training

In 2013, we took the first steps towards implementing our new leadership and core competency MOVE model ("Me, Others, Vision, Execution") in organizational processes throughout the Strauss Group companies. We expect that using the MOVE model will help us expand our leadership pipeline in coming years.

### Training

We provide formal training in a variety of delivery formats to help employees improve their knowledge and skills as part of overall development plans identified during the annual performance evaluation. Training is targeted to meeting professional needs and personal development opportunities to help employees to do better what they do best. In 2013, we launched a computer-based Learning Management System for Strauss Israel office-based employees,



Overall in 2013, we invested over 190,000 hours of training for more than 10,000 employees at all levels.



covering CR-related topics including sexual harassment prevention, Code of Ethics, office safety, information security, and more. Following completion of the module, participants must confirm understanding in a short test. To date, 1,500 employees have completed the program. Overall in 2013, we invested over 190,000 hours of training for more than 10,000 employees at all levels.

### Job skills in an automated environment

Another area where we invested heavily to improve the capabilities of our employees is in the adaptation to an automated work environment. Automation requires different skills and capabilities from production operators and maintenance staff and the transition is by no means trivial. Rather than release employees as we introduce new technology, we trust the capability of our employees to embrace change and, with appropriate training, work with the manufacturing teams to deliver great results for our consumers.



## Health, safety and wellbeing

We remain committed to providing a safe and healthy work environment and strive to continuously improve our performance. 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 quality standard in safety management. We conduct regular safety audits, identify hazards and take corrective action. We also strive to eliminate health risks to employees, 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 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 2013, we invested \$1.85 million in equipment and tools in our operations in different countries to make our working environment safer for all our employees.

### Expanding safety management

In 2013, we expanded our new safety program to our eight factories in Israel. The program is based on hands-on management involvement in safety with daily factory tours by managers on a rotating schedule.





**-0.47%**

Our overall injury rate per 100 employees reduced by 0.47% in 2013. This is a reduction of 65 lost-time injuries in 2013.

**-16.94%**

The number of lost workdays as a result of work injuries reduced by 16.94% in 2013. This is a reduction of 1,932 lost workdays in 2013.

During the tours, managers observe production practices, engage in discussion with employees and note safety improvement action for follow up. This is a "gemba"-style practice, taken from Japanese principles of lean management. We also implemented a "gemba" standard work certification for managers to ensure alignment and correct use of the system. In 2013, 47 managers at our Achihud factory in Israel were certified and engage with employees to improve safety as a regular part of their work. We believe this approach has contributed to a significant improvement in our safety performance. In 2013, Strauss Israel, recorded a 29 percent reduction in lost time injuries and a 17 percent reduction in lost time days.

### **Our safety performance**

Overall, our injury rate per 100 employees group-wide in 2013 was 4.46 injuries per 100 employees. Our strategic target is to reduce lost-time injuries to below 3 injuries

per 100 employees. In 2013, our position moved slightly in the right direction, down from 4.93 in 2012 due to our ongoing investment in reducing safety risks and improving practice.

We regret to report that in 2013, one of our employees at our Brazil factory lost his life in a car accident on the way home from work.

### **Ergonomics**

In 2013, we continued investing in improving workplace ergonomics to improve employee working conditions, prevent occupational hazards, and improve efficiency. We initiated a proactive program for ergonomics improvement that included extensive training and skills development for 25 individuals nominated as ergonomic specialists. We conducted risk assessment relating to ergonomics around our different sites and completed work station redesign along ergonomic principles at several locations.

## Protecting employees through transitions

In 2013, we closed our coffee factory in Safed in northern Israel, after 60 years of operation. From the outset, we took a decision to ensure that the fifty people employed at the factory would be protected through the transition. In practice, we provided six months' notice of the change to all employees, to provide employees with time to consider their future. Employees were offered alternative employment at other Strauss sites in Israel, including relocation assistance, and others were offered generous retirement plans. At the plant closure, all employees had been successfully transitioned with no forced redundancies.

## Employee benefits and compensation

We aim to maintain compensation and benefits for all our employees that offer fair and competitive packages in line with local market norms in the different locations where we operate. In 2013, as every year, we monitor the way our compensation packages are performing in local economic conditions around the world and make adjustments to ensure we stay competitive.

Significant progress was made in 2013 in helping our employees in Strauss Israel think ahead and plan for retirement. As a responsible employer, we want our employees to improve their lives in the future by planning ahead in an informed and considered way. A 2012 survey by the Israeli Central Bureau of Statistics showed that 36 percent of the Israeli population over age 20 is not covered by a pension plan and that of those that do have a plan,



## Planning for the future

"After attending the "Planning for the Future" training session, I realized I need to meet, for the first time in my life, with a pension fund counselor to learn about my rights and what I can do to improve my pension fund terms and performance. I now have an updated, improved and more cost effective policy that I know will be important for me and my family in the future.."

Liat Elron

Training and Learning Department, Strauss Israel

62 percent do not understand the sum they will receive upon retirement or the way that sum will be calculated.

We aim to provide our employees with the best retirement plans available in the Israeli market. Also, we feel it is important that our employees understand how to get the best result from their individual plans according to their own personal circumstances, because regulation in Israel prevents employers influencing how employees determine future retirement plan schemes. Therefore, in 2013, we launched our "Planning for the Future" initiative to educate employees about their retirement provisions and provide them with tools to understand them better, monitor the financial aspects of the plans

and take ownership for creating optimal pension plan savings for themselves and their families. The Planning for the Future program included training sessions run by our human resources department and external professionals supported with an offer of personal meetings for each employee with a pension counselor. At these meetings, employees were able to change the provisions of their pension plans and saving options to best meet their individual needs.

1,100 employees across seven Strauss Israel sites participated in training sessions and 270 employees (25 percent of employees trained) completed personal counseling sessions. This program continues in order to reach all Strauss Israel employees by the end of 2014.

# Diversity in everything we do

Focus	Strategic Goals	Aspects	Indicators
<ul style="list-style-type: none"> <li>• Product diversity</li> <li>• Equal opportunity in employment</li> <li>• Supplier diversity in procurement practices</li> <li>• Advancing women in the community</li> </ul>	<ul style="list-style-type: none"> <li>• Diverse supplier spend (women-owned businesses) to reach at least 10% of total purchasing spend by 2020.</li> <li>• Achieve a rate of 50% of global management positions held by women by end 2020.</li> <li>• Offer product variants to meet specific health needs (obesity, diabetes, celiac, heart disease) in our top 10 selling brands by 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity and equal opportunity</li> <li>• Equal remuneration for women and men</li> <li>• Local communities</li> <li>• Procurement practices</li> </ul>	<ul style="list-style-type: none"> <li>G4-LA12,</li> <li>G4-SO1,</li> <li>G4-EC9,</li> <li>G4-LA13</li> </ul>

## Innovation and opportunity

Diversity is a value that is central to the way we work and an inclusive culture benefits all those we touch. It's not just the people in our organization- diversity is integrated in every aspect of our business and sustainability strategy.

## Strauss Group: diversity and inclusion



### COLLEAGUES

#### ADVANCING WOMEN IN MANAGEMENT

- Recruiting from diverse backgrounds
- Valuing age and experience
- Development opportunities for all
- Inclusive culture
- Fair and equal remuneration
- Equal opportunity



### CONSUMERS

#### PRODUCT TO MEET DIFFERENT HEALTH NEEDS

- Accessibility and distribution
- Pack sizes and portion control
- Engaging with diverse consumers
- Respecting different dietary needs
- Local tastes and preferences
- Product variants to meet health needs
- Respecting different consumer cultures



### CITIZENSHIP

#### WORKING WITH WOMEN-OWNED BUSINESSES

- Empowering communities
- Respecting the diversity of the natural environment
- Supporting inclusive community causes
- Understanding local community needs
- Diverse business partners
- Advancing small businesses
- Investing in women in the community
- Supporting inclusive public policy

We aim to achieve positive impacts through a diverse and inclusive approach in our business. However, as diversity has such a broad scope, we have chosen to focus on three key areas that support our 2020 sustainability strategy:

- **Colleagues:** Advancing women in management
- **Consumers:** Developing more products to support diverse health and dietary needs
- **Citizenship:** Advancing supplier diversity, focusing on women-owned businesses and supporting the advancement of women in our communities.

According to Gallup Workplace Studies, organizations with inclusive cultures do better than those that are not inclusive, delivering 39 percent higher customer satisfaction, 22 percent greater productivity and 27 percent higher profitability. A healthy organization embraces diverse people and viewpoints.

## Strategy into action

### Delivering products for diverse consumer needs

We aim to make our products accessible to diverse populations and this includes providing solutions for people with specific religious, dietary or healthy lifestyle needs.



We offer products which do not contain gluten, are suitable for diabetics, or are certified strictly kosher according to the highest religious standards. For example, in 2013, we converted our fresh salads factory in Karmiel to be entirely gluten-free and also removed gluten from our potato chips brand, Tapuchips. In both cases, we have received gluten free certifications and approvals, thereby broadening the number of consumers that can enjoy our products while making healthy lifestyle choices that are right for them.

In order to ensure our diverse communities of consumers are aware of the products we create for them, we employ different marketing platforms with campaigns that meet each population group wherever they are, and speak to them in their own language, respecting their values and culture.

### Working with the Jewish orthodox community in Israel

In Israel, about 11 percent of consumers require strictly kosher certified products (Mehadrin), and this community is expected to reach 18 percent of the population in coming years. Strauss is the largest advertiser in the orthodox sector in Israel. Advertising to the orthodox community must observe specific methods and language, and use radio, billboards and newspapers as TV and internet advertising does not reach these consumers.

In 2013, we certified our main dairy factory in Israel according to the highest Mehadrin kosher standards, required by the Orthodox Jewish community. In fact, during the past three years, we have tripled the number of products available for those requiring Mehadrin certification under our Megadim brand.

### Working with the Arab community in Israel

Arab consumers make up one fifth of consumers in Israel. Advertising to the Arab community must take into account the specific preferences and language of our Arab consumers. We employ a specialist marketing agency to serve this community and ensure we meet their needs.

A recent marketing initiative for Arab women was based on the changing practice of using chocolate in family baking. In the Arab community, cookery skills are passed

from mothers to daughters, including the traditional preparation of sweetmeats using cocoa powder rather than chocolate. In recent years, Arab women are increasingly interested in expanding their horizons and considering other ways of preparing food. Salma Fiyumi from the Arab community in Israel was a finalist in the popular television show, Master Chef Israel. We engaged Salma to show Arab women how using chocolate instead of cocoa powder can upgrade their cakes and how adopting new cooking styles can refresh and even improve their traditional cuisine. The marketing initiative used a modern digital platform in line with the Arab community preference for online content rather



## Food Trends

"While remaining true to traditional values and practices, the Arab community is becoming more modern in outlook, seeking innovation and new experiences."

Fadoul Mazzawi  
CEO Mazzawi Advertising

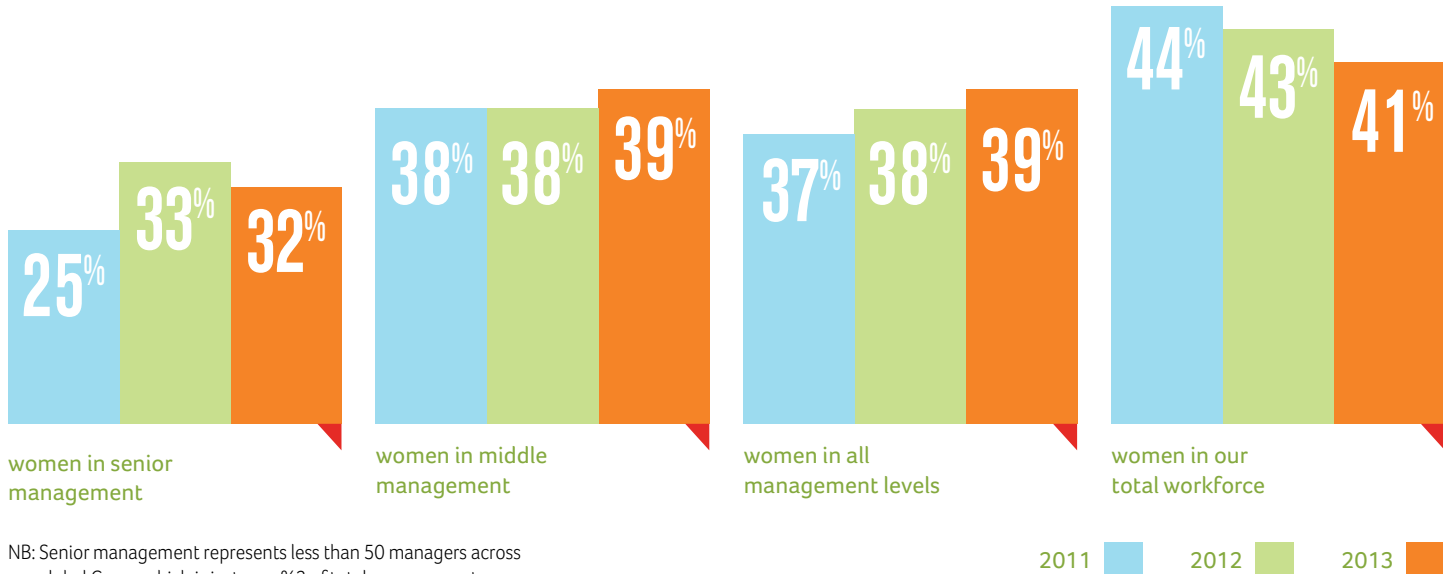


than television, and included a mini-site with short cookery videos with Salma and recipe sharing among users. The campaign brought tens of thousands of views for the video recipes, and hundreds of women shared their recipes during the campaign.

### Equal opportunity in employment

At Strauss Group, we maintain an inclusive culture which welcomes employees from all backgrounds and encourage diversity. A particular area of focus is ensuring that women have equal opportunity to join our company, and advance to the highest levels. We believe this has an important social and economic contribution as well as helping us manage our business more effectively.

## Women in the Strauss Group workforce 2011-2013



In 2012, we launched a group-wide program with a visionary goal of reaching gender balance in our management levels with a target of 50 percent women in management by 2015. We created an infrastructure for implementing processes for an inclusive workplace, with an emphasis on women. These include setting goals and targets, establishing steering teams and raising awareness among all managers and employees in each of the five companies that form Strauss Group. Gender equality performance is also reflected in senior management compensation. We maintained our efforts in 2013.

Some of the specific areas we are addressing include ensuring the inclusion of women in our high potential management development program and examining our work processes with external recruitment agencies to apply principles for effective recruitment of

women. Also in 2013, we analyzed our new hires, promotions and exits with an aim to establish correlation between gender, seniority and other aspects relating to women's development in Strauss Group. This analysis helps us identify opportunities to improve gender balance.

In the meantime, we are making progress, with women representing 41 percent of our global workforce and 39 percent of our management ranks in 2013.

### Strauss Water: a diverse employment opportunity

In 2013, Strauss Water established a new call center to handle increasing customer support demands as part of a growing business. An opportunity to create employment for a section of the population that has been underrepresented in Israeli workplaces was identified. Strauss Water



## Fulfilling work

"As a supervisor, I enjoy providing the representatives in my team the professional and personal support they need, and help them provide the best service to customers. This brings me great satisfaction and fulfillment."

**Hadasa Arviv**  
Supervisor,  
Bereshit Strauss Water call center

engaged a dedicated unit of the Manpower Bereshit organization that provides outsourced call center services, employing women from the orthodox Jewish community in Israel. Orthodox women are under-represented in the workforce. Recent data indicates that 62 percent of orthodox women are employed, compared with over 80 percent of women in the general population. The orthodox religious framework means that unique needs must be addressed to accommodate religious and lifestyle choices of the orthodox community. Being responsive to the needs of orthodox women, we gain the benefits of our inclusive approach. Our outsourced call center now employs 65 women, responds to more than 2,000 customer queries each day and delivers a 91 percent satisfaction rate based on a customer survey in January 2014. Our experience shows that business needs can be in perfect alignment with corporate responsibility goals.

## Sourcing from women-owned businesses

In 2013, we conducted an assessment covering over 2,500 suppliers of Strauss Israel, with an objective of understanding how we are doing in terms of procurement from women-owned businesses. We discovered that 9 percent of our suppliers are women-owned. It is our intention to expand our understanding of our engagement with women-owned businesses at a global level, not just in Israel, and significantly increase the proportion of our purchasing spend with such companies.



"Strauss provided knowledge in business and production processes, helped us upgrade our manufacturing and implement best practices in production and quality assurance."

Eti Shlomi  
owner, Oren Meshi Bakery

Women-owned businesses are often also small businesses, and play a significant role in local community integration and empowerment. Supporting women-owned businesses creates a socio-economic ripple effect that creates healthier communities and improves the quality of life for many. In Israel, of the 400,000 registered small and medium sized businesses, 20 percent are women-owned compared with 33 percent in Europe and 44 percent in the U.S. Women-owned is defined as 51 percent or more ownership by women.

### A new product from a woman-owned bakery

In 2013, Strauss Israel launched a unique product, Pita Crunch, a new kind of baked pita chips. Pita Crunch is the result of a

collaborative effort between Strauss's Salty Snacks division and the Oren Meshi Bakery located in the southern periphery of Israel. The collaboration began in January 2013 when Strauss identified the Oren Meshi Bakery as a potential partner with experience in producing pita bread in a special process on a unique proprietary production line. The long term strategic partnership we established with Oren Meshi includes collaborative product development and knowledge sharing. Since starting to work with Strauss, Oren Meshi Bakery has more than doubled its workforce and secured business from new customers.



## Advancing women and business in our community

In addition to advancing women as employees, and as partners, we also support the women's business community and invest resources where they are most needed.

### Scholarships for the advancement of women in Israel

In 2012, Strauss Group established a scholarship program for the advancement of women in Israel in honor of Hilda Strauss, founder of Strauss Group. The program supports women in Israel, especially those from excluded and minority groups. The scholarships provide higher education, empowering women to become leaders in their communities. In 2013, Strauss Group granted higher education scholarships for the second year, awarding \$26,000 to 16 young women from the Ethiopian,

Bedouin and Jewish orthodox communities. Most scholarship recipients are the first or only ones in their families to pursue an academic degree, so our scholarships have the potential to improve their lives considerably.

### The Jasmine Forum for women business owners

In 2013, we launched the Jasmine Forum for women business owners that provides opportunities to learn from the knowledge and experience of women who lead globally successful businesses. The Forum organizes meetings for members to meet women business leaders from around the world, while creating a local community of women business owners to support each other in different ways. Strauss Group has partnered with Jasmine, the Association of Business Women in Israel, to promote women's entrepreneurship and to help realize the economic potential of Jewish and Arab businesswomen in Israel. Ofra Strauss,

Strauss Group Chairperson, serves as the President of Jasmine.

### Catalyst partners

We continue to promote gender diversity through our partnership with Catalyst. Catalyst is a leading U.S.-based non-profit organization 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 2013, we conducted the census for the fourth time, providing once again an up-to-date view of women in senior management and leadership positions in public companies traded in the Tel Aviv 100 (TA-100) index of the Tel Aviv Stock Exchange.

## Women in business in Israel

**31%**

Decrease in women executives in publicly traded companies to 31% (34% in 2012).

**7.5%**

Decrease in the number of women CEOs to 7.5% (7.9% in 2012).

**2%**

Decrease in women holding chair positions in publicly traded companies to 2% (3% in 2012).

Source: Catalyst Israel Census, 2013

Chairpersons of the board - TA100-

CEOs - TA100-

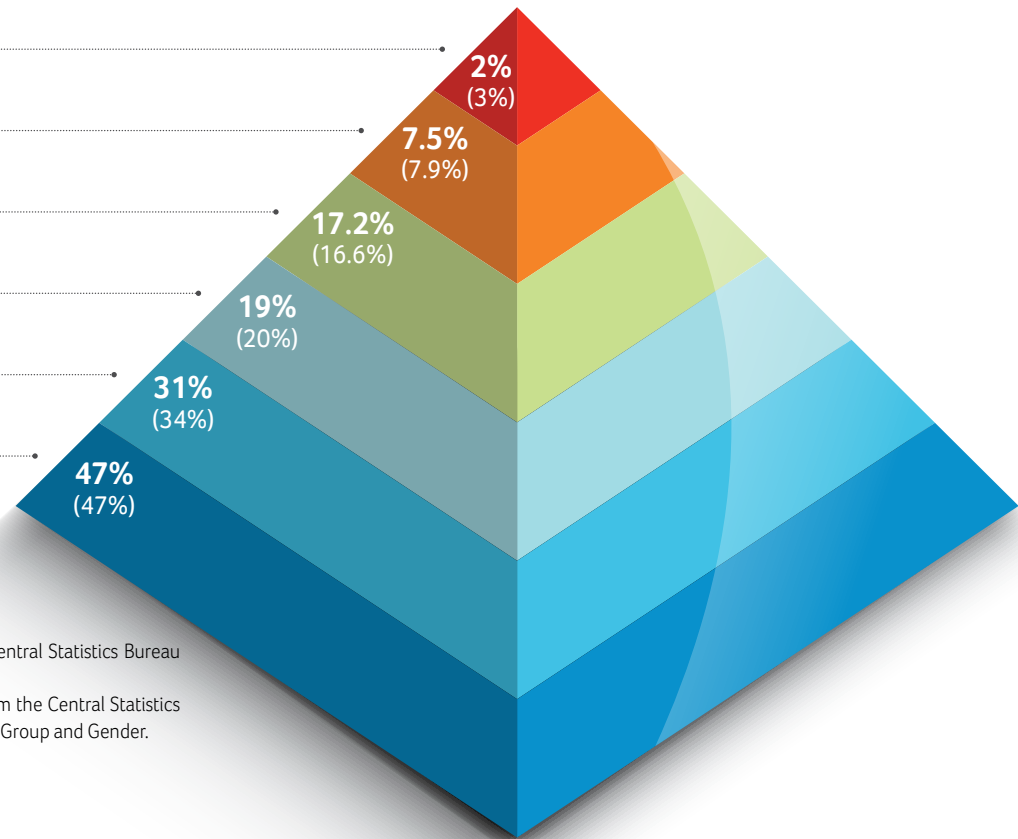
Women board members - TA100-

Women top executives - TA100-

Women in executive positions in the workforce

Women in the workforce in the workforce

Census pyramid\* - women's status in the workforce in Israel 2013 compared to 2012 (figures in parentheses)



\* The data on the percentage of women in the workforce are from the Central Statistics Bureau 2013 Annual - Table 12.20 - Employees by Status at Work and Gender. The data on the percentage of women in management positions are from the Central Statistics Bureau 2013 Annual - Table 12.18 - Employees by Profession, Population Group and Gender.

The 2013 census demonstrates that the Israeli business sector has still not fully embraced the benefits of advancing women in management positions. This is unfortunate because, as research has shown, correlations can be made between women in senior leadership positions and economic growth. In Israel, we have more work to do!





# Ethical supply chain

Focus	Strategic Goals	Aspects	Indicators
<ul style="list-style-type: none"> <li>• Sourcing of sustainable products</li> <li>• Supplier commitment to sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Increase sustainable sourcing of top 5 global food ingredients by 15% by end 2020 (2012 baseline).</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement practices</li> </ul>	FP1, FP2

## Managing social and environmental risk in our supply chain

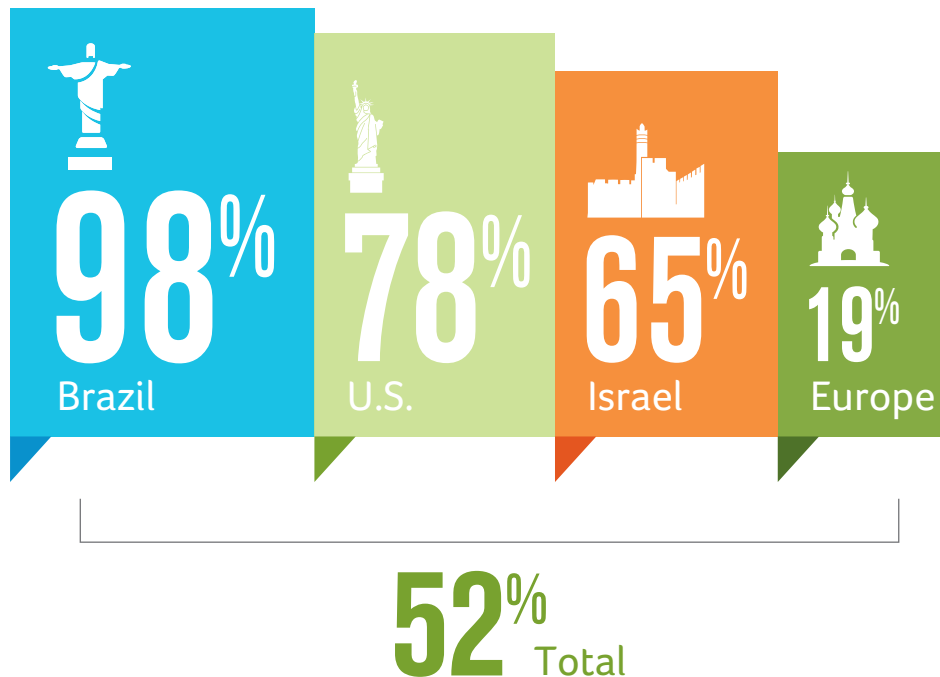
Maintaining an ethical supply chain is important for our business and for our stakeholders because it enables us to maintain business continuity and mitigate

potential social and environmental risk, and also, driven by responsibility, it helps us address stakeholder concerns relating to human rights and environmental stewardship. In a transparent world, the actions we take throughout our supply chain are under scrutiny by our stakeholders, including consumers that expect us to adhere to ethical and responsible business standards. Sourcing ingredients from a range of suppliers throughout the world, we must ensure we are able to reassure our stakeholders that sustainable standards are upheld.

## Strategy into action

Our global supply chain is comprised of roughly 13,860 suppliers that supply goods and services to a value of almost \$2 billion. We aim to maintain long-term mutually beneficial relationships with key suppliers, and value the efforts they make to support our business. Where possible, we engage with local suppliers. This often makes economic sense and strengthens local economic development, while encouraging diversity in our supply chain, a strategic element of our corporate responsibility

## Percentage of procurement budget spent on local suppliers in 2013



approach. In 2013, 52 percent of our total purchasing expenditure was for goods and services purchased locally.

### Supplier commitment to sustainability

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 for Strauss Israel, this Charter asks suppliers to adopt the same high standards of corporate responsibility as Strauss Group. Signature of our Social Charter is a condition of doing business for all new suppliers. In 2013, 44

percent of suppliers in Israel have signed the Charter and this includes all new suppliers between 2011 and 2013. Also, in 2013, we updated our Supplier Charter to reflect a stronger commitment from suppliers, including a commitment to report ethical breaches to the Strauss Ethics Officer or hotline.

In 2013, we continued the implementation of our Supplier Evaluation Program, developed in 2012. The process involves a full assessment of individual supplier's operations including quality, pricing, cost-effectiveness, logistics, transparency, and

innovation, and providing feedback to the supplier while working together to improve supply chain efficiency and reliability in constantly changing conditions. During 2013, we assessed 40 suppliers.

### Sustainable sourcing of key ingredients

#### Coffee

Strauss Coffee BV became a member of the 4C Coffee Association in 2007, followed by our JV in Brazil, Tres Corações, in 2010. Since the beginning of this membership, Strauss Coffee has purchased 17,000 tons of 4C verified coffee. In 2013, more than 6 percent of the total coffee procurement for our European and Israeli factories was sustainable coffee verified by the 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. Key pillars of the code are, amongst others, elimination of the worst form of child labor and slavery, implementation of good agricultural practices, support for economic success as well as equal rights with respect to gender and education.

## Cocoa

In 2013, we further strengthened our collaboration with Barry Callebaut, a long-standing supplier of cocoa to Strauss Israel, by committing to a long term sourcing of most of our cocoa requirements.

Barry Callebaut is the world's leading manufacturer of high-quality chocolate and cocoa products and is committed to a sustainable cocoa production. Our sourcing agreement with Barry Callebaut includes a program for knowledge sharing and development of collaboration platforms, including helping Strauss Group build our knowledge of different aspects of sustainable supply and innovation.



## Max Brenner: supporting cocoa farmers

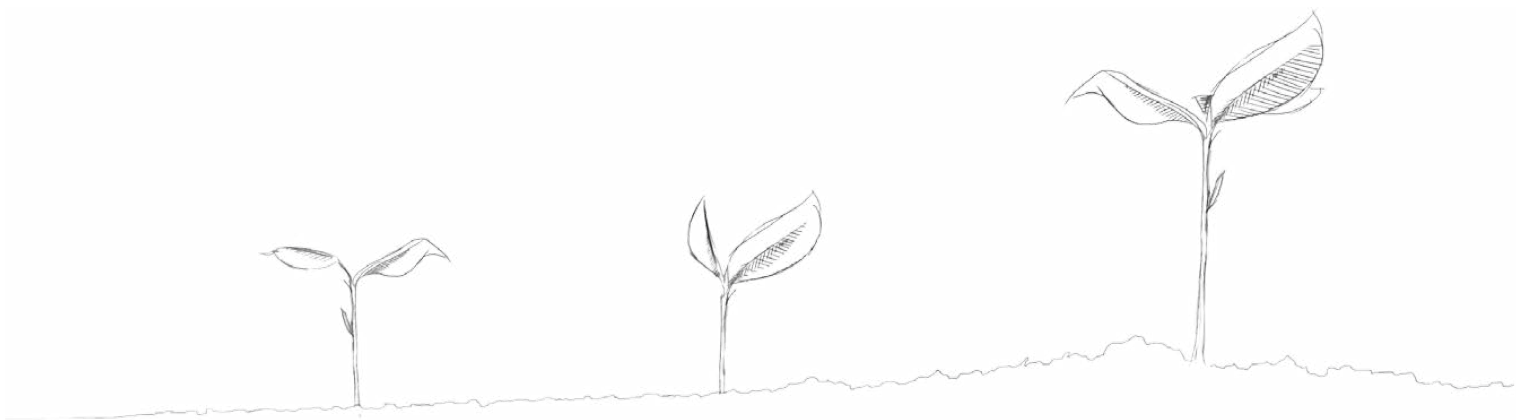
Max Brenner, our premium chocolate brand, also sources cocoa through Barry Callebaut, and 50 percent of Max Brenner's cocoa supply is procured through the Barry Callebaut Quality Partner Program (QPP). The QPP was launched in 2005 in the Ivory Coast, and today works with more than 60 cooperatives representing over 30,000 cocoa farmers in the country. QPP supports cooperatives in their efforts to serve the needs of their cocoa farmer members. Farmer field schools are used to help train the modern cocoa farmer for increased productivity and improved quality of cocoa. Other integrated activities of the QPP include improving access to education, healthcare and clean water. In 2013, Max Brenner purchased 11 tons of QPP cocoa used in two chocolate products, and in 2014, will launch three new bars made from QPP cocoa.

Another initiative of Max Brenner in the form of sustainable sourcing is support provided to the Biolands cocoa program. In 2013, we purchased four tons of chocolate made from Biolands cocoa and launched

our Cocoa Max Chocolate Tablet, a 100g dark chocolate bar that is also organic and fair trade certified. The tablet is rich in taste, helps build a better world through education, is sustainably sourced, and enables improved quality of life for farmers and their families. A \$0.50 donation from the sale of each bar goes to support schoolchildren in Tanzania. The funds purchase much-needed schoolbooks and support the building and maintenance of school facilities to ensure safe and clean learning environments. In just three months after launch, we sold over 2,300 bars generating more than \$1,100 in donations.

The raw cocoa for Cocoa Max is harvested from the Biolands project in Tanzania, owned by Barry Callebaut. Biolands is one of the largest organic smallholder cocoa programs in the world and ranks as Africa's largest exporter of certified organic cocoa. Biolands works directly with smallholder farmers to ensure fair prices are paid to the farmers and to improve the quality of cocoa and the farmers' quality of life. All Biolands cocoa is certified organic by IMO, the Swiss Institute for Market Ecology.





### **Strauss Israel: working with farmers**

We maintain close collaboration with our agricultural suppliers in Israel to ensure we bring our consumers the best possible fresh produce, grown and supplied along sustainable principles. We work with over thirty growers that supply us with vegetables for our fresh packaged vegetables range and our vegetable-based chilled spreads. Three years ago, we started local purchasing of the agricultural raw materials that we regularly use, including chickpeas, eggplants, bell peppers, squash, beetroot, cabbage, carrots, onions, garlic, and herbs. To further improve the quality of our produce, we began to work directly with growers in Israel, rather than with wholesalers, implementing new standards and efficient, sustainable ways of working.

In 2013, we significantly expanded the range of chilled salads we offer under our Achla brand, including new vegetable options such as zucchini and beetroot, all grown locally by our partner farmers. Currently we offer a range of 45 different salads and hummus-based spreads under the Achla brand, which provide healthy choices for the 1.4 million consumers that choose these products to support their healthy lifestyles every single day. To support our expanding range and volume, in 2013, we expanded our network of partner growers.

To better support our ongoing demand, we introduced a third variant of chickpea

in addition to the two variants we have used to date. We select the variants we use based on their robustness against disease and the reliable value they bring to our growers. Introducing a new variant means adapting our hummus production process to accommodate slight differences between variants. However, our third variant helps protect our consumers, and our growers, from market disruption due to different weather conditions and other farming variables.

### **Maintaining continuity of supply**

An example of such an issue could have seriously affected our lettuce supply in 2013. In December, Israel experienced five days of

extreme weather conditions, with strong winds, low temperatures, and four times the average rainfall for the entire month of December in just five days. An estimated 50 percent of agriculture produce in the center of Israel alone was affected, causing over \$14 million in losses to around 2,000 farms. In the region where Strauss Israel sources lettuce, almost 90 percent of lettuce crops were damaged from the storm or due to delays in transportation systems. Our support for growers through this period by helping them harvest and distribute salvaged lettuce to different buyers was critical for them to maintain business continuity. Also, during this period, our consumers were able to continue to enjoy our fresh salad produce with almost no disruption.



We began to work directly with growers in Israel, implementing new standards and efficient, sustainable ways of working.

## Supporting our distributors

Strauss Israel maintains a network of 265 independent and exclusive distributors that ensure our products reach our consumers in more than 24,000 supply interactions every single week. Our distributors are a key arm of our extended supply chain, and although independent, they work with Strauss Israel on a long-term basis, which generally spans more than 15 years. One distributor has worked with Strauss Israel for forty years and continues to make a strong contribution. In 2013, we recruited five distributors from the Arab community as a part of a multi-year program aimed at diversifying our distributor base and making our products accessible to more consumers. We hold an annual distributor conference and recognize those that made an outstanding contribution each year.

Our close relationship with our distributors is reflected in a high level of transparency, commitment, involvement and ongoing dialogue. We recognize that our distributors are often the only faces of Strauss that our customers see, so it is important for us to ensure that we understand what is important to them. Every two years, we conduct a formal survey to obtain their feedback and understand the level of their satisfaction with Strauss Israel and the relationship with our sales team. In 2013, 97 percent of distributors participated in our survey and the average satisfaction rate was 7.37 (out of 10), a decrease relative to the last survey. Opportunities to improve that were noted by our distributors include efficiency of logistics procedures and service provided by sales and distribution teams at Strauss, and the way financial compensation is linked to distributor performance. As a result, we are currently implementing improvements in these areas.



## Innovating with small businesses

In 2013, we engaged with a small enterprise to develop a new product, mini rice cakes, in a joint program with a shared investment. Perach Industries is a factory employing 40 people that has supplied Strauss Israel with rice cakes for the past six years. In 2013, we entered into a joint development of flavored rice cakes snacks to offer consumers a healthy alternative for snacking, with portion-controlled packs of 100 calories each. Perach Industries invested in new technology for a new production line to manufacture mini rice cakes, and we worked with the Perach team to develop a unique process to deliver this new product. Following a successful launch, Perach Industries enjoyed business expansion and we were able to provide more product alternatives for our consumers.

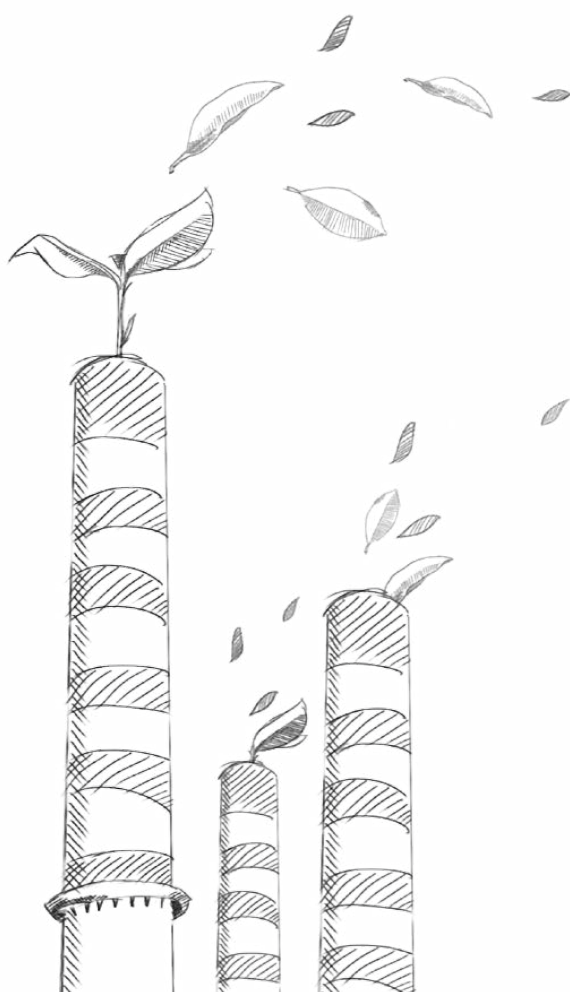






# Reducing resource consumption and waste

Focus	Strategic Goals	Aspects	Indicators	
<ul style="list-style-type: none"> <li>• Technology and innovation</li> <li>• Operational excellence</li> <li>• Reduce energy, emissions and water consumption</li> <li>• Reduce waste and increase recycling</li> <li>• Engaging employees in environmental stewardship</li> </ul>	<ul style="list-style-type: none"> <li>• Operationalize at least three significant innovative product technologies that improve sustainable and healthy lifestyle choices by 2020.</li> <li>• Reduce consumption of energy, water and packaging materials by 15% per ton of product by end 2020.</li> <li>• Reduce greenhouse gas emissions per ton of product by 15% by end 2020 (2012 baseline).</li> <li>• Increase % of recycled waste from total waste by 15% by 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• Materials</li> <li>• Energy</li> <li>• Water</li> <li>• Emissions</li> <li>• Effluents and waste</li> <li>• Products and services</li> </ul>	G4-EN1	G4-EN18
			G4-EN3	G4-EN20
			G4-EN5	G4-EN21
			G4-EN8	G4-EN22
			G4-EN15	G4-EN23
			G4-EN16	G4-EN31



## Preserve the planet

Reducing resource consumption and waste is a priority sustainability issue because we share the burden of responsibility with other organizations and individuals to leave the planet in a condition which is fit for ongoing prosperity and quality of life for future generations. There is no doubt that climate change and weather extremes, dwindling resources, deforestation, soil erosion, water scarcity, overstuffed landfills and air pollution, are all part of the same overriding threat to our long-term prosperity. As a corporate citizen driven by responsibility, we must do all we can to ensure we use only what we need, operate efficiently, manage our supply chain with accountability and minimize negative impacts on society and the planet. Our approach is based on the precautionary principle of analyzing environmental risks in our value chain and putting in place specific actions across our companies to ensure we mitigate these risks.

We continue to invest in improving our environmental management infrastructure and have increased our global environmental investments over the past four years, reaching a total of more than \$21 million.

## Strategy to action

### Food technology innovation through our Alpha Strauss initiative

Technology and innovation is critical to improving the efficiency of our value chain. In some cases, innovation will lead us to develop entirely new products, which offer breakthrough advantages in consumer experience and other tangible consumer benefit. In other cases, product and process enhancements achieved through

technology innovation will bring new ways of material consumption, manufacturing, logistics, packaging, shelf-life stability and more, which can make our entire value chain more efficient and help conserve resources. Technology is a key to healthy choices for our business and for our consumers.

Following the launch of Alpha Strauss last year, we continued to discover and invest in technologies for greater efficiencies in energy consumption, wastewater, and packaging. We also formed new

partnerships with start-up companies and research facilities. Through these partnerships, we are getting closer to operationalizing new technologies for the benefit of the entire food industry and its consumers. Internally, we have nominated 32 Alpha Agents as specialist resources in our company that are available to support and progress innovative ideas. We hosted our second Alpha Strauss conference with participation of 150 entrepreneurs and representatives of investment funds and government officials.

## Alpha Strauss

We launched Alpha Strauss in 2012 with a vision to accelerate the development of the Israeli Food Tech Community. Alpha Strauss is the community we created for inventors, entrepreneurs, nutrition specialists and food scientists in Israel. We encourage them 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 support innovators through knowledge sharing, financial support for feasibility assessments, access to equipment, research and business development guidance.

Since 2012, our Alpha Strauss team has screened over 500 technologies, 40 are under evaluation process, 20 are in development, and 4 technologies are close to operationalization.





In 2013, our Alpha Strauss team and MassChallenge partnered to launch a food-focused accelerator program based in Israel.

### Alpha Strauss MassChallenge

In 2013, our Alpha Strauss team and MassChallenge partnered to launch a food-focused accelerator program based in Israel. The program, drawing on our food technology expertise and the proven experience of MassChallenge in nurturing young companies and ideas, accepts entrepreneurs from around the world with food-tech related ideas or start-up companies. In partnership with MassChallenge, we will establish a food-tech Center of Excellence in Israel, led by Alpha Strauss. The center will help entrepreneurs participate in the global MassChallenge program in the U.S., with an aim to attract more entrepreneurs and technologies and help position Israel as a powerhouse in food technology with global reach. This collaboration provides another platform for the Alpha community of entrepreneurs to develop their technologies and bring them closer to market.

## MassChallenge

MassChallenge (U.S.) is the world's largest accelerator for startups, holding an annual technology competition for thousands of startups from around the world. Accelerators help entrepreneurs or early-stage start-ups launch full-fledged businesses more quickly than they would without outside assistance. Help is provided in the form of access to advisory resources, potential customers, regulators and funding.

Since 2010, the 489 start-ups accelerated by MassChallenge have raised over \$472 million in funding, generated \$194 million in revenue and created 3,928 jobs.

## Alpha Strauss innovation biodegradable packaging

One current example of a potentially successful innovation supported by Alpha Strauss is a new form of flexible biodegradable packaging for food products. During 2013, we collaborated with the Israeli woman-owned start-up company, Tipa Corp. to help develop a flexible packaging product. Developing recyclable packaging options has been a challenge for the industry and in many cases, such as flexible packs for salty snacks, no viable solution has been achieved. In general, only 5 percent of salty snack packages tend to be recycled. With Tipa, we hope to revolutionize the sustainable packaging landscape.

Tipa Corp developed a unique multi-layered biodegradable film intended for the manufacture of flexible food and beverage packaging. Packaging materials based on the Tipa film are fully bio-degradable in 180 days, after industrial composting. Strauss and Tipa are currently collaborating on testing and matching this technology to

packs of salty snacks, piloting the process in our salty snacks plant in Israel to produce the first commercial scale run of salty snacks in biodegradable packaging by Tipa. We expect to be ready to go to market by 2015. Tipa's technology and potential has already attracted much attention and, in early 2014, Tipa was successful in securing funding of \$10 million from a new investor. We are pleased that the support provided by Alpha Strauss was able to contribute to this significant progress.

## Alpha Strauss innovation - wastewater treatment

Another unique innovation is currently being piloted through the Alpha Strauss community. In 2013, Strauss Israel collaborated with a start-up in wastewater technology, AMTR Scientific Ltd. to pilot an innovative wastewater treatment device. Our pilot program used a small mobile treatment device to test the technology on small amounts of water. The device is transferrable between our plants in Israel and its effectiveness can



"This is an opportunity to test our product in the field. Receiving feedback from the industry is crucial for the success of the product and to our growth as a company. Strauss supports us by providing access to their factory for conducting product trials, and receiving the feedback we need to improve our product and bring it to market."

Daphna Nissenbaum  
CEO, Tipa Corp Ltd.



therefore be easily tested on different wastewater types. In 2013, the first pilot in our salads plant in Karmiel gave good results, reducing suspended solids and COD (chemical oxygen demand, an effective measure of water quality) way below regulatory limit. This has typically not been possible in standard wastewater treatment technologies. We plan to expand testing to more plants in 2014.

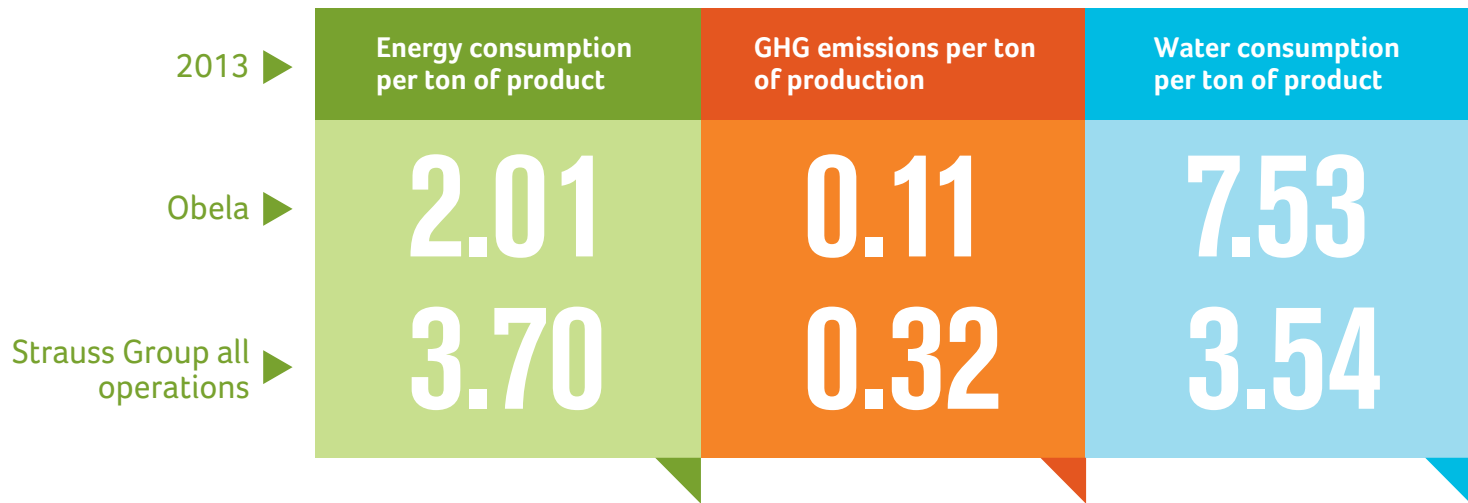
## Operational excellence

In 2013, within the context of our multi-year Operational Excellence program, which embraces continuous improvement in many parts of our supply chain activities, we placed a high focus on automation of processes to create greater efficiencies, production consistency and improved precision and quality. Additionally, automation removes much of the heavy manual work, such as lifting, which helps

reduce risk of workplace injury. Since last year, we have mapped our entire operations in Israel to identify automation efficiency opportunities and adopted a five-year plan for implementation. In 2013, we implemented several programs in different facilities to add end-of-line robots to replace manual lifting of product cartons to pallets and for pallet transportation within warehouses. Another example is automated removal of products that do not meet quality standards from packing lines, improving accuracy and overall product quality levels.

### Excellence in Australia

In 2013, we expanded our Obela manufacturing operations to Australia, establishing a manufacturing plant to deliver a variety of premium spreads and dips, including hummus-based spreads in different flavors such as roasted capsicum, zesty jalapeno and savory garlic. Our operations in Obela Australia now employ 70 people. We established our manufacturing operations in accordance with the same high operational excellence standards that we expect from our plants all around the world. In the first year of operation, Obela achieved impressive energy and emissions efficiencies.



## Operational Excellence

Operational Excellence is a program launched in 2009 in Strauss Israel.

It includes:

- Culture of excellence
- Empowering employees
- Improving production metrics
- Improving quality
- Streamlining operations
- Lean production
- Reduced resource consumption
- Reduced waste
- Consistent work processes
- Collaboration between business units
- Shared best practices
- Consistent measures and metrics



## Managing energy, emissions, water and waste

We continue to drive operational efficiencies and identify opportunities to improve our environmental impacts through adopting new technologies and different ways of working. Throughout our different facilities around the world, our manufacturing operations seek to optimize production processes through identifying areas of opportunity to use fewer of the planet's resources and divert more waste from landfill through recycling.

### Focused improvements at Karmiel factory

In our fresh salads factory in Karmiel in Israel for example, we achieved impressive results in 2013:

Karmiel Salads factory	2012	2013	Change from 2012
Energy intensity GJ/ton of production	2.97	2.69	-9%
GHG emissions intensity tons CO2e/ton of production	0.36	0.35	-4%
Water intensity m3/ton of production	5.97	5.62	-6%

This was achieved through detailed attention to all aspects of resource consumption at every stage of the factory operation. Annual improvement targets in the factory are established by the nine-member factory management team, and resources are assigned for implementation of agreed plans. Actual consumption is monitored in real-time, enabling factory managers (and all operators in the factory) to see exactly how the factory is performing and identify problems as they occur, and take immediate corrective action. Progress is reported weekly to all factory employees. In 2013, one project reduced energy consumption through a recalibration of air and cooling

compressor control systems to attain maximum energy efficiency. Further energy savings were achieved by turning off non-essential systems at the weekend. For example, we changed the settings of our ice making system which normally works through the night, to stop during the weekend while the factory is not in production. Water savings were achieved in 2013 through a combination of equipment upgrades and process improvements. Filters on the vegetables washing system were changed to a higher quality alternative to avoid blockage, and improvements were made to peeling processes to reduce water consumption.



### Group energy, emissions, water and waste performance in 2013

Overall, our environmental results in 2013 do not fully reflect similar positive initiatives at Strauss plants around the world, with an increase in energy, emissions, water and waste levels on a group-wide absolute basis. We record overall impacts through our factories each year – we do not correct retroactively for addition of factories. In 2013, we added three sites in Europe to our overall operations and data collection that contributed 11.5% increase in overall energy consumption, which represents

most of our total increase that year. Similar effects were noted across other metrics. In addition, one of the factories employs an unavoidably resource-intensive process for the manufacture of freeze-dried instant coffee, having little effect on production volumes, with just 2% of overall annual effect on energy consumption, emissions and waste, contributing 10 percent, 7.5 percent and 13 percent respectively to these environmental impacts. This had the effect of making our overall efficiency levels appear worse in 2013. We are working to improve this position.

### Additional environmental initiatives in 2013

#### Strauss Coffee: carbon footprint analysis

In 2013, Strauss Coffee undertook a carbon footprint assessment on two products, MK Café premium 250g pack and Chyornaya Karta Gold 100g jar, to identify opportunities for reducing greenhouse gas (GHG) emissions. Carbon footprint analysis measures the GHG emissions emitted directly and indirectly through the life cycle of a single product. For coffee, the entire



Total energy consumption increased by 15% in 2013 group-wide. On a relative basis, per ton of product, this increase was 9%.

Total water consumption increased by 14% in 2013 group-wide. On a relative basis, per ton of product, this increase was 8%.

Total greenhouse gas emissions increased by 1% in 2013 group-wide. On a relative basis, per ton of product, this decreased by 1%.

carbon footprint includes emissions from coffee cultivation, transportation of coffee to production facilities, processing and packing at production facilities, retail distribution of the finished product, use of the coffee product by consumers in the coffee-making process in the home, and disposal of any residual coffee and packaging.

In this first analysis, we limited our scope to focus on those aspects of the coffee supply chain over which we have control and can reasonably collect reliable data. This relates to the stages included from the port of origin of the coffee to our finished goods warehouses. It covers emissions from transportation of

raw materials to the production facilities, emissions from direct fuel use and electricity use at the production facilities and emissions related to product packaging including emissions from production and transportation of the packaging.

Our first stage analysis helped us understand the differences in emission sources for different products, requiring tailored solutions for emissions reduction. In 2014, based on these analyses, we will focus on reducing GHG emissions during the coffee roast and grinding stages and also in the area of reducing packaging materials impacts. In the future, we intend to explore additional aspects of the supply chain, including coffee cultivation and consumer use phases.

### **Strauss Water: reducing energy consumption**

We aim to minimize the environmental impact of our WaterBars throughout their lifecycle, and in 2013, we were delighted to

confirm compliance of all our WaterBar models with the Energy Star certification program. Energy Star is a voluntary labeling program designed to identify and promote energy-efficient products. It is a joint program of the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy. Energy Star certification is a way of confirming to our consumers that they have selected one of the most energy-efficient appliances available, both saving money in energy in their homes while supporting the sustainability of our planet. In addition, at Strauss Water, we have been improving the environmental impacts of our packaging, replacing laminated filter packs with cardboard, along with other initiatives.





### Max Brenner: green disposable coffee cups

In 2013, Max Brenner launched "Fast Max", a line of disposable takeaway packaging that is environmentally friendly. One cup consumed per day generates around 10 kilograms of waste packaging every year. As we sell more than 600 cups per day, the potential for landfill avoidance is over 6 tons per year.

The Fast Max line includes plastic cups and lids made entirely from plant sources, certified 100 percent of waste compostable by the U.S.-based



Biodegradable Products Institute. All of our different products now have environmentally friendly profiles – paper cups, coffee cup sleeves, trays and cookie bags are made with post-consumer recycled content and are recyclable, compostable and nontoxic. Printing uses water or vegetable-based inks. Now Max Benner customers can make positive choices for the environment as they enjoy their daily coffee and cookies.

### Strauss Israel: recycling since 2011

In Israel, we continue to involve everyone in recycling through our partnership with the organization TerraCycle. In early 2014, we expanded the program to include

plastic containers and bottles discarded after consumption of dairy products, collected in more than 100 locations around the country, yielding more than 2,000 packaging units in just a few weeks. Since 2011, more than 200,000 salty snacks packs were collected through the participation of schools and youth groups in over 650 collection points around the country. The unique TerraCycle model connects recycling with community involvement, encouraging consumers to bring their Strauss packaging waste to collection points throughout the country. At the same time, consumers select a social cause and Strauss Israel donates almost \$3 for each 200 packs recycled. TerraCycle repurposes the materials received into affordable, innovative products.

## Engaging employees in environmental stewardship

Our employees are critical ambassadors in our program to reduce environmental impacts and conserve resources. They play a big role in every aspect of our operations and help ensure we adhere to the best possible environmentally conscious practices as we make and deliver our products. In 2013, we wanted to help educate and motivate our employees in Strauss Israel to do even more, by showing them how they can benefit personally in their homes. In 2013, we launched our employee environmental program, "Think Green and Save Money". The program aims to provide employees with tools to help them save money through

reducing electricity consumption, water consumption, waste and increasing recycling. We conducted an employee survey addressing employee consumption habits and environmental behavior and provided recommendations for improvement based on the survey results. The 500 employees completing the survey received a financial incentive to support environmental investment in their own home.





A photograph of a person wearing blue nitrile gloves and a white long-sleeved shirt, working in a factory. The person is positioned in the foreground, with their hands resting on a metal surface. In the background, there is a blurred industrial environment with various pieces of machinery and equipment. A large red rectangular overlay is positioned in the upper right corner of the image, containing the text "Engaging stakeholders" in a white serif font.

# Engaging stakeholders

# Stakeholder engagement in action

Our stakeholders include groups or individuals that are affected by our business activities, whether directly or indirectly. Stakeholders also affect the way we do business through the way they engage with us as consumers, employees, business partners, customers, health and nutrition professionals, local communities, suppliers, regulators, environmental associations and shareholders.

We engage in a dialogue with our stakeholders in order to understand their expectations and concerns and update them about our activities and impacts on their quality of life. We aim to support our stakeholders in the pursuit of healthy lifestyles by making more healthy choices available through our products and our different business activities. We engage in different ways, according to the needs of different stakeholder groups.

Our approach to stakeholder engagement has been redefined to support a 360 degree perspective. During 2013, we developed a program and supporting tools to help managers understand stakeholder interfaces in all aspects of their internal and external interactions, and ensure that stakeholder perspectives are taken into account at an early stage across diverse decisions that are made each day. In 2014, we are providing training to managers in the use of these new tools so that we can further adapt our practices to reflect an understanding of multiple needs.

In 2013, we realigned the way we view our stakeholder groups to be consistent with our 2020 Sustainability Strategy. We again conducted specific consultation with stakeholders for the purpose of helping to define the highest priority sustainability issues for Strauss Group, and to gain their input as we prepare our annual sustainability report. Please read more about that in the section "Determining our priority sustainability issues" earlier in this report. On a regular basis, however, we maintain a multitude of channels and formats for engaging in dialogue with our stakeholders.



## Colleagues

Our colleagues include all our managers and direct employees, and all contract employees that are engaged in advancing our business activities in all of our companies around the world. Colleagues expect us to provide an empowering, safe and inclusive working environment that enables them to make healthy choices in their work and personal lives. We frequently engage with our colleagues in regular performance discussions, satisfaction surveys, a range of internal communications initiatives and many formal and informal channels so that we can understand their expectations and concerns.

## Consumers

Our consumers, and those that represent their interests, such as nutrition and diet experts, are directly affected by the range, composition, quality and availability of the products we bring to market. Consumers want quality, taste, and variety, so that they can consume our products in ways which support their own choices for healthy lifestyles. They expect us to be transparent about the ingredients we use, and provide responsive service if they have a query or concern. In this group, we also include our retail and wholesale customers that sell our products directly to consumers. We engage with our consumers and customers daily, through our call center, market research, and a wide range of interactions in the marketplace as well as through social media.

## Citizenship

Partners	Suppliers	Regulators	Shareowners and investors
Industry associations	Community groups	Environmental groups	

Stakeholders that represent the citizenship dimension of our sustainability approach are a diverse group with diverse interests, expectations and concerns. We engage with each group in accordance with their specific expectations and requirements of Strauss Group. Channels of dialogue include meetings, participation in conferences, working groups, discussion forums, social media and formal communications via our established corporate channels.

## Reaching out to consumers

The key to meeting consumer needs is understanding them. Through an intensive program of market research and qualitative and quantitative tools, we are able to identify product innovation that will provide consumers with a wider variety of healthy choices, and opportunities to lead healthier lifestyles.

In 2013, we reached more than 80,000 consumers in Israel in more than 330 specific unique market research initiatives. We employ a range of channels, including social media, focus groups, internet polling and targeted interviews. We are constantly adopting the latest technologies and advanced methodologies to help develop an even greater understanding of how consumers want to pursue healthy lifestyles and other issues that are important to them.

## Strong online presence

We maintain a strong presence online using our own digital assets and other social media platforms to connect with our consumers, inform them of new products and hear their insights, requests and demands. In 2013, we directly interacted with hundreds

of thousands of consumers through our different digital channels.

We maintain Facebook pages, a Twitter account, a YouTube Channel, and an Instagram account along with our own platforms such as our informative corporate website, our blog, our “My Strauss” community initiative and more. Throughout the year, we use these platforms to engage consumers in different ways. For example, in 2013, we conducted ten Ask the Expert events hosted on the Strauss Group Facebook page. These events offered our consumers the opportunity to learn from experts about food and nutrition related topics. Also, on

our Facebook page we post a corporate responsibility related article every Monday. We maintain good relations with CR bloggers and in 2013, we participated in #CSRChat, an online Twitter discussion lasting one hour on the subject of our last sustainability report.

We support online interaction through our Digital Media Innovation team that identifies new technology platforms for digital interactions with consumers. In 2013, we introduced two new platforms. Trendimon sharing platform is now used in our My Strauss website, rewarding consumers with benefits for sharing content on the website and attracting new members. Roojoom is a reading tool that helps consumers interact with useful content we provide, including recipes, tips and tricks and more.

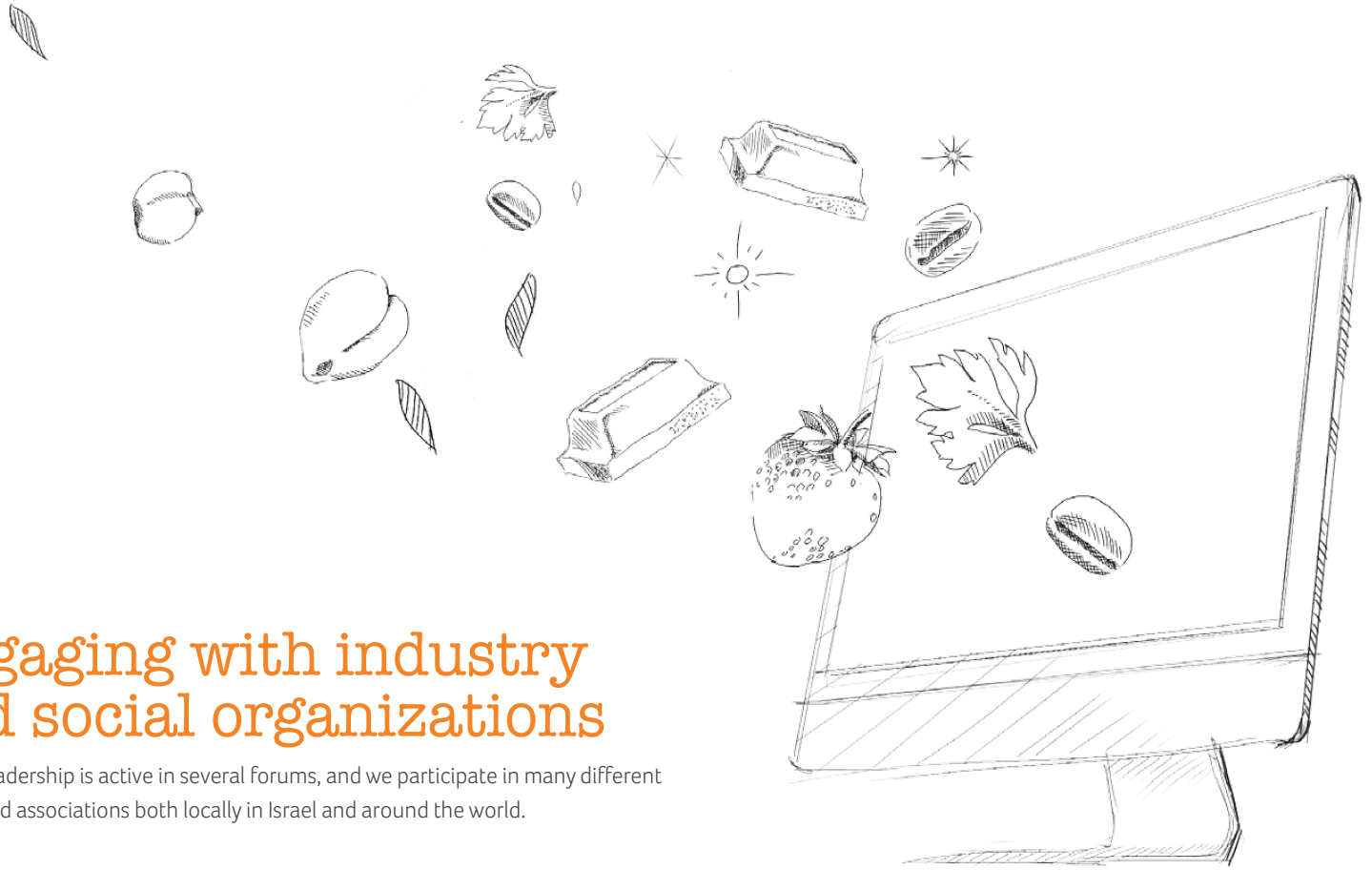
## My Strauss website

My Strauss is a website we created especially for our consumers in Israel, inviting them to take part in our innovation process, providing feedback, offering suggestions and trying out products during the development phase. At the end of 2013, we relaunched the “My Strauss” website to offer community members improved value with bigger discounts, new product tasting and early advice of new product launches. Since the site’s launch in 2011, over 18,000 consumers have become members. They sent us more than 38,000 ideas, leading to 28 product launches.

## What consumers need

“Our consumers tell us they want to be involved. They want to be part of the way we develop new ideas and new products, and communicate about them. Consumers want to create content. They want us to follow their lead, listen and react.”

**Ilanit Vardimon**  
Consumer and Market  
Research Director



## Engaging with industry and social organizations

Strauss leadership is active in several forums, and we participate in many different groups and associations both locally in Israel and around the world.

Examples of voluntary governance positions maintained by our leadership are:



### Ofra Strauss

#### Strauss Group Chairperson

- Chair of Maala, Business for Social Responsibility: Maala is a not-for-profit organization which aims to advance sustainable business practices in Israel. Ofra completed a three year term as Chair at the end of 2013.

- President of Jasmine: Jasmine, the Association of Businesswomen in Israel, was established to realize the economic potential of Jewish and Arab businesswomen.
- Chair of the Israel-America Chamber of Commerce: The IACC is a voluntary organization dedicated to the promotion of trade and investment between Israel and the U.S.



### Gadi Lesin

#### Strauss Group President and CEO

- Member of the Prime Minister of Israel's Round Table Forum: Gadi Lesin was selected as one of eleven members of this collaborative Round Table which aims to address social issues through collaboration between the public, private and non-profit sectors.
- Chairman of the Manufacturers' Council of the Manufacturers' Association of Israel: The Manufacturers' Association represents all industry sectors in the local and international markets.
- Director of Shabal ("Healthy Teeth for All"), Israel: Shabal is a non-profit association that provides access to affordable or no-cost oral healthcare for underprivileged individuals.





**The organizations we engage with on a regular basis include those that address both global and local social and environmental causes.**

#### **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 member of 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](http://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 four years. [www.catalyst.org](http://www.catalyst.org)



#### **Manufacturers' Association of Israel**

Strauss is an active member, supporting the Association and its sector-specific Food Industries Association in promoting industry interests and helping advance causes for the benefit of the food and manufacturing sectors in Israel. Strauss also chairs the Association's Business Forum on Corruption and Bribery. Strauss Group President and CEO, Gadi Lesin, is the Chairman of the Manufacturers' Council of the Manufacturers' Association of Israel. [www.industry.org.il/Eng](http://www.industry.org.il/Eng)



### Maala - Business for Social Responsibility

Maala is a not-for-profit organization which aims to advance sustainable business practices in Israel and publishes an annual corporate social responsibility ranking of Israeli companies. Strauss Group has participated in this annual ranking since its inception and in 2013, achieved the highest possible ranking, Platinum Plus. Strauss Group Chairperson, Ofra Strauss completed a three year term as Chair of Maala at the end of 2013. [www.maala.org.il](http://www.maala.org.il)



### Transparency International (TI) Israel

Transparency International is a global movement that works to eliminate corruption in government, business and civil society. Strauss supports the efforts of the organization to promote transparency, ethics and responsibility. [www.transparency.org](http://www.transparency.org)



גישות ישראל  
[www.aisrael.org](http://www.aisrael.org)

### Access Israel

Access Israel is a non-profit organization that promotes accessibility for people with disabilities, and supports 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 our organization and through our services and products. [www.aisrael.org](http://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. We are an active member of the Forum. [www.diversityisrael.org.il](http://www.diversityisrael.org.il)

# Supporting our community

## Investing in social causes

We collaborate with 40 community partners in Israel, supporting a range of social causes with a focus on employment for diverse populations and women's empowerment. Our active partnerships include:

### Yedid - The association for community empowerment

We support employment courses for women that have left the job market and need guidance and training to rebuild their careers.

### Be-Atzmi

We support training for disadvantaged populations from diverse backgrounds to help them integrate into the job market.

### Kav Mashve

We support counseling projects for young adults from the Arab population.

### Elem (Youth in Distress)

We support an employment project for young adults in peripheral areas.

### Economic Empowerment for Women (EEW)

We support employment projects for women from the Jewish and Arab populations.

### The Abraham Fund

We support employment training and community leadership programs for women from the Arab communities



Strauss Coffee Romania invited children with special needs from a local school to visit the factory during Strauss Group CSR Day 2013.

around our factories in the northern periphery of Israel.

See also the section on "Diversity in everything we do" for more initiatives supporting diversity in employment and education.

Our cash and product donations and employee volunteering efforts also support the work of organizations throughout Israel that advance social causes such as accessibility for persons with disabilities, shelters for disadvantaged youth and socio-economic development in peripheral cities.

### Supporting education in Strauss Coffee Romania

In 2013, we partnered with two social organizations, World Vision and School of Values, to launch a three year program of non-formal education for 100 young people from disadvantaged communities. The program includes factory visits to expose students to different types of roles in industry.

## Community investment (\$million)

	2011	2012	2013
Financial donations	1.13	0.73	1.10
Product donations cost value	1.87	1.56	1.45
Value of employee volunteering time and management costs	0.21	0.22	0.86
<b>TOTAL</b>	<b>3.21</b>	<b>2.51</b>	<b>3.41</b>

In 2013, we donated 600 tons of unsalable food items to Leket Israel and to Latet, thereby diverting waste from landfill and more importantly, providing nutritious and delicious food to thousands of Israelis who are unable to meet their food needs without support.

## Investing in education and career opportunities

### Leap to Industry

Strauss's factory in Upper Nazareth invests in youth employability and participated, for the second year, in the "Leap to Industry" program that encourages disadvantaged teens to learn about industry and develop skills to help them secure a job when they graduate from high school. The factory hired twelfth grade students from local technical schools to work in the factory two days a week and during holidays while completing their high school studies. Working on the production floor, students gain professional skills in a real factory environment and gain confidence in their ability to contribute in a meaningful job in the future.

### Window to the Future

Strauss Israel's dairy plant in Achihud in Israel has participated in the Window to the Future program since 2011. This program enables youth from underprivileged communities to learn about the job market and the challenges and opportunities of having a job. Teens joining the program are between the ages of 16 and 18 and have dropped out of every other educational structure. By working with Strauss team members, these young people gain a unique opportunity to experience work first-hand and receive personal coaching and assistance. More than 15 individuals have participated in this program since we started in 2011.

### Aiming for Success

Strauss Water once again supported Aiming for Success, a program that supports young adults in developing career paths. We partnered with a local community organization to support a group of young 19 adults from the Ethiopian community in Israel to help them acquire tools to guide them through the first steps of deciding on academic studies and seeking employment. 20 managers at Strauss Water participated in delivering courses and providing mentorship for the students.

## Investing in hunger relief

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.

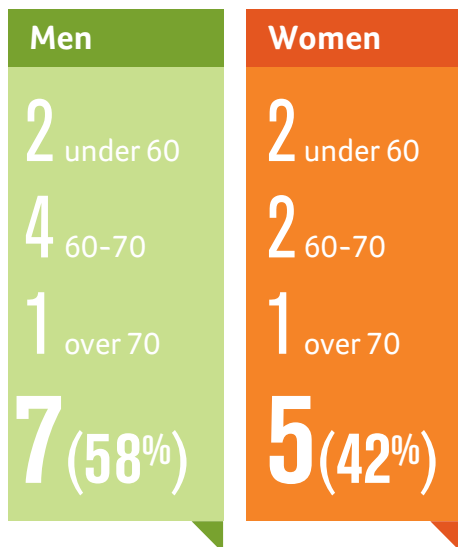
Leket Israel National Food Bank and Latet - Israeli Humanitarian Aid are the two leading non-profit food banks in Israel. We prefer that the food waste we generate is put to productive use, rather than clogging up our landfills. Therefore, we donate unsalable food to Leket and Latet for distribution to those in need. Both Latet and Leket Israel conform to the highest standards of food safety when and redistributing our products. In 2013, we donated 600 tons of unsalable food items to Leket Israel and to Latet, thereby diverting waste from landfill and more importantly, providing nutritious and delicious food to thousands of Israelis who are unable to meet their food needs without support.

# Governance and ethics

## Governance

The Strauss Group Board of Directors is comprised of 12 members, of which 5 are women. Five are independent (including two public directors). None of the Directors are members of the executive management team or hold any management or other position in the Group. Eight members of the Board have been identified as having financial and accounting skills as defined by regulation.

### Strauss Group Board Composition, 2013



Our Board of Directors maintains five committees which assist the Board in carrying out its duties.

Committee	Purpose
<b>Audit Committee</b>	The Audit Committee is charged mainly with oversight of the internal auditor, and internal audit reports, and risk management.
<b>Financial Statements Review Committee</b>	This Committee is responsible for monitoring the financial reporting and financial statements and reports.
<b>Finance Committee</b>	The role of the Finance Committee is primarily to provide financial oversight for the organization.
<b>Human Resources and Compensation Committee</b>	The role of the Human Resources and Compensation Committee is to ensure that the Company's compensation program is consistent with the Company's stated compensation strategy and the requirements of regulatory bodies.
<b>Investment and M&amp;A Committee</b>	This is an ad-hoc committee that reconvenes to review investments and M&A opportunities.

# Managing corporate responsibility

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. Michael Avner is Strauss Group's General Counsel and Company Secretary, and is the Group Management Team member responsible for CR. The CR Director reports to him. He oversees and updates the Board of Directors and Group Management Team on CR performance and opportunities. The team responsible for advancing CR includes:

- **Corporate Responsibility Director**, Daniela Prusky-Sion, is responsible for developing global corporate CR Strategy and ensuring a framework of implementations across our global business divisions. Daniela also directs the development of our annual CR report and represents Strauss Group in external CR conferences and networks.
- **The Corporate Social Council** was created in 2011 and is comprised of a group of senior executives representing corporate and Strauss Israel leadership. The council provides direction and support for stakeholder engagement at different levels and helps ensure opportunities for dialogue are realized.
- **Corporate Responsibility Trustees** represent business units from all Strauss Group companies and help manage CR activities in their operations. Thirty-five trustees meet annually, receive training in CR related issues, and act as a divisional contact point to reinforce progress, communications and ethical behavior. In 2013, the trustees supported the Strauss Group 2020 Sustainability Strategy development, including participating in a review and discussion with Gadi Lesin, Strauss Group President and CEO.
- **Community Leaders** act as coordinators between local community partners and our different business units. They work with community partners to identify local needs, execute activities, maintain relationships and engage employees in volunteering activities. Community Leaders in Israel meet annually to review progress and share ideas.

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.

## Ethics

We aim to ensure that we operate in line with the highest ethical standards at all times and maintain an ethical business culture. Our Code of Ethics, which is translated into eleven 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. An Ethics Trustee is appointed in each of our business units as a point of contact for employee questions, or for reporting suspected ethical breaches. The thirty-five Ethics Trustees in Strauss Group implement ethics training and monitor performance.

### New Code of Ethics e-learning module

In 2013, we launched a computerized learning module to refresh knowledge of our Code of Ethics. The module provides an efficient, in-depth learning process and requires passing a short exam upon completion. In 2013, 1,500 employees in Israel completed the ethics computerized learning module. Other employees have completed face to face ethics training throughout the year.

We maintain an open 24-hour hotline through which Strauss Group employees around the world are encouraged to report any breaches of the Code of Ethics, without fear of reprisal. The hotline is accessible through phone or via the Strauss website. In 2013, seven approaches were received to the hotline and all were investigated and resolved.

## Risk Management

We analyze and assess business, social and environmental risks, and undertake appropriate safeguarding measures as part of our precautionary approach. The Audit Committee of the Board of Directors of Strauss Group supervises and assesses risks identified and directs appropriate action within the companies in the Group. In 2013, we conducted a full risk survey. For more information on Risk Management, please see our 2013 Annual Report.

## Compliance

Internal compliance audits by an independent auditor take place at each of the Strauss Group sites around the world. In 2013, 23 percent of our sites and business units worldwide underwent an audit to monitor 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. Subsequently, our internal auditor recommended actions which we are implementing during 2014.

In line with regulatory requirements, Strauss Group maintains compliance programs for enforcement of securities and anti-trust law. In 2013, we implemented a computerized learning module on these subjects, designed for senior managers and employees from the finance, legal and communications departments.







# About our reporting

This is our seventh annual Sustainability Report and it describes our approach to sustainability and the key actions we have taken during 2013 to advance responsible and sustainable practices in our global business. It is designed to provide our stakeholders with a transparent account of our impacts on society and environment. In all cases, data relates to the 2013 calendar year unless otherwise stated. Our last report was published during 2013 covering the calendar year 2012.

In developing this report, we have considered input from our primary stakeholders, employees and consumers, and additional stakeholders where appropriate. The Corporate Responsibility Director 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 and following specific consultation with experts on priority sustainability issues.

This report is in accordance with the Global Reporting Initiative (GRI) G4 sustainability reporting guidelines at Core level, that represents the most

advanced sustainability reporting framework available today. The Global Reporting Initiative is a not-for-profit multi-stakeholder organization which acts to increase the level of business transparency through sustainability reporting among companies throughout the world. The main tool for assimilating sustainability reporting is the GRI reporting framework, which contains detailed guidelines for reporting on sustainability impacts and provides a consistent structure that thousands of companies around the world use to disclose performance related to sustainability. Over 7,000 sustainability reports were published in 2013 by companies all over the world, many of them using the GRI framework. The most recent version of the GRI framework, G4, was launched in May 2013. For more information, please see: [www.globalreporting.org](http://www.globalreporting.org).

This report is in accordance with the principles for defining report content set out in the G4 guidelines. 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 context of sustainability issues) and Completeness (inclusion of all the information that reflects significant economic impacts in order to enable stakeholders to assess our performance).

We do not seek external assurance for our report, due to resource limitations, but external consultants and reporting experts assist in our report preparation and support environmental data collection including scrutiny of data and data collection processes. 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](http://www.strauss-group.com), and the websites of our subsidiary companies (accessible via our global website).

## Notes to data collection

Environmental data collection includes all the sites listed in the table below on the basis of operational control, and covers more than 90% of our total production operations.

Country	Location	Main Activity	Built area (m2)	Included in our data collection		
				2011	2012	2013
Australia	Cavan, South Australia	Production of dips**	2,000	N/A	✗	✓
Brazil	Santa Luzia, near Belo Horizonte in Minas Gerais state	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 in Rio Grande do Norte state	Production of coffee, chocolate and cappuccino.	8,100	✓	✓	✓
Brazil	Nova Iguaçu, in the state of Rio de Janeiro	Production of filter paper for filter coffee.	3,150	✓	✓	✓
Brazil	Mossoro Rio Grande do Norte state	Production of corn products and drink powders.	13,200	✗	✗	✗
Brazil	Varginha, in Minas Gerais state	Processing of green coffee.	7,300	✗	✗	✗
China	ShangHai	Strauss Water offices.		✗	✗	✗
China	Changzhen	Strauss Water offices and outsourced production.		✗	✗	✗
Germany	Upahl	Instant coffee production.	11,608	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	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	✓	✓	✓

Country	Location	Main Activity	Built area (m2)	Included in our data collection		
				2011	2012	2013
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	✓	✓	✓
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	✗	✗
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 freeze-dried instant coffee, chicory, etc.	13,370	✗	✗	✓
Serbia	Simanovci, near Belgrade	Production of roast and ground coffee.	8,500	✓	✓	✓
Netherlands	Amsterdam	Strauss Coffee Global HQ .		N/A	✗	✓
UK	Guildford, Surrey	Strauss Water Offices and sales organization.		✗	✗	✗
U.S.	Virginia	Production of chilled salads and dips.	10,630	✓	✓	✓
U.S.	Virginia***	Sabra headquarters		✓	✓	✓
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 Headquarters and Chocolate Bars *****		✓	✓	✓

\* In addition, selected data has been collected from 55 points of retail coffee sales in Israel.

\*\* Data from Obela Australia includes only total employee numbers, energy and water consumption and GHG emissions.

\*\*\* Data from Sabra headquarters excludes environmental data.

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

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

### Energy consumption

Biomass used in Israel and Serbia is classed as renewable biomass.

where locally published electricity company conversion factors are used. Renewable biomass has zero carbon emissions (CDP).

### Carbon Emissions

Carbon emission conversions use latest available GHG Protocol conversion factors in each country of operation, with the exception of Israel,

### Employees

In our 2013 Annual Report, the number of direct employees was reported as 13,565 in our global

operations including contract and supervised employees, and 12,426 direct employees. Employee data in this report is based on the total of 12,556 direct employees. This gap is due to minor differences in reporting cut-off dates between the different Strauss companies and differences in the scope of data covered in both reports.

## GRI G4 content index

G4	General standard disclosures	Page/Link	External Assurance
<b>STRATEGY AND ANALYSIS</b>			
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Message from our leadership: page 4	None.
<b>ORGANIZATIONAL PROFILE</b>			
G4-3	Report the name of the organization.	Strauss at a glance: page 6	None.
G4-4	Report the primary brands, products, and services.	Strauss at a glance: page 6, 7	None.
G4-5	Report the location of the organization's headquarters.	Strauss at a glance: page 6	None.
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Strauss at a glance: page 7	None.
G4-7	Report the nature of ownership and legal form.	Strauss at a glance: page 6	None.
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Strauss at a glance: page 6, 7	None.

<b>G4</b>	<b>General standard disclosures</b>	<b>Page/Link</b>	<b>External Assurance</b>
G4-9	Report the scale of the organization, including: Total number of employees; Total number of operations; Net sales (for private sector organizations) or net revenues (for public sector organizations); Total capitalization broken down in terms of debt and equity (for private sector organization); Quantity of products or services provided.	Page 88	None.
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Page 88	None.
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	46% of our global workforce is covered by Collective Bargaining Agreements.	None.
G4-12	Describe the organization's supply chain.	Ethical Supply Chain: page 50, 51	None.
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	There were no significant changes in our operations during the reporting period	None.
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Risk management: page 78	None.
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Engaging with industry and social organizations: page 72, 73	None.

G4	General standard disclosures	Page/Link	External Assurance
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: Holds a position on the governance body; Participates in projects or committees; Provides substantive funding beyond routine membership dues; Views membership as strategic. This refers primarily to memberships maintained at the organizational level.	Engaging with industry and social organizations: page 71	None.
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
G4-17	a. List all entities included in the organization’s consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report.	Notes to data collection: page 81, 82 Entities included in the financial report that are excluded from this report: • Strauss Water operations in China (partnership with Haier) and in the UK (partnership with Virgin). • Max Brenner franchise operations: Israel, Australia, Philippines, Singapore. • Operations of Obela Mexico.	None.
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	About our reporting: page 80	None.
G4-19	List all the material Aspects identified in the process for defining report content.	Our priority sustainability issues: page 18, 19	None.
G4-20	a. For each material Aspect, report the Aspect Boundary within the organization, as follows: Report whether the Aspect is material within the organization. If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: The list of entities or groups of entities included in G4-17 for which the Aspect is not material or The list of entities or groups of entities included in G4-17 for which the Aspects is material: Report any specific limitation regarding the Aspect Boundary within the organization.	Page 90	None.

<b>G4</b>	<b>General standard disclosures</b>	<b>Page/Link</b>	<b>External Assurance</b>
G4-21	a. For each material Aspect, report the Aspect Boundary outside the organization, as follows: Report whether the Aspect is material outside of the organization. If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified. Report any specific limitation regarding the Aspect Boundary outside the organization.	Page 90	None.
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	There are no restatements of information provided in previous reports.	None.
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	There are no significant changes in the Scope and Aspect Boundaries from previous reporting periods.	None.
<b>STAKEHOLDER ENGAGEMENT</b>			
G4-24	Provide a list of stakeholder groups engaged by the organization.	Engaging stakeholders: page 68, 69	None.
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Engaging stakeholders: page 68, 69	None.
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Engaging stakeholders: page 68, 69	None.
G4-27	Report 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. Report the stakeholder groups that raised each of the key topics and concerns.	Our priority sustainability issues: page 18 Expert Round Table: page 20, 21 Perspectives from Aron Cramer: page 22, 23	None.
<b>REPORT PROFILE</b>			
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	About our reporting: page 80	None.
G4-29	Date of most recent previous report (if any).	About our reporting: page 80	None.
G4-30	Reporting cycle (such as annual, biennial).	About our reporting: page 80	None.

<b>G4</b>	<b>General standard disclosures</b>	<b>Page/Link</b>	<b>External Assurance</b>
G4-31	Provide the contact point for questions regarding the report or its contents.	Daniela Prusky-Sion, Global Corporate Responsibility Manager Strauss Group Hasivim 49, Petah Tikvah, 49517 Israel daniela.sion@strauss-group.com	None.
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below. c. Report the reference to the External Assurance Report, if the report has been externally assured.	About our reporting: page 80 GRI Content Index: page 83 This report has not been externally assured.	None.
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	About our reporting: page 80	None.
<b>GOVERNANCE</b>			
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Governance and ethics: page 76	None.
<b>ETHICS AND INTEGRITY</b>			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Our vision and values: page 10 Ethics: page 78	None.



## G4-9 Scale of the organization

**Total number of employees:** See our response to G4-10 below

**Total number of operations:** See Notes to data collection above

**Net sales:** See section Strauss at a glance

**Net revenues:** See section Strauss at a glance

**Total capitalization:** See our Annual Report 2013

**Quantity of products or services provided:** We supplied almost 500,000 tons of food and beverage products in 2013.

## G4-10 Employees

<b>Total number of employees by gender</b>	<b>2012</b>	<b>2013</b>
Male	6,939	7,394
Female	5,243	5,162
<b>Total employees</b>	<b>12,182</b>	<b>12,556</b>

<b>Total number of employees by contract</b>	<b>2012</b>	<b>2013</b>
Permanent contract	11,979	11,928
Temporary contract	203	628
<b>Total employees</b>	<b>12,182</b>	<b>12,556</b>

<b>Total number of employees by type</b>	<b>2012</b>	<b>2013</b>
Full time	11,540	11,014
Part time	823	1,542
<b>Total employees</b>	<b>12,363</b>	<b>12,556</b>

Total number of employees by region and gender	2012			2013		
	Male	Female	Total	Male	Female	Total
Brazil	2,703	1,356	<b>4,059</b>	2,997	1,436	<b>4,433</b>
Europe	889	601	<b>1,490</b>	994	668	<b>1,662</b>
Israel	2,795	2,863	<b>5,658</b>	2,806	2,588	<b>5,394</b>
U.S.	552	423	<b>975</b>	597	470	<b>1,067</b>
<b>Total employees</b>	<b>6,939</b>	<b>5,243</b>	<b>12,182</b>	<b>7,394</b>	<b>5,162</b>	<b>12,556</b>
Percentage male - female	57%	43%		59%	41%	

Total workforce by employees and supervised workers and by gender	2013		
	Male	Female	Total
Employees	7,394	5,162	12,556
Supervised workers	401	356	756
<b>Total employees and supervised workers</b>	<b>7,795</b>	<b>5,518</b>	<b>13,312</b>

In Strauss Israel, our local product distribution to small retail outlets is performed by 265 independent distributors that work with Strauss on an exclusive basis. There are no significant seasonal variations when considering our entire product portfolio throughout the year.

## G4-20 Internal Aspect Boundaries / G4-21 External Aspect Boundaries

Material Aspects (G4-19)	Category / Aspect / Indicator	Boundary
<b>Healthy lifestyles</b>	Social: Society: Local communities: G4-SO1	External: impacts consumers in all the markets where we operate.
	Social: Society: Healthy and affordable food: FP4	
	Social: Product responsibility: customer health and safety: FP6	
	Economic: Indirect economic impacts: G4-EC8, FP7	
<b>Reduce resource consumption and waste in our value chain</b>	Environmental: Materials: G4-EN1	External: environmental sustainability in all our markets
	Environmental: Energy: G4-EN3, G4-EN5	
	Environmental: Water: G4-EN8	
	Environmental: Emissions: G4-EN15, G4-EN16, G4-EN18, G4-EN20, G4-EN21	
	Environmental: Effluents and waste: G4-EN22, G4-EN23	
	Environmental: Overall: G4-EN31	
<b>Clear product labeling and responsible marketing</b>	Social: Product responsibility: Product and service labeling: G4-PR3, G4-PR5	External: impacts consumers in the markets where we operate.
	Social: Marketing communications G4-PR7	
	Social: Product responsibility: Product and service labeling: FP8	
<b>Ethical sourcing and supply chain</b>	Economic: Procurement practices: FP1, FP2	External: impacts suppliers and economies in the markets where we operate.
<b>Diversity in everything we do</b>	Social: Diversity and equal opportunity: G4-LA12	Internal: impacts our employees and their personal growth and opportunities
	Social: Labor practices and decent work: Equal remuneration for women and men: G4-LA13	
	Social: Society: Local communities: G4-SO1	External: impacts communities and economic development in the markets where we operate.
	Economic: Procurement practices: G4-EC9	
<b>Engaging our Employees</b>	Social: Labor practices and decent work: Employment: G4-LA1	Internal: impacts our employees, their safety and wellbeing, and personal growth and opportunities
	Social: Labor practices and decent work: occupational Health and safety: G4-LA6	
	Social: Labor practices and decent work: Training and education: G4-LA10, G4-LA11	

## Specific standard disclosures

Material Aspects (G4-19)	DMA and Indicators	Page/Link	Omissions	External Assurance
Healthy lifestyles	<b>Social: Society: Local communities: G4-SO1</b> Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Supporting our community: page 74, 75 100% of our companies maintain local community engagement programs.		None.
	<b>Social: Society: Healthy and affordable Food: FP4</b> 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.	Promoting healthy lifestyles: pages 26-31 Raising healthy lifestyle awareness: page 33		None.
	<b>Social: Product Responsibility: Customer health and safety: FP6</b> Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and sugars.		Specific data by sales and category is not available. This is in development and we will report in 2015.	None.
	<b>Economic: Indirect economic impacts: G4-EC8</b> Significant indirect economic impacts, including the extent of impacts.	Promoting healthy lifestyles: pages 26-31		None.
	<b>Economic: Indirect economic impacts: FP7</b> Percentage of total sales volume of consumer products, by product category sold, that contain increased fiber, vitamins, minerals, phytochemicals or functional food additives.		Specific data by sales and category is not available. This is in development and we will report in 2015.	None.

Material Aspects (G4-19)	DMA and Indicators	Page/Link	Omissions	External Assurance
Reduce resource consumption and waste in our value chain	<b>Environmental: Materials: G4-EN1</b> Materials used by weight or volume.	Page 94	Data covers key materials in Israel only.	None.
	<b>Environmental: Energy: G4-EN3</b> Energy consumption within the organization.	Page 95		None.
	<b>Environmental: Energy: G4-EN5</b> Energy intensity.	Page 95		None.
	<b>Environmental: Water: G4-EN8</b> Total water withdrawal by source.	Page 96		None.
	<b>Environmental: Emissions: G4-EN15</b> Direct greenhouse gas (GHG) emissions (Scope 1).	Page 97		None.
	<b>Environmental: Emissions: G4-EN16</b> Energy indirect greenhouse gas (GHG) emissions (Scope 2).	Page 97		None.
	<b>Environmental: Emissions: G4-EN18</b> Greenhouse gas emissions intensity.	Page 98		None.
	<b>Environmental: Emissions: G4-EN20</b> Ozone depleting substances.	Page 98		None.
	<b>Environmental: Emissions: G4-EN21</b> Emissions of air pollutants (NOx, SOx and PM).	Page 98		None.
	<b>Environmental: Effluents and waste: G4-EN22</b> Total wastewater pollutant levels.	Page 98		None.
	<b>Environmental: Effluents and waste: G4-EN23</b> Total weight of waste by type and disposal method.	Page 99		None.
<b>Environmental: Overall: G4-EN31</b> Total environmental protection expenditures and investments by type.	Resource consumption: page 56	Data provided is for total expenditures. We do not currently report environmental investment by type.	None.	

<b>Material Aspects (G4-19)</b>	<b>DMA and Indicators</b>	<b>Page/Link</b>	<b>Omissions</b>	<b>External Assurance</b>
<b>Clear product labeling and responsible marketing</b>	<b>Social: Product responsibility: Product and service labeling : G4-PR3</b> Product and service information and labeling.	Product transparency: page 34		None.
	<b>Social: Product responsibility: Product and service labeling: G4-PR5</b> Surveys measuring customer satisfaction.	Customer satisfaction and service: page 34, 35		None.
	<b>Social: Marketing communications G4-PR7</b> Non-compliance with regulations concerning marketing communications.	No incidences of non-compliance.		None.
	<b>Social: Product responsibility: Product and service labeling: FP8</b> Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements.	Product transparency: page 34		None.
<b>Ethical sourcing and supply chain</b>	<b>Economic: Procurement practices: FP1</b> Percentage of purchased volume from suppliers compliant with the company's sourcing policy.	Page 99	Data is currently available for our suppliers in Israel only	None.
	<b>Economic: Procurement practices: FP2</b> Percentage of purchased volume which is verified as being in accordance with credible internationally recognized responsible production standards, broken down by standard.	Page 99	We currently report on procurement practices for coffee and cocoa only.	None.
<b>Diversity in everything we do</b>	<b>Social: Diversity and equal opportunity: G4-LA12</b> Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Governance: page 76 Page 99		None.
	<b>Social: Labor Practices and decent work: Equal Remuneration for women and men: G4-LA13</b> Ratio of basic salary and remuneration of women to men.	Page 100		None.
	<b>Social: Society: Local communities: G4-SO1</b> Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Advancing women and business in our community: page 48 100% of our companies maintain local community engagement programs.		None.
	<b>Economic: Procurement practices: G4-EC9</b> Proportion of spending on local suppliers at significant locations of operation.	Ethical supply chain: page 51		None.

Material Aspects (G4-19)	DMA and Indicators	Page/Link	Omissions	External Assurance
Engaging our Employees	<b>Social: Labor practices and decent work: Employment: G4-LA1</b> Total number and rates of new employee hires and employee turnover by age group, gender, and region.	Page 101		None.
	<b>Social: Labor practices and decent work: Occupational health and safety: G4-LA6</b> Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Page 102	Data is not split by gender. Some locations were not able to provide absenteeism information.	None.
	<b>Social: Labor practices and decent work: Training and education: G4-LA10</b> Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Leadership, development and training: page 39		None.
	<b>Social: Labor practices and decent work: Training and education: G4-LA11</b> Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Page 103		None.

## G4-EN1: Materials

We note the volumes of our top four ingredients used in Strauss Israel in 2013. Data for global purchases and other locations is not available at this time. We are improving our data processes and expect to increase our reporting against this indicator in coming years.

Four key ingredients: Strauss Israel	Tons
Cocoa	4,988
Chickpea	4,315
Sugar	16,058
Vegetable oil	4,383

## G4-EN3 Energy consumption

Total energy consumption	All figures in gigajoules				
	2010	2011	2012	2013	Change from 2012 (%)
<b>Fuel consumption from non-renewable sources (Scope 1)</b>					
Natural Gas	413,503	403,040	421,510	591,817	40%
Fuel Oil	135,762	140,796	161,684	134,053	17%
Diesel Fuel	94,373	96,901	95,707	91,728	-4%
Ethanol	725	1,175	1,255	535	-57%
LPG	287,930	289,898	281,495	298,192	6%
Gasoline	137,325	117,527	139,298	141,010	1%
<b>Total fuel consumption from non-renewable sources</b>	<b>1,069,618</b>	<b>1,049,337</b>	<b>1,100,949</b>	<b>1,257,335</b>	<b>14%</b>
Fuel consumption from renewable sources - coffee biomass (Scope 1)	86,520	91,317	29,734	75,323	153%
<b>Total fuel consumption from renewable and non renewable sources</b>	<b>1,156,138</b>	<b>1,140,654</b>	<b>1,130,683</b>	<b>1,332,657</b>	<b>18%</b>
Electricity purchased from grid (Scope 2)	482,608	460,340	473,932	504,855	7%
<b>Total energy consumption (Scope 1 &amp; Scope 2)</b>	<b>1,638,746</b>	<b>1,600,994</b>	<b>1,604,615</b>	<b>1,837,512</b>	<b>15%</b>

### Notes:

- We do not purchase heating, cooling or steam, and we do not sell electricity, heating cooling or steam
- Environmental data from Max Brenner U.S. operations are not included as this is not available at this time.
- Coffee biomass usage increased in 2013 as a result of the coffee mass boiler being in operation for a full year. In 2012, it was not functional for part of the year.
- The overall increase in energy consumption in 2013 is mainly explained by inclusion of sites not previously reported: Russia, Germany and Holland.

## G4-EN5 Energy intensity

Energy intensity	All figures in gigajoules per ton of production				
	2010	2011	2012	2013	Change from 2012 (%)
Scope 1	2.46	2.63	2.40	2.69	12%
Scope 2	1.03	1.06	1.00	1.01	1%
<b>Total energy intensity</b>	<b>3.49</b>	<b>3.69</b>	<b>3.40</b>	<b>3.70</b>	<b>9%</b>



### Energy intensity calculation

Our energy intensity ratio is calculated per ton of production. It has been calculated for Strauss Israel, Strauss Coffee and Sabra, the three production companies delivering output that can be measured in tons. These companies represent over 97% of Strauss's energy consumption. The ratio includes all energy sources at the relevant sites.

**Notes:** Energy intensity increased due to the addition of one plant in Germany that manufactures instant freeze-dried coffee. Although responsible for only 2% of total production volumes, energy consumption is almost 10% of total consumption for Strauss Group. Due to the nature of the freeze-dry process, all environmental impacts are much higher than other manufacturing operations in the Group. We continue to analyze these impacts in detail, including LCA analyses performed on coffee products in 2013, to identify opportunities to reduce impacts.

## G4-EN8 Water consumption

Water withdrawal	All figures in cubic meters (m3)				
	2010	2011	2012	2013	Change from 2012 (%)
Total water withdrawn from municipal water supplies or other water utilities	N/A	N/A	N/A	1,635,699	
Total water withdrawn from ground water	N/A	N/A	N/A	85,828	
<b>Total water withdrawal</b>	<b>1,206,436</b>	<b>1,438,678</b>	<b>1,506,410</b>	<b>1,721,527</b>	<b>14%</b>
<b>Water intensity per ton of production</b>	<b>3.05</b>	<b>3.32</b>	<b>3.28</b>	<b>3.54</b>	<b>8%</b>

### Water intensity calculation

Our water intensity ratio is calculated per ton of production. It has been calculated for Strauss Israel, Strauss Coffee and Sabra, the three production companies delivering output in tons. These three companies represent over 99% of Strauss Group's water consumption.

**Notes:**

Absolute water consumption increased due to addition of sites – see note to energy consumption above. Similarly, water intensity increased. Our German coffee site consumed 13% of the total Group water consumption in 2013, while delivering only 2% of total production volumes.

## G4-EN15 Greenhouse gas emissions (Scope 1) / G4-EN16 Greenhouse gas emissions (Scope 2)

Greenhouse gas emissions	All figures in tons CO2e				
	2010	2011	2012	2013	Change from 2012 (%)
<b>Direct greenhouse gas emissions (Scope 1)</b>					
Natural Gas	23,197	22,278	23,299	32,712	40%
Fuel Oil	10,573	10,990	12,620	10,463	-17%
Diesel Fuel	6,990	7,276	7,234	6,914	-4%
Ethanol	51	83	89	38	-57%
LPG	18,653	18,821	18,279	19,352	6%
Gasoline	9,482	8,282	9,816	9,912	1%
Coffee biomass	0	0	0	0	0%
<b>Total direct greenhouse gas emissions</b>	<b>68,946</b>	<b>67,730</b>	<b>71,337</b>	<b>79,392</b>	<b>11%</b>
<b>Indirect greenhouse gas emissions (Scope 2)</b>					
Electricity purchased from grid	85,958	82,843	88,432	82,168	-7%
<b>Total greenhouse gas emissions (Scope 1 &amp; 2)</b>	<b>154,904</b>	<b>150,573</b>	<b>159,769</b>	<b>161,560</b>	<b>1%</b>

### Basis for reporting on greenhouse gas emissions

Greenhouse gases included in the calculation of CO2e are CO2, CH4 and N2O. Fuel emission factors are taken from IPCC Emissions Factor Database. Electricity emissions factors for Israel, Germany and Romania are taken from the national electricity grids. All other electricity emissions factors are as per the GHG Protocol. Israel emissions used the Electricity Company published rates for the reporting year. Prior years 2010 – 2011 have been recalculated to reflect this.

**Notes:** Absolute GHG emissions increased due to addition of sites – see note to energy consumption above. Similarly, GHG emission intensity increased. Our German coffee site generated 7.4% of the total Group GHG emissions in 2013, while delivering only 2% of total production volumes.

## G4-EN18: Greenhouse gas emissions intensity

Greenhouse gas emissions intensity	All figures in tons CO2e per ton of production				
	2010	2011	2012	2013	Change from 2012 (%)
Scope 1	0.153	0.156	0.151	0.159	6%
Scope 2	0.187	0.191	0.175	0.164	-6%
<b>Total greenhouse gas emissions intensity</b>	<b>0.340</b>	<b>0.350</b>	<b>0.326</b>	<b>0.323</b>	<b>-1%</b>

### Greenhouse gas emissions intensity calculation

Our GHG emissions intensity ratio is calculated per ton of production. It has been calculated for Strauss Israel, Strauss Coffee and Sabra, the three production companies delivering production output in tons. These three companies represent 97% of Strauss Group's GHG emissions. The ratio includes emissions from all fuel, electricity and renewable energy sources at the relevant sites.

The small reduction in emissions intensity reflects slight changes in direct energy mix in 2013 – increased proportion of natural gas.

## G4-EN20 Ozone depleting substances

## G4-EN21 Air pollutants / G4 EN22 Wastewater pollutants

Emissions of ozone depleting substances (ODS)	All figures in kg				
	2010	2011	2012	2013	Change from 2012 (%)
Emissions of ozone depleting substances (inc. R-22, 507, 407c and R410-A)	6,068	15,791	7,023	13,296	<b>89%</b>

Emissions of air pollutants (NOx, SOx and PM)	All figures in tons				
	2010	2011	2012	2013	Change from 2012 (%)
NOx (nitrogen oxides)	93	92	139	110	-21%
SOx (sulphur oxides)	138	132	166	151	-9%
PM (particulate matter)	28	27	22	26	16%
<b>Total emissions of air pollutants</b>	<b>259</b>	<b>251</b>	<b>327</b>	<b>286</b>	<b>-12%</b>

Wastewater pollutants	All figures in tons				
	2010	2011	2012	2013	Change from 2012 (%)
TSS (Total Suspended Solids)	721	1,921	921	662	-28%
COD (Chemical Oxygen Demand)	2,656	1,368	2,414	2,284	-5%
BOD (Biological Oxygen Demand)	1,489	1,370	1,128	1,063	-6%
<b>Total wastewater pollutants</b>	<b>4,866</b>	<b>4,658</b>	<b>4,463</b>	<b>4,009</b>	<b>-10%</b>

## G4-EN23 Effluents and waste

Total amount of hazardous and non-hazardous waste	All figures in tons				Change from 2012 (%)	Percentage of total waste 2013
	2010	2011	2012	2013		
Reuse	42,016	41,932	47,728	54,198	14%	73%
Recycling	4,781	14,095	9,629	7,638	-21%	10%
Landfill	14,857	14,824	15,367	12,374	-19%	17%
Hazardous waste to safe landfill	3.76	1.03	3.74	47.65	1174%	0.1%
<b>Total amount of hazardous and non-hazardous waste</b>	<b>61,658</b>	<b>70,852</b>	<b>72,728</b>	<b>74,257</b>	<b>2%</b>	<b>100%</b>

### Explanation for increase in hazardous waste

Two Strauss Coffee sites (Nova and Santa Luzia) are responsible for 23 tons of the increase in hazardous waste, as they completed a one-time clean-up of sewage treatment plants and the addition of a new site in Germany reported 3 tons of hazardous waste.

## FP1 Procurement practices

In Israel 1,435 of a total 3,272 suppliers signed Strauss Israel's Social Charter (44%). We believe this represents more than 50% of our purchasing volume.

## FP2 Procurement practices

**Coffee:** In 2013, 6% of our total coffee procurement was sustainable coffee certified by 4C.

**Cocoa:** In Strauss Israel, 100% of cocoa requirements are purchased from suppliers certified to a recognized standard. 59% of Max Brenner's cocoa supply is procured from sustainable sources (through the Barry Callebaut Quality Partner Program (QPP) and the Biolands project.

## G4-LA12 Diversity and equal opportunity

Employee diversity: Gender	2012		2013	
	Male	Female	Male	Female
Senior management	67%	33%	73%	27%
Middle management	62%	38%	61%	39%
Non-management	56%	44%	58%	42%
<b>Total employees</b>	<b>57%</b>	<b>43%</b>	<b>59%</b>	<b>41%</b>

Employee diversity: Age Group	2012			2013		
	Below age 30	Age 30-50	Over age 50	Below age 30	Age 30-50	Over age 50
Senior management	2%	71%	27%	2%	58%	40%
Middle management	9%	79%	12%	41%	53%	6%
Non-management	36%	51%	13%	50%	40%	10%
<b>Total employees</b>	<b>32%</b>	<b>55%</b>	<b>13%</b>	<b>49%</b>	<b>42%</b>	<b>9%</b>

Employee diversity: Minority Groups	2012			2013		
	Male	Female	Total	Male	Female	Total
Senior management	5%	9%	6%	9%	15%	10%
Middle management	3%	1%	2%	4%	3%	4%
Non-management	14%	12%	13%	12%	10%	11%
<b>Total employees</b>	<b>12%</b>	<b>10%</b>	<b>11%</b>	<b>10%</b>	<b>9%</b>	<b>10%</b>

Employee diversity: Disabled employees	2012			2013		
	Male	Female	Total	Male	Female	Total
Senior management	2.3%	0.0%	1.5%	2.9%	0.0%	2.1%
Middle management	0.5%	0.3%	0.4%	1.7%	0.7%	1.3%
Non-management	1.4%	1.0%	1.2%	1.8%	1.4%	1.6%
<b>Total employees</b>	<b>1.2%</b>	<b>0.9%</b>	<b>1.1%</b>	<b>1.8%</b>	<b>1.3%</b>	<b>1.6%</b>

## G4-LA13 Equal remuneration for women and men

Ratio of basic salary men to women (% reflects the level of women salaries in proportion to men salaries)	2012			2013		
	Senior management	Middle management	Non-management	Senior management	Middle management	Non-management
Brazil	Not reported	Not reported	82%	92%	89%	100%
Europe	No females	83%	88%	No females	74%	83%
Israel	88%	90%	78%	77%	83%	81%
U.S.	95%	108%	89%	58%	81%	87%
<b>Strauss total</b>	<b>91%</b>	<b>93%</b>	<b>84%</b>	<b>76%</b>	<b>82%</b>	<b>87%</b>

**Notes:** Coffee to go information was not available by employee category. This has been estimated based on 2012 figures. Russia and Yotvata sites are excluded from this data as information was not available.

## G4-LA1 Labor practices and decent work

New hires by age in 2013	2012		2013		Rate of new hires in 2013 (males)	Rate of new hires in 2013 (females)	Total new hire rate (%)
	Male	Female	Male	Female			
Below age 30	1,272	975	1,585	1,115	12.62%	8.88%	21.50%
Age 30 - 50	837	513	972	554	7.74%	4.41%	12.15%
Over age 50	50	23	77	42	0.61%	0.33%	0.95%
<b>Total employees</b>	<b>2,159</b>	<b>1,511</b>	<b>2,634</b>	<b>1,711</b>	<b>20.98%</b>	<b>13.63%</b>	<b>34.60%</b>

New hires by region in 2013	2012		2013		Rate of new hires in 2013 (males)	Rate of new hires in 2013 (females)	Total new hire rate (%)
	Male	Female	Male	Female			
Brazil	955	519	1,116	468	8.89%	3.73%	12.62%
Europe	219	112	244	153	1.94%	1.22%	3.16%
Israel	757	687	955	813	7.61%	6.47%	14.08%
U.S.	228	193	319	277	2.54%	2.21%	4.75%
<b>Total employees</b>	<b>2,159</b>	<b>1,511</b>	<b>2,634</b>	<b>1,711</b>	<b>20.98%</b>	<b>13.63%</b>	<b>34.60%</b>

Employee turnover by age in 2013	2012		2013		Rate of turnover in 2013 (males)	Rate of turnover in 2013 (females)	Total turnover rate (%)
	Male	Female	Male	Female			
Below age 30	1,343	974	972	1,137	7.74%	9.06%	16.80%
Age 30 - 50	907	728	722	987	5.75%	7.86%	13.61%
Over age 50	70	91	124	205	0.99%	1.63%	2.62%
<b>Total employees</b>	<b>2,320</b>	<b>1,793</b>	<b>1,818</b>	<b>2,329</b>	<b>14.48%</b>	<b>18.55%</b>	<b>33.03%</b>

Employee turnover by region in 2013	2012		2013		Rate of turnover in 2013 (males)	Rate of turnover in 2013 (females)	Total turnover rate (%)
	Male	Female	Male	Female			
Brazil	1,059	504	384	821	3.06%	6.54%	9.60%
Europe	253	195	222	135	1.77%	1.08%	2.84%
Israel	799	917	921	1,138	7.34%	9.06%	16.40%
U.S.	209	177	291	235	2.32%	1.87%	4.19%
<b>Total employees</b>	<b>2,320</b>	<b>1,793</b>	<b>1,818</b>	<b>2,329</b>	<b>14.48%</b>	<b>18.55%</b>	<b>33.03%</b>

## G4-LA6 Occupational health and safety:

Injuries	Injuries			Injury rate			Rate change in 2013 (%)
	2011	2012	2013	2011	2012	2013	
Brazil	210	182	231	5.06	4.39	5.21	0.82
Europe	17	24	17	1.61	2.37	1.75	-0.62
Israel	202	358	254	3.47	6.33	4.71	-1.62
U.S.	35	17	27.00	3.70	1.74	2.53	0.79
<b>Strauss Group</b>	<b>464</b>	<b>581</b>	<b>529</b>	<b>3.88</b>	<b>4.93</b>	<b>4.46</b>	<b>-0.47</b>

Lost days	Lost days			Lost day rate			Rate change in 2013 (%)
	2011	2012	2013	2011	2012	2013	
Brazil	3,701	8,520	6,595	89.25	205.45	148.77	-56.68
Europe	283	342	633	26.77	33.76	65.12	31.36
Israel	1,699	3,744	3,117	29.23	66.16	57.79	-8.37
U.S.	512	181	510	54.07	18.56	47.80	29.23
<b>Strauss Group</b>	<b>6,195</b>	<b>12,787</b>	<b>10,855</b>	<b>51.78</b>	<b>108.42</b>	<b>91.48</b>	<b>-16.94</b>

Absenteeism	Absenteeism days			Absenteesim rate			Rate change in 2013 (%)
	2011	2012	2013	2011	2012	2013	
Europe	10,879	9,953	10,444	4.12%	3.93%	4.30%	0.37%

### Notes:

- Injuries are those which incur lost workdays. Minor injuries are not noted.
- Injuries are calculated per 100 employees.
- Data split by gender is not available for most locations at this time.
- Absenteeism days are not recorded in Strauss locations except Europe.
- Data for Europe includes all locations except Russia as details are under review.
- No specific occupational diseases are noted within Strauss Group and therefore no such data is available.

## G4-LA11 Training and education

Employees receiving performance reviews	2013	
	Male	Female
Senior management	14	5
Middle management	352	248
Non-management	2,887	2,566
<b>Total by gender</b>	<b>3,253</b>	<b>2,819</b>
<b>Total by group</b>	<b>6,071</b>	
<b>Percentage of total employees</b>	<b>75%</b>	

**Note:** All Strauss Group companies around the world do not maintain records of non-management performance reviews, although in most cases, these are performed annually. In several operations, employee reviews reached close to 100%. Data above includes estimated non-management evaluation rates.





This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

## UN Global Compact

The UN Global Compact (UNGC) is a strategic policy initiative of the United Nations which encourages 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 has participated in the UNGC since 2008.

### Statement of continued support for the UN Global Compact

On behalf of Strauss Group, I reconfirm our continuing participation in the UN Global Compact. We commit to upholding and promoting the ten principles of the Global Compact and supporting the broad social, humanitarian and environmental goals. We reconfirm our intention to maintain our adherence to these principles and continue to promote them within our companies and with our business partners. We intend to continue to report on our progress within the context of our annual sustainability reporting. Our sustainability reports are available on our website for the benefit of all our stakeholders.

A handwritten signature in blue ink, consisting of a large, stylized loop followed by a shorter stroke.

**Gadi Lesin**  
President and CEO  
Strauss Group

June 2014

## UN Global Compact Index and GRI cross-reference table

Global Compact Principles		GRI G4 Aspects / Disclosures	
1	Businesses should support and respect the protection of internationally proclaimed human rights.	Human Rights Aspects	Respecting human rights at Strauss is a core value. We conduct our business responsibly according to the highest ethical standards, which encompass respect for all human beings, and acknowledgement of their rights. We work with suppliers in our supply chain to ensure they are aware of our standards relating to human rights and encourage them to adopt similar standards.
2	Businesses should make sure that they are not complicit in human rights abuses.	Human Rights Aspects Local Communities Aspects	We respect the rights of employees to freedom of association and collective bargaining. We maintain a collaborative, open and positive relationship with employees and address issues relating to their rights in a positive manner.
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	G4-11 Freedom of Association and Collective Bargaining Aspect Labor/Management Relations Aspect	We do not engage in any practice which could be construed as forced labor. All Strauss Group employees are employed within the provisions of the law and of their own free will.
4	Businesses should support the elimination of all forms of forced and compulsory labor.	Forced and Compulsory Labor Aspect	We respect and support the rights of all children, and we are committed to preventing harm and actively safeguarding their interests. We do not employ children in any part of our business.
5	Businesses should support the effective abolition of child labor.	Child Labor Aspect	We maintain a policy of equal opportunity and maintain inclusive practices for new and current employees in all matters relating to their employment with Strauss Group.
6	Businesses should support the elimination of discrimination in respect of employment and occupation.	G4-10 Labor Practices and Decent Work Aspects	We adopt environmentally-oriented practices in all our operations and have established targets to reduce our impacts on the environment. We aim to drive such practices through our supply chain and work to identify food technologies that support efficient food supply and a reduction in food waste.
7	Businesses should support a precautionary approach to environmental challenges.	Environmental Aspects	
8	Businesses should undertake initiatives to promote greater environmental responsibility.	Environmental Aspects	
9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	Environmental Aspects	
10	Businesses should work against corruption in all its forms, including extortion and bribery.	Anti-Corruption Aspect Public Policy Aspect	We are committed to behaving with integrity and act against all forms of corruption.

# 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](http://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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