



YEARS OF TRANSPARENCY



SUSTAINABILITY
REPORT 2016 / 17

A blue speech bubble graphic with a white drop shadow, containing the text 'SUSTAINABILITY REPORT 2016 /17'.

**SUSTAINABILITY
REPORT 2016 /17**

10 YEARS OF TRANSPARENCY



*Does not equal revenue as reported in the financial statements due to a different basis of calculation. With regard to financial data, the data in the official financial statements prevail.

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ABOUT THIS REPORT

This is Strauss Group's tenth annual Sustainability Report and it describes our key activities in 2016 to advance the sustainability performance of our global business. The purpose of this report is to update our stakeholders briefly and concisely about our priority performance and impacts. The report also represents our annual communication commitment to the United Nations Global Compact.

We view sustainability as a way to manage risk in our business and to help identify opportunities to advance a sustainable society and planet for our stakeholders. Our robust corporate governance, our core values and ethics, and our advancement of our Social License to Operate management approach underpin our actions. This report integrates all these elements and showcases our key activities.

Data presented in this report relates to the calendar year 2016, and examples of practice through mid 2017. Our last report was published in 2016 and covered activities in 2015. No significant restatements of information have been made; small adjustments to data are noted alongside the data as presented. There are no significant changes in material topics or report boundaries.

Entities included in this report are all those included in Strauss Group's consolidated financial accounts for the calendar year 2016 with the exception of the Max Brenner business (which was divested in early 2017).

This report has not been externally verified. It is our policy to ensure robust internal controls of data. Strauss Group also works with external consultants to prepare our report content and

they challenge information and data during the reporting process as required.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option, published in 2016.

We thank you for your interest in this report and would be pleased to hear your feedback.

Please contact our Global Sustainability and Internal Communications Director, Daniela Prusky-Sion: daniela.sion@stauss-group.com

For more about Strauss Group
WWW.STRAUSS-GROUP.COM



CREATING A MOVEMENT OF IMPROVEMENT

We present our tenth Sustainability Report, which expresses the deep commitment we have undertaken to measure and transparently report on all our social, economic and environmental impacts, and to continuously and consistently work to improve in this sphere. As a food and beverage company whose products touch millions of people every day and which employs more than 14,000 people worldwide, it is clear to us that the mission we have undertaken to improve people's lives starts with our internal commitment to be better, to maintain an open dialogue with our stakeholders and to integrate their expectations and needs in the way the Company operates so as to deliver the most accurate response possible to their needs.

As someone who grew up in the family that shares its name with the name of the Company, I came to understand that the business is an extension of ourselves and of the values we want to create. My grandparents, who founded Strauss, were determined to reflect their positive family values in the Company and to give our consumers a uniquely beneficial experience. The Company was an extension of their spirit and their

commitment to all those who are touched by our business.

Today, their spirit lives on at Strauss and guides our actions, but the world has changed. The concept of beneficial business in society has become more of an obligation than a choice, more of an entry-pass to the competitive landscape than a differentiator, more of a condition for receiving a "Social License to Operate" and a condition for trust. The world, consumers, expect food companies to place health and safety and the planet before their bottom line.

In today's new world, greater commitment is required to create a new balance. Our consumers expect a baseline of responsible conduct and they are uncompromising. Our formalization of a business strategy based on a Social License to Operate is a direct response to these new expectations and requires us to listen even more intensively to consumers, employees and the communities we serve.

At the same time, we must go beyond responsiveness. We must lead. We must recognize that our daily decisions affect

people profoundly. When we introduce zero-sugar products to the market, we lead a change in consumption habits. When we buy coffee beans directly from women owned or managed coffee farms in Africa, Latin America and Asia, we lead social change in local communities. When we target 50% of our managers to be women across our global business, we lead diversity and inclusion. When we launch non-GMO hummus in the U.S., we lead best practice in healthy food production. When we invest in enhancing our corporate governance mechanisms in a way that goes beyond the requirements of the law, we understand that this is the strong foundation for our existence as a business in the long term.

We do all of these things not because someone demanded that we do them, but because we are extending our traditional Strauss spirit in the context of today's business environment. Our new Nutrition Strategy goes further than ever before in guiding our business to holistically deliver health and nutrition to our customers and consumers, fundamentally changing the way we approach product development and empowering us to provide

better, healthier, life-enriching choices for our consumers around the world.

As Chairperson of Strauss Group, I have always placed value on the way we lead, both in terms of formal governance structure and in terms of our work culture. With the right motivation to make a positive difference and improve people's lives, and a strong process of internal governance, we can continue to thrive as a business and play our role in helping realize global priorities, such as those articulated in the UN's Sustainable Development Goals.

This year is the tenth year in which we are reporting on how we improve people's lives by creating a "Movement of Improvement" in Israel, our home base, and in the world. I hope that this report reinforces your confidence and trust in Strauss Group and inspires you to make healthy, balanced choices.

Yours truly,

O. Strauss
Ofra Strauss
Chairperson





A DECADE OF TRANSPARENCY

A decade's journey. A decade of transparency. I am proud and excited to present Strauss Group's tenth Sustainability Report. The process of preparing and publishing the report has become part of our routine, a routine that is now an inseparable part of our work culture and one which allows us to measure ourselves and our impacts on all our stakeholders in a continuous, consistent manner with the goal of improving as well as receiving feedback from the readers of the report.

As a company that advocates transparency and supports an open, ongoing dialogue with its stakeholders, it is our obligation to manage the effects of our business operations, to further a positive impact and report each impact reliably, fully and consistently.

We named our last report, which summarized the year 2015, "Listening, Acting and Improving". This well expresses our approach to our journey to becoming a more sustainable company, a company that has a Social License to Operate (SLTO). This is why we preserved this

approach in 2016 and 2017 and deepened the implementation of the SLTO model, expanded the dialogue and communication channels with our stakeholders, revised our business strategy and adapted our work plans in order to deliver a more accurate response to needs and expectations, as these are reflected by our various stakeholders.

In the past year, we progressed in areas that are more significant to our core business. The launch of a first holistic Nutrition Strategy in the Group to drive product development and improvement decisions is a critical step towards delivering a stronger impact in advancing healthy lifestyles. We made major changes in our portfolio to reduce added sugar, salt and fats in our products. Our award-winning social initiative in Israel to provide enhanced financial benefits to employees is crucial for our business continuity, for the long-term wellbeing of our employees and for greater social cohesiveness in our communities. We have invested, and continue to invest, in a global venture for the purchase of coffee beans from women-owned cooperatives and farms all over

the world, thus contributing to the social and economic development of local communities, and have initiated activities in organic products through Obela in Europe. Our efforts to conserve the environment have yielded, yet again, a reduction in consumption of key resources in relation to our output.

All of this supports a strong business foundation which, in 2016, delivered revenues of \$2 billion and significant economic value.

We are clear that sustainable business creates many positive impacts. It is the foundation of the close relationship, ongoing improvement and trust, which, I hope, all of us at Strauss Group will continue to be worthy of in the years to come. Thank you for your interest in this report. We welcome your questions and comments.

Respectfully yours,

Gadi Lesin
President and CEO



In today's world, expectations of corporations are constantly becoming both deeper and broader. At Strauss, an international food and beverage group, we are aware that we influence the quality of life of many. This drives us to accept a high degree of responsibility and a commitment to continuously improve all impacts of our business in all aspects of the organization.

This understanding has led to frequent adjustments to the way we manage our economic, social and environmental impacts, and to the constant change of thought patterns in managing sustainability in the Group. Managing sustainability as a business area in all respects requires an advanced, evolving strategic perspective that is managed just like any other business discipline, one that contributes to building the relationship and trust between the business and all its different stakeholders by identifying their expectations and needs and integrating them in our business strategy and work plans in the optimal, most responsible manner. Our major challenge at Strauss is to drive the organization as a whole



TRUST, CORPORATIONS AND IMPROVING PEOPLE'S LIVES

to maintain a profound, ongoing and structured dialogue with its various stakeholders in all aspects of the business, and thus, to ensure that sustainability is a central and inseparable part of our values, culture and business. Together with a long-standing tradition of transparent reporting on our social, environmental and economic impacts, at Strauss we have made sure in the past two years to place significant emphasis on aspects defined as the most substantive by our employees and consumers. Preparation of the Report on a yearly basis for a decade now has enabled us to maintain a consistent process of measurement and control over the various

aspects of sustainability. The dialogue and the feedback it generates enable us to persevere in the process of improvement.

We hope that all of the above grants us a Social License to Operate and the right to be part of people's lives, whether they are employees of the Group, consumers of our various products, suppliers and partners, investors or shareholders.

We wholeheartedly thank the people who have shared our journey of improvement in the past decade. We are excited and looking forward to the decade to come!

Osnat Golan
Vice President, Communications,
Digital and Sustainability

Daniela Prusky-Sion
Global Director, Sustainability and
Internal Communications

ABOUT STRAUSS GROUP

Strauss Group is a global food and beverage company, dedicated to improving lives through our fresh, delicious, nutritious, and innovative products. Our business portfolio, which includes five main business lines, provides a response to two leading trends in food and beverage consumption: Health & Wellness, and Fun & Indulgence. We are headquartered in Israel and we manufacture, market and sell our products in around 22 countries. In 2016, Strauss Group generated \$2 billion in consolidated sales.

We employ 13,359 direct employees, 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 35 Index, which includes Israel's largest public companies, and earns an AA+/negative 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, and with local leading players such as Sao Miguel, Yotvata and Yad Mordechai. These partners help us deliver quality, innovative products which offer healthy choices and contribute to sustainable lifestyles for our consumers.

On December 31, 2016, the Board of Directors of Strauss Group was comprised of eleven Directors, of whom six were women. In the first half of 2017, two new members joined the Board, a man and a woman, replacing four Directors who stood down. The Board is currently comprised of nine members, of whom four are women and two are from the general public as required by law. None of the Directors is an active executive of Strauss Group. Six Directors are financial and accounting experts as defined in relevant regulation.

In Israel, Strauss is a member of Maala (Business for Social Responsibility) and has participated

in the annual ranking of public companies since the ranking was introduced more than ten years ago. For the past five years, Strauss was awarded the highest possible ranking, Platinum Plus.

Officers and Executives at Strauss Group play an active role in civil society and public life. For example, Chairperson Ofra Strauss is President of Jasmine, the Association of Businesswomen in Israel and Chair of the Israel-America Chamber of Commerce. President and CEO Gadi Lesin is a member of the Round Table Forum of the Prime Minister of Israel which

addresses social issues through collaboration between public, private and non-profit sectors. Other Executives and Managers participate in several other associations in different roles.

STRAUSS GROUP SALES BY REGION, 2016



STRAUSS VISION

CREATING WONDERS OUT OF BASICS

STRAUSS VALUES

CARING & DARING

PASSION & RESPONSIBILITY

TEAM



2016/17 SUSTAINABILITY HIGHLIGHTS

HEALTH & NUTRITION

100%

hummus with no preservatives launched under the "Achla" brand



3-22%

reduction in product prices in Israel



220

new gluten-free products in Israel

PLANTS WITH A PURPOSE

program for tackling food deserts in the U.S. launched by Sabra



2024

nutrition and food safety strategy

22%

improvement in customer satisfaction at Strauss Water



PROTECTING THE ENVIROMENT

10%

reduction in GHG emissions per ton of product

30%

reduction in waste to landfill

15%

reduction in water consumption in Strauss Coffee factory in Germany

A GREAT PLACE TO WORK

28%

reduction in injury rate

1.2\$ MILLION

invested by Strauss Israel in social programs for employees

43%

women in management roles



MORE THAN 16,000 HOURS

volunteered by our employees in local communities



ETHICAL SUPPLY CHAIN



STAKEHOLDER RELATIONSHIPS

Continued emphasis on managing our relationship with our stakeholders, and implementation of the SLTO approach across our value chain

SUPPORTING WOMEN COFFEE COOPERATIVES

Major new initiative by Strauss Coffee to support women coffee green - growing cooperatives in Africa, Latin America and Asia

159\$ MILLION

spend with 670 small or women-owned suppliers in Israel

NEW CODE OF CONDUCT for Sabra suppliers

PERFORMANCE SUMMARY

HUMAN RESOURCES	UNIT	2012	2013	2014	2015	2016	CHANGE IN 2016
Total employees at year end	Number	11,732	12,068	12,792	12,242	13,359	9%
Employees on permanent contracts	%	98%	99%	96%	99%	99%	=
Women in management	%	37%	39%	41%	42%	43%	2%
Women in total workforce	%	43%	41%	40%	40%	41%	2%
New employees	%	29%	33%	29%	24%	24%	=
Employee turnover	%	32%	31%	28%	24%	19%	-19%
Employees with performance reviews	%	18%	25%	25%	N/A	21%	
Unionized employees	%	47%	48%	49%	N/A	52%	
Employees above age 50	%	13%	10%	13%	N/A	17%	

SAFETY	UNIT	2012	2013	2014	2015	2016	CHANGE IN 2016
Injury rate	per 100 employees	5.16	4.54	2.91	3.38	2.44	-38%
Lost day rate		113.61	94.98	66.49	60.75	40.85	-33%
Absentee rate	%	0.4%	0.8%	2.5%	N/A	2.0%	

ENVIRONMENTAL PERFORMANCE	UNIT	2012	2013	2014	2015	2016	CHANGE IN 2016
Direct energy use	GJ	1,184,820	1,332,657	1,297,849	1,264,625	1,267,637	0%
Indirect energy use	GJ	473,932	504,855	529,617	591,946	598,308	1%
Total energy use	GJ	1,658,752	1,837,512	1,827,466	1,856,570	1,865,945	1%
Total energy consumption per ton of product	GJ	3.52	3.70	3.28	3.22	3.18	-1%
Scope 1 GHG emissions	Tons CO2e	83,265	113,393	96,507	100,851	89,519	-11%
Scope 2 GHG emissions	Tons CO2e	88,432	82,168	67,315	62,726	60,056	-4%
Total GHG emissions	Tons CO2e	171,697	161,650	163,388	163,192	149,573	-8%
GHG emissions per ton of product	Tons CO2e	0.35	0.32	0.29	0.28	0.25	-10%
Total water withdrawal	M3	1,506,410	1,721,527	1,670,794	1,697,047	1,844,313	9%
Water withdrawal per ton of product	M3	3.28	3.54	3.06	2.99	3.20	7%
Waste to reuse and recycling	Tons	57,357	61,836	85,284	84,394	62,353	-26%
Waste to landfill	Tons	15,371	12,374	17,716	15,939	11,216	-30%
Total waste	Tons	72,728	74,210	103,000	100,333	75,800	-24%
Waste recycled / reused	%	79%	83%	83%	84%	82%	-2%
Waste per ton of product	Tons	0.16	0.15	0.19	0.18	0.13	-26%



99% of the financial value we generate as a group is distributed back to our stakeholders. Typically, around 65% serves as payment for the goods and services we receive to help run our operations and 22% goes to the employees in our business as remuneration and reward for their service. Around 0.2% of our revenues represent direct investments in our communities as cash donations or employee volunteering time.

SHARING WEALTH WITH OUR STAKEHOLDERS	2013	2014	2015	2016
Direct economic value generated revenues, interest on assets and investments *	1,634	1,399	1,340	1,378
Operating costs (payments to suppliers)	1,076	937	887	896
Employee wages and benefits	339	283	287	300
Payments to providers of capital	94	97	99	122
Payments to shareholders	68	26	54	55
Payments to governments	35	34	10	52
			-14	
Community investments	3	3	3	3
Total economic value distributed	1,615	1,381	1,326	1,429
Economic value retained	19	18	14	-51

All figures are in All figures are in \$US million. Conversions to \$ from Israel Shekels at annual average exchange rate*

*Does not equal revenue as reported in the financial statements due to a different basis of calculation. With regard to financial data, the data in the official financial statements prevail.

SUSTAINABILITY STRATEGY AND MATERIAL FOCUS

This year, we revised our Sustainability Strategy, tailoring it to meet the more specific areas of impact of each of the different businesses in Strauss Group, and incorporating new elements that have gained importance since we first developed our strategy three years ago. For example, our Social License to Operate framework has become a critical strategic driver of internal annual action planning, and the global UN Sustainable Development Goals have gained momentum as an external global frame of reference. Our new strategy embraces these elements, providing strategic direction that enables each company in the Group to apply the framework while focusing on the actions and goals that are most relevant and most material for each business.

UN SUSTAINABLE DEVELOPMENT GOALS SOCIAL LICENSE TO OPERATE THE STRAUSS WAY - ETHICAL CONDUCT CORPORATE GOVERNANCE & SUSTAINABILITY LEADERSHIP

ONE

STRATEGIC SUSTAINABILITY FRAMEWORK

6 GROUP-WIDE SUSTAINABILITY FOCUS AREAS



STRAUSS ISRAEL STRAUSS COFFEE STRAUSS WATER SABRA OBELA

GOALS AND TARGETS BY COMPANY

UN SUSTAINABLE DEVELOPMENT GOALS

The 17 Sustainable Development Goals (SDGs) were ratified by the General Assembly of the United Nations in September 2015 and represent a global agenda of action to achieve a sustainable future. While we contribute throughout our business to most of the goals in different ways, the SDG's that reflect our greatest contribution are:

SUSTAINABLE DEVELOPMENT GOALS



SOCIAL LICENSE TO OPERATE

As part of sustainability management, in the past few years we have implemented the Social License to Operate (SLTO) framework. The connection was made following our profound understanding that to manage our business in a more sustainable way, which takes into consideration all of the businesses' impacts on all our stakeholders – employees, competitors, consumers, suppliers, customers, regulatory authorities, the media, etc. – we must be in constant, close touch with them, get to know them thoroughly, be attentive to what they have to say, and mainly, hear, understand and analyze their needs and expectations. Although the sustainability concept has been a core foundation of Strauss Group's business strategy for many years, in the past few years, simultaneously with the development of the SLTO framework, we came to understand that these elements are intertwined and interdependent. We cannot manage our social, environmental and economic impacts without being able to cultivate relationships and listen, as closely and genuinely as possible, to our stakeholders. Furthermore, without applying the SLTO perspective when making every corporate decision, big and small alike, we will not be able to work as a sustainable business.

This is accompanied by the challenge of building trust, which is a prerequisite for long-term business success, especially for a consumer goods business. This led to our decision to proactively manage our relationship with our stakeholders and our major business impacts through the prism of the Social License to Operate concept, which is a key foundation in the business strategy of Strauss Group and its subsidiaries.

In the years 2015 to 2017, we worked more intensively on defining our way and on developing practical tools for the formal management of our relationship with our

stakeholders, as part of a comprehensive process designed to receive and retain our Social License to Operate in Israel and in our businesses around the world. In 2016 we performed a second **barometer** survey which examined the attitude of employees, consumers and other external stakeholders with regard to our impact on their quality of life in terms of health, fair employment, the cost of living, trust, transparency and other aspects.

The experience accumulated by our business units in tackling changing and sometimes unexpected challenges in our relationship with our stakeholders was derived through dozens of workshops to educate managers in

the SLTO concept and responsible marketing. New monitoring capabilities have enabled us to track our ever-changing business environment on a continuous basis. The feedback we received led us to define new business goals designed to strengthen our Social License to Operate.

The main goals and actions are described in this report below and are expressed, among other things, in the plans for the improvement of service in Strauss Water, in the programs to enhance the earning capacity of our employees in Israel, in the improvement of the nutritional composition of our products, and in the Group's strategic highlights for the next few years.

PERSONAL SLTO DECISION MAKING TOOL IMPLEMENTED AT STRAUSS

- 
Create a map:
 Who is influenced by my decisions?
- 
Rank:
 What is the strength of the influence of each stakeholder group?
- 
Analyze:
 Am I maintaining direct relationships with these entities?
- 
Test yourself:
 What can I do regarding these relationships to increase my positive influence and to reduce my negative influence?
- 
Draw conclusions:
 What decision do I make in light of the answer to the questions above?



ETHICAL CONDUCT

Our Code of Ethics, available in eleven languages, guides all our employees in the behavior expected of them as part of Strauss Group. All new employees are trained in the Code of Ethics and all employees take refresher training bi-annually. We also train at-risk employees specifically in anti-corruption and we experienced no confirmed incidents of corruption in 2016.

CORPORATE GOVERNANCE AND SUSTAINABILITY LEADERSHIP

The issue of corporate governance is undergoing changes as expectations for transparency and the development of control mechanisms ensuring proper conduct by companies grow. The responsibility of boards of directors is increasing, and as a result boards are required to be more profoundly involved in various aspects of managing the business. In the past year in-depth work was done in Strauss to refresh our relevant work methods. As part of this process

a policy was defined, determining that Strauss Group is committed to the development and maintenance of a robust corporate governance operating model. We believe that adherence to high standards for corporate governance is key for all our stakeholders: shareholders, employees, customers, suppliers and service providers, government entities, our communities and the environment. Doing the right things the right way will contribute to the perpetual improvement of our corporate governance and will ensure our robustness and success in the long term.

STAKEHOLDERS' TRUST

Disclosure and clarity as to our expectations and how we operate in terms of corporate governance will strengthen our stakeholders' trust in us and the Social License to Operate they grant us, will support our values, culture, ethical conduct and sustainability, and will also contribute to better management of the

company and proper compliance with applicable laws and standards.

Good corporate governance is based on principles of leadership and partnership. Our Board of Directors works jointly and in full cooperation with Group management and complements, supports and strengthens the management team's work.

BOARD OF DIRECTORS SUPPORT

Led by Chairperson Ofra Strauss, our Group Board of Directors takes a keen interest in sustainability and provides guidance and support for our direction, strategy and action plans. Our Executive Teams report annually to the Group Board on progress. We see sustainability as the responsibility of all executive team members, and each company in the Group has a structure in place to advance our sustainability agenda and strategy.

MATERIAL TOPICS

The core issues that represent our most important impacts and are most significant for our stakeholders (consumers, dieticians and nutritionists, employees, suppliers, regulatory bodies and social organizations) remain those we identified in 2014, placing healthy lifestyles at the heart of our priority focus. These topics were defined in a stakeholder consultation

process three years ago, and have been re-validated each year through management review and internal and external stakeholder surveys. Using these priority topics as our strategic directional goals, the companies in Strauss Group have defined targets for the coming year, each relevant to their own business, based on specific stakeholder focus areas.

KEY AREAS OF INTEREST BY STAKEHOLDERS ADDRESSED IN THIS REPORT:



THE SIX MATERIAL IMPACTS THAT FORM THE FOUNDATION OF OUR 2020 SUSTAINABILITY STRATEGY ARE:

- 

ADVANCING HEALTHY LIFESTYLES
improving quality of life for our employees and consumers
- 

ETHICAL SUPPLY CHAIN
managing social & environmental risk
- 

REDUCING RESOURCE CONSUMPTION & WASTE
preserving the planet
- 

PRODUCT TRANSPARENCY & RESPONSIBLE MARKETING
helping consumers make informed choices
- 

ENGAGING OUR EMPLOYEES
aligning our organization to meet sustainability goals
- 

DIVERSITY IN EVERYTHING WE DO
supporting innovation, creativity & inclusive opportunity

2017 TARGETS BY COMPANY

STRAUSS ISRAEL

Promote healthy lifestyle awareness

Improve nutritional profiles of products

Improve the financial wellbeing of employees

Improve product affordability

Reduce environmental performance per ton of product (versus 2016):
Energy: 2%
CO2e: 16%
Water: 5%
Waste to landfill: 6%

STRAUSS COFFEE

Engage in an initiative for ethical sourcing of coffee

Reduce environmental performance per ton of product (versus 2016):
Energy: 2%
CO2e: 3%
Water: 2%
Waste to landfill: 19%



STRAUSS WATER

Promote healthy lifestyle awareness

Improve customer service

Increase WaterBar filter recycling by 10% by 2018

Implement new technology to reduce energy consumption of WaterBars by 50% per day in 2018

Reduce packaging weight of key products by 5% by 2018

Achieve a 40% recycling rate of WaterBar lightbulbs by 2018

SABRA OBELA

Promote healthy lifestyle awareness

Improve nutritional profiles of products

Advance local sourcing of key raw materials

Maintain or improve energy, water and waste to landfill performance






HEALTH AND NUTRITION

NUTRITION CENTER STAGE — OUR NEW APPROACH

Food is not enough. Nutritious food is the new normal. More than 2.3 billion people around the world are affected by under- or over-nutrition, according to the World Health Organization. In 2015, for example, 600 million people were obese. Poor nutrition continues to cause nearly half of deaths in children under five, while childhood overweight and obesity is increasing in emerging economies at a rate 30% faster than in developed nations. It's no longer about food security. It's about nutrition security.

The United Nations global agenda for prosperity by 2030, expressed as 17 Sustainable Development Goals, includes two goals (Zero Hunger and Good Health and Wellbeing) that represent this complex relationship between food and nutrition. Clearly, those who are hungry must have enough to eat. But only nutritious calories will support their good health. Similarly, overweight and obese populations must curb the amount of no- or low-nutrition calories they consume to protect their health and live productive lives.

FOOD AND BEVERAGE COMPANIES HAVE A POWERFUL ROLE TO PLAY IN HELPING TACKLE THE MOUNTING GLOBAL NUTRITION CRISIS

 Access to Nutrition Index





At Strauss, we have a role to play, and it is probably the most important role of our business and the way we most significantly impact society. Helping people live healthy lifestyles has always been top of our agenda, but in the past year, we have defined a more structured, inclusive and focused ambition based on what the world needs as well as what our consumers want. This is also directly linked to the feedback we received as part of our SLTO process.

Our first- ever Strauss Group Nutrition Strategy is our far-reaching agenda to enhance our impact on healthy lifestyles, support our consumers and communities and contribute to our shared sustainable future. It is driven by continuous changes in the regulatory landscape that we must respect across all our operations, technology advances which make new and better foods more accessible, and consumer insight regarding health and nutrition challenges.

78%
**OF PRODUCTS IN OUR
 CURRENT PORTFOLIO ARE
 GOOD FOR YOU!**

ACCESS TO NUTRITION INDEX

As a start, we mapped our entire global portfolio against nutritional benchmarks that we developed internally with the assistance of our professional dieticians and nutritionists. We found that a clear majority of our products already provide a positive nutritional profile. Our objective is to make “Good For You” products even better for you, while increasing the overall level of “Good For You” products in our portfolio.

At a more advanced level, we worked with an external expert to audit our portfolio using the methodology of the 2016 Access to Nutrition Index, a framework based on international scientific guidelines, standards and consensus and leading corporate practice. Companies covered by this Index represent the 20 largest food and beverage manufacturers in the world and all are significantly larger than Strauss

Group. However, benchmarking Strauss Group against this best-in-class framework will help us play our role in global nutrition to the full. Based on this expert audit, we believe Strauss Group would rank in the Top Ten companies in the Access to Nutrition Index, were we to be included.



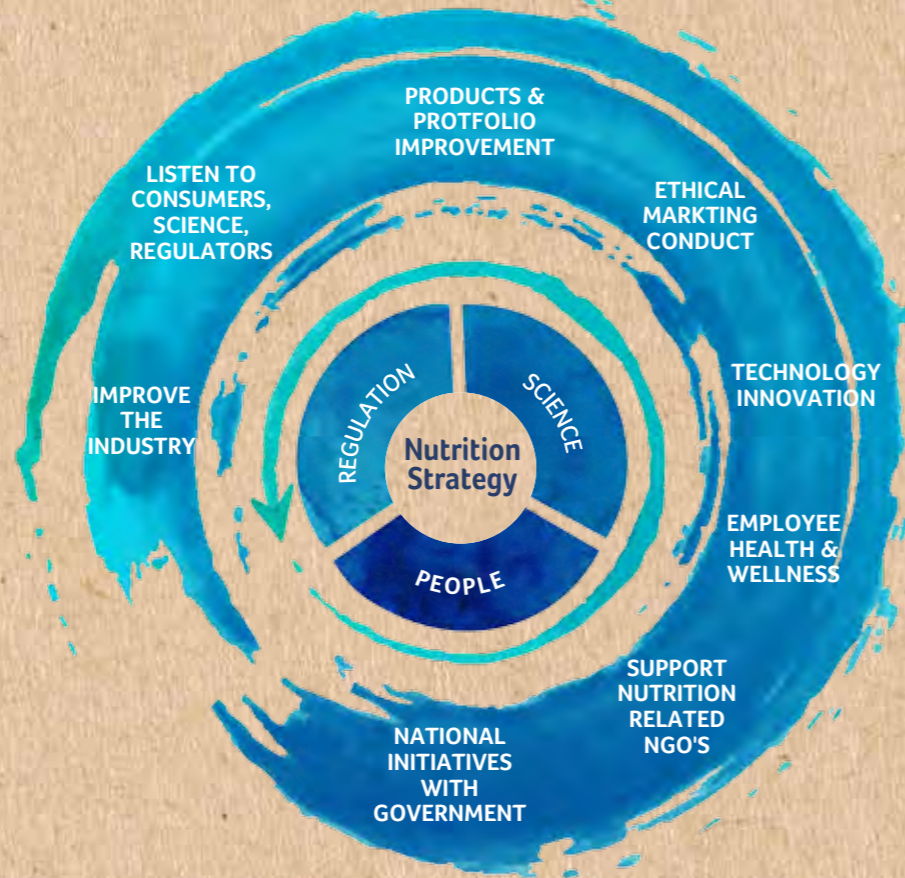
STRAUSS GROUP 360 NUTRITION STRATEGY

This strategy places nutrition at the level of a new mindset where every product development decision is guided by nutritional principles and applies to all the products in our portfolio.

Our approach goes beyond product development alone and includes engagement with stakeholders in a holistic way on the subject of nutrition. We continue to listen to our consumers and their evolving needs. In addition, we are expanding our R&D efforts to support better nutrition, evolving our ethical marketing guidelines, collaborating with groups and associations that are active in nutrition-related fields and increasing our involvement in national initiatives to promote better nutrition.

Using this strategic direction as the basis we adopted in 2016, we are now developing specific impact-based, Group-wide targets that will reflect the ongoing improving contribution of Strauss Group on nutrition, health and wellness.

INCREASE CONSUMER VALUE THROUGH NUTRITION



INITIAL TARGETS WE ALREADY HAVE IN PLACE INCLUDE:



FULL COMPLIANCE WITH FOOD & FOOD SAFETY REGULATIONS WHEREVER WE DO BUSINESS



RESPONSIBLE MARKETING ESPECIALLY TO CHILDREN & VULNERABLE POPULATIONS



HEALTHY OPTIONS FOR THE WHOLE FAMILY

REDUCING SUGAR IN CHOCOLATE MILK: TEASPOONS PER LITER



63% REDUCTION TARGETED BY 2018

REDUCING SALT IN POTATO CHIPS : GRAMS PER 100 GR



22% REDUCTION TARGETED BY 2018

MORE PRODUCTS, LESS SUGAR AND SALT

Although our strategy is new, our practice is not. We have continued to make progress in 2016 in several areas to help our consumers choose healthier lifestyles.

Chocolate milk and potato chips are just two products where we have achieved and continue to achieve significant reductions of less nutritious ingredients. We also launched Danone Pro with 30% less added sugar and zero fat. Over the next few years, we will have reformulated almost every product in the Strauss portfolio to reduce salt, sugar and, where relevant, fat content.

SUGAR-FREE FROM THE START

In 2016, we started a new approach—encouraging consumers to get used to a sugar-free taste, rather than migrating consumers to reduced sugar content. We believe that consumers can sweeten products themselves, if they really need to. This both empowers consumers with control over their food choices and also offers products which are healthier and more appealing to a broader range of consumers. We launched My Gamadim (vanilla variant), and My Chocolate Milk as sugar-free alternatives to two of our most popular products, taking somewhat of a risk as the taste is substantially different.

80% OF CONSUMERS DID NOT ADD SWEETENER TO "MY CHOCOLATE MILK"

GLUTEN-FREE WAFERS AND MORE

In 2016, we completed our investment of NIS 3.5 million in a dedicated line for year-round production of gluten-free wafers in our GMP factory in the north of Israel. The factory now has four gluten-free manufacturing lines for gum, toffee, chocolate tablets, and now, wafers. Year-round gluten free production requires comprehensive processes to be in place including separation of raw materials, controlled entry to the manufacturing floor, training in procedures for all staff and stringent quality testing protocols.



PRESERVATIVE-FREE HUMMUS

In 2016, we launched our 100% hummus with no preservatives under the "Achla" brand.

In Israel, hummus forms part of the staple diet, and more than 30,000 tons is consumed every year. Using a ground-breaking food-tech innovation, partially financed by the Office of the Chief Scientist in Israel, we brought to market the very first hummus salad with zero preservatives. This 100% hummus has a shelf-life equal to preserved products and enables consumers to enjoy the taste of pure hummus without unnecessary additives. To guarantee the quality and stability claims for 100% hummus, we conducted more than 10,000 lab tests over more than a year.

MORE FRESHNESS, SUPER CONVENIENT!

In 2016, we launched a wide variety of delicious, fresh, ready-to-eat products. Part of our mission is to make healthier eating easier and more accessible to consumers who lead busy lifestyles. We continue our leadership in this area in Israel by continuously expanding our range of delicious, fresh, ready-to-eat vegetable products, adding greater variety and choice to the range each year. In most cases, our new offerings are innovations in the local market and new experience for consumers. In 2016/2017, new products included:

THREE NEW READY-TO-EAT PRODUCTS: LENTILS, KIDNEY BEANS AND CHICK PEAS A STAND-ALONE MEAL OPTIONS OR FOR USE IN QUICK-PREPARATION DISHES



A VARIETY OF FRESH PACKAGED SALAD VEGETABLES INCLUDING BABY CARROTS AND CORN, SPINACH, BABY KALE, SALANOVA LETTUCE, ARUGULA AND READY-TO-SERVE GREENS AS A BASE FOR ANY SALAD.



"MY ROLE IS TO CRITICALLY EXAMINE OUR FOOD PRODUCTS FROM A HOLISTIC STANDPOINT, ALL THE WAY FROM THE SOURCING OF INGREDIENTS RIGHT THROUGH PLANNING, FORMULATION, PROCESSING AND PACKAGING – CONSIDERING THE FINAL TOTAL VALUE EACH PRODUCT OFFERS TO CONSUMERS. SO FAR, TOGETHER WITH FOOD TECHNOLOGISTS AND MARKETING TEAMS, WE HAVE IDENTIFIED SEVERAL INGREDIENTS OR PROCESSES THAT CAN BE IMPROVED, ADJUSTED AND ENTIRELY DISCONTINUED TO OFFER EVEN BETTER AND MORE NATURAL PRODUCT PROFILES AND VALUE TO OUR CONSUMERS."

Michal Benishti, Gastronome, Strauss Dairies

INSPIRE EUROPE WITH A FRESH NEW WAY OF EATING AND CONNECTING

Obela expands with Florentin acquisition in Europe. In 2016 Obela, our global joint venture with PesiCo, acquired a Dutch leader in organic foods, Florentin Organic Kitchen, to bring fresh new ways of eating and connecting through the introduction of hummus to consumers in Europe. The acquisition was concluded for approx. \$10 million and we are now investing \$3 million in a new Obela Hummus line to launch in mid-2017, while continuing to market Florentin's organic foods to complement our existing healthy food range.



BETTER WITH ENERGY

Portion-calorie-controlled cereal snacks – now with more whole grains and less salt

We continue to improve and enhance our Energy brand which provides cereal snacks with nutritional value for consumers who need a healthier option pick-up in between meals. In 2016, we reduced added salt content by 30% in almost all products and increase the whole grain content to 80%.



SUPPORTING HEALTH IN EDUCATION

STRAUSS GROUP'S CHIEF TECHNOLOGY OFFICER, PROF. EYAL SHIMONI, PARTICIPATES IN THE MINISTRY OF EDUCATION'S CROSS SECTOR INITIATIVE TO ADVANCE HEALTHY LIFESTYLE EDUCATION IN SCHOOLS AND KINDERGARTENS. THIS INITIATIVE WILL DELIVER PROPOSALS WHICH COULD HAVE FAR-REACHING EFFECTS ON THE QUALITY OF LIFE OF THE NEXT GENERATIONS.

LIFE-CYCLE THINKING IN PRODUCT DEVELOPMENT

Beyond individual category and product improvements, in 2016, we went a step further. We engaged a full-time dedicated gastronomist in our dairy division to lead a holistic farm-to-plate perspective while considering the various tremendous implications our food has on us, on our environment, on our society and economy. This means continuously examining our portfolio to identify opportunities to further improve clean eating values such as minimal process, clean label, local and seasonal food

while maintaining quality and taste. We are experiencing a 'back to nature' trend with consumers becoming more aware of the origin of their food and questioning how their food affects their health and environment. Our role as a company that provides food for millions of people every day is to ensure we act in the most responsible, sustainable manner in the preparation of our products, providing our consumers with the reassurance and trust they seek.

Initial steps in adopting a life-cycle approach in our processes include removing added stabilizing ingredients and certain flavorings and coloring additives from yogurt and soft cheese products, as well as progressing an initiative to replace some imported fruits used in yogurts with locally sourced fruits. Overall, this contributes to a more sustainable approach in our dairy operations.



HEALTHY NUTRITION FOR OUR CONSUMERS & THE COMMUNITY

Every human being has the basic right to food that allows for a balanced diet and healthy lifestyle, food that is safe to eat and is produced while protecting the environment to the maximum. Consequently, ensuring healthier food options are available in the market is an important step to improving healthier lifestyles. We also share a responsibility to make such products accessible to consumers and to improve the lives of communities. This means promoting healthier lifestyles with consumers and getting involved in communities to help change perceptions, educate about food habits and healthy eating benefits and improving access to nutritious food. In 2016, we made further reductions in the retail prices of a range of dairy products in Israel, advanced a program to combat food deserts in the U.S. and

maintained our focus on compliance and food safety beyond legal requirements.

MORE PRODUCTS, MORE AFFORDABLE

In 2016, we continued our program of price reductions of from 3% to 22% of a range of leading products in Israel to give consumers a broader choice of products at prices they can more easily afford. Following initial price reductions in 2015 on brands such as Yotvata, Milky, Joy and Activia, we reduced prices on Danone Yogurt with fruit, granulated coffee and hummus in 2016. Our ability to reduce prices is the result of an intensive program of process efficiency measures or formulation changes that yield savings we are happy to pass on to our consumers.

PRICE REDUCTIONS IN 2016, IN ISRAEL:



Part of Sabra's Executive Committee members at the Virginia plant garden

WHAT IS A FOOD DESERT?

Food deserts are defined as communities that do not have sufficient access to fresh, healthy and affordable food. These are communities with at least 500 people or 33% of the population who live more than a mile from the nearest supermarket or grocery store. They are also generally low-income, with poverty rates of at least 20%. It is estimated that more than 23 million Americans live in food deserts. (U.S. Department of Agriculture)

PLANTS WITH A PURPOSE: TACKLING FOOD DESERTS

A strategic community program aimed at improving access to fresh and healthy food in the U.S. In 2016, Sabra embarked on a mission to help address the growing issue of "food deserts" in urban and rural areas of the U.S.. To do this, Sabra launched "Plants with a Purpose", a community engagement program, starting in our own backyard in Richmond, VA. Partnering with Renew Richmond, a non-profit dedicated to strengthening communities through urban gardening, and leveraging Sabra employee

volunteers, a 4,000-sq. ft. organic garden on campus at Sabra Chesterfield County plant was established. 35 Sabra employees regularly volunteer to tend the garden, and the resulting produce goes to Sabra employees and neighboring food desert areas.

In addition, Sabra invested \$50,000 and employees have volunteered more than 1,700 hours to support another Renew Richmond educational project at a local high school. Sabra volunteers

worked with students to expand and enhance the edible garden in the school courtyard, including planting of 450 seedlings. Sabra supports and hosts other activities, such as pop-up farmers' markets at the Sabra site. Going forward, Sabra is committed to continue to support this important initiative and expand it to more locations, starting with other Sabra sites in the U.S.. This initiative aligns with and advances Sabra's purpose to inspire fresh new ways of eating and connecting.

IMPROVING FOOD DESERTS

" There are several components to successfully improving Food Deserts. Access to quality and affordable produce must be supported by relevant education and community connections. We are thrilled to have Sabra take a leadership role in helping meet these needs locally and shine a light on this issue nationally." Dr. M Ray McKinnie, Interim Dean at USA College Of Agriculture

STRAUSS WATER – CONSUMERS DRINK MORE

In 2016, we focused on helping consumers understand the healthy benefits of drinking water. Our 2016 survey showed that consumers drink more than 6 cups of water per day at home when they have a WaterBar versus 4.3 cups in homes where there is no WaterBar.

CONSUMERS WITH A WATER BAR DRINK

40%
MORE WATER

81%
CONFIRM FAMILY MEMBERS DRINK MORE WATER

72%
CONFIRM FAMILY MEMBERS DRINK FEWER SWEETENED BEVERAGES

29%
DRINK TWICE AS MUCH



STRAUSS WATER - IMPROVING CUSTOMER SERVICE

Service is key for our customers, as indicated in feedback we received through our Social License to Operate process. At Strauss Water, we connect with our customers regularly through our sales and customer service representatives and our technicians in the field. In 2016, Strauss Water introduced a new program to enhance customer service by reinforcing

call centers, providing additional training on quality service to representatives and technicians, and improving our online interactions and accessibility. These efforts have already delivered positive results,

STRAUSS WATER – CUSTOMER SERVICE	2016	Q1,2017
Customer satisfaction	6.8	8.3
Call center waiting time (minutes)	4.02	1.35
Technician availability within 48 hours	51%	84%



KEEPING PACE WITH FOOD INDUSTRY REGULATIONS

We have engaged our entire organization to comply with new food regulations in Israel. In 2016, a significant new Public Health Protection (Food) Law took effect with new requirements for manufacturers, marketers, importers and distributors of food products in Israel. We have taken all possible measures to ensure we comply with this new law, including reviewing and revising, where required, our procurement and import procedures and providing training for all local managers in these new requirements.

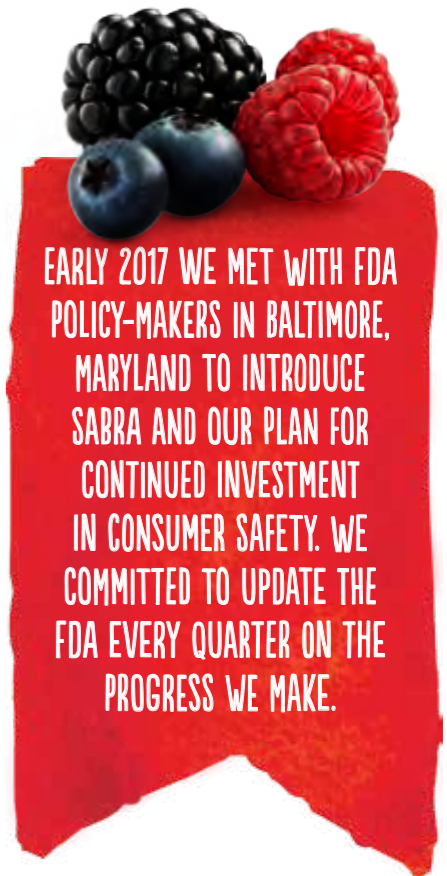
"THE NEW PUBLIC HEALTH PROTECTION LAW IS GOOD FOR THE CONSUMER – IT INCREASES COMPETITION AND IMPROVES FOOD SAFETY AND QUALITY MEASURES. THE LAW REQUIRES FOOD INDUSTRY PLAYERS TO TAKE FULL RESPONSIBILITY FOR PRODUCTS THEY IMPORT, DISTRIBUTE, MANUFACTURE OR MARKET TO CONSUMERS. AT STRAUSS, WE FULLY SUPPORT THIS NEW REGULATION."

 Nitza Yonatany, Regulation Manager, Strauss Israel

A COMMITMENT TO FOOD SAFETY

We operate our factories to the highest possible standards of food safety and aim to deliver safe products to our consumers with no exception. Even so, in 2016 Sabra in the U.S. initiated a voluntary recall on two occasions when signs of contamination were detected in the production environment in its manufacturing facility. While no food products were affected, and there were no confirmed cases of illness related to our hummus, the presence of bacteria in the factory environment led us to initiate a voluntary recall and a 3-day plant shut-down for thorough cleaning and sanitization.

Following this incident, Sabra re-committed to maintaining stringent safety standards and to proactively collaborating across the industry and with the Food and Drug Administration (FDA) to raise the bar on food safety standards and controls for 'ready to eat' foods. We also made substantive changes to our production processes and in the production environment to provide greater opportunity to detect and prevent possible food safety risks.



EARLY 2017 WE MET WITH FDA POLICY-MAKERS IN BALTIMORE, MARYLAND TO INTRODUCE SABRA AND OUR PLAN FOR CONTINUED INVESTMENT IN CONSUMER SAFETY. WE COMMITTED TO UPDATE THE FDA EVERY QUARTER ON THE PROGRESS WE MAKE.





INNOVATION AND COLLABORATION

We have always advanced a collaborative approach to food innovation for the benefit of food entrepreneurs, the food industry, Strauss and of course, consumers. Working together enables innovation to thrive. Our Alpha Strauss initiative, which we launched in 2012, maintains a fast pace of discovering and supporting food-tech innovation, and our food-tech hub, The Kitchen, funds early stage food-tech start-ups

and accelerates their development. At the same time, we continue to engage with and support the professional food community by listening, learning, sharing and co-developing, and to support the advancement of research through the Strauss Institute and alliances between our tech people, research institutes and initiatives that further improvements in the industry.

Yofix Probiotics, a plant based matrix for pre and pro biotic foods. The first product from Yofix, a vegan yogurt, is already on the market.



The Kitchen's team



was established to promote the development of the Israeli food tech community. To date, Alpha Strauss has reviewed more than 700 technologies. In 2016 alone, we screened 54 new technologies, 20 of which were accepted as having development potential for Strauss operations, and 2 were implemented. Since 2012, 36 different technology initiatives are in use at Strauss. Innovations include new methods for sugar and salt reduction, product shelf-life extension, environmental efficiencies, faster product testing, online quality control and more.

THE KITCHEN EXPANDS

In 2015, we launched The Kitchen in partnership with the Israel Innovation Authority (formerly The Office of the Chief Scientist of Israel). The Kitchen is a food-tech incubator with the aim of funding and nurturing the growth of food-tech startups for a better world and better nutrition for all. In 2015, three start-ups joined The Kitchen, and in 2016, a further three were included in the program. Along with numerous entities and entrepreneurs, The Kitchen is cultivating a community that works to advance the food industry as a whole and provides it with world-class capabilities. The Kitchen is located in Ashdod, Israel and is an active member of the vibrant hi-tech community in the city.

In addition to funding and mentoring food-tech startups, The Kitchen maintains a lively dialog with the food-tech community as a platform for the exchange of ideas and creating inspiration for entrepreneurs in this space. The Kitchen hosts networking meetings and maintains active forums on social media. In 2016, The Kitchen hosted the first international food-tech conference in Israel, drawing 600 delegates and speakers from around the world, including global food companies, food-tech investors, government officials, technology experts and of course, many food-tech entrepreneurs and innovators. 30 local startups presented their technologies at the conference.

THE KITCHEN FOOTECH HUB START-UPS:



A personalized nutrition platform that can adapt any online recipe to a user's personal needs. Using deep machine learning algorithms, smart-swap technology provides users with ingredient substitutes recommendations, while maintaining the integrity of the dish.



A developer of alternative protein sources for human consumption, creating a superior protein out of fruit fly larvae. The superior, meat-like protein will be added to various food products on an industrial scale.




Applies state-of-the-art computational protein design along with biotechnology production methods to produce sugar substitute with healthy stable and optimal taste profiles.

FOOD INNOVATION WITH VIRGINIA TECH UNIVERSITY

In 2016, Strauss Group entered into a Memorandum of Understanding (MOU) with Virginia Tech University to help Israeli FoodTech and agriculture startups to expand in the U.S. while supporting the development of industry and agriculture in the State of Virginia. A range of research areas are covered including sugar, salt and fat reduction technologies, breeding techniques, improved nutrition methods, digital solutions, food safety, aquaculture, soil sciences and food and product process quality monitoring. Under this agreement, Strauss will collaborate in areas of promising research and support the entry of Israeli food-tech startups to establish a presence in Virginia.

"THROUGH THIS AGREEMENT, VIRGINIA TECH AND THE COMMONWEALTH OF VIRGINIA HAVE A GREAT OPPORTUNITY TO NOT ONLY HELP FIND SOLUTIONS TO THE CHALLENGE OF FEEDING AN ADDITIONAL TWO BILLION PEOPLE GLOBALLY, BUT ALSO TO INCREASE PARTNERSHIPS THAT WILL FUND RESEARCH AND PROMOTE ECONOMIC GROWTH."

 Tom Thompson, Associate Dean & Director of International Programs, Virginia Tech

AN INCLUSIVE APPROACH TO DRINKING WATER

cooler to provide full accessibility for individuals in wheelchairs or with other disabilities. Our new accessible water counter is designed to work alongside installed Strauss water coolers, and includes a tap for filling water bottles and a drinking tap, enabling people with disabilities to enjoy filtered water conveniently. Our design follows the most advanced international standards for accessibility of drinking water in public places, and also complies with Israeli Standard (IS) 1918 for public institutions, government, municipal and corporate offices. Strauss Water is currently the only water cooler manufacturer offering a fully accessible solution, enabling access to fresh water and convenience of use to people with



NUTRITION TALK IN ISRAEL

The Strauss Institute continues to support nutritionists and nutrition researchers as they strive to advance healthy lifestyles and influence dietary habits of consumers in Israel. Every year, we host workshops and meetings where we share information and offers skills training to support the professional community. In 2016, the Institute awarded 3 grants to young researchers in nutrition, bringing the total number of grants awarded to 16 in the past 5 years.

This year, the key innovation Strauss Institute offered for the professional community is a Daily Meal Planner tool for dieticians that enables a visual representation of meals in "real life" proportions. The meal planner was designed using the Israeli Ministry of Health recommended daily intake of different food items for adults.

WITH MORE THAN 100 DELEGATES FROM THE SCIENTIFIC, NUTRITION & MEDICAL COMMUNITIES.

5TH IN 2016, WE HELD THE ANNUAL STRAUSS INSTITUTE CONFERENCE



Strauss Institute 2017 scholarship winners

HUMMUS TALK IN THE U.S

In the U.S, we continue our outreach to the professional community to build belief, based on science, in hummus for improved health. Sabra's ongoing strategy remains to maintain the trust and interest of a growing network of registered dieticians. We issue to our network popular quarterly newsletters offering meal preparation tips and recipes and most importantly, updates about our science-based research that underpins the value of hummus as an alternative to fat-based spreads.

In 2016, for example, we worked with Taylor Wallace PhD to develop a white paper to promote scientific proof on the nutritional synergies of hummus ingredients and its role in healthy eating patterns. The white paper is expected to be published in the professional journal "Nutrients". We are now focusing research on the benefits of hummus in toddlers to demonstrate positive effects on the immune system and overall digestion.




"WE PLAY A CONTINUED ROLE IN THE CENTER FOR NUTRITION POLICY AND PROMOTION (CNPP) MYPLATE STRATEGIC PARTNERSHIP PROGRAM IN THE U.S. TO AMPLIFY THE ROLE OF HUMMUS IN HELPING PEOPLE MEET MYPLATE RECOMMENDATIONS AND TO BUILD RELATIONSHIPS WITH NUTRITION POLICY THOUGHT LEADERS. WE ARE WORKING TOWARDS EXPANDED INCLUSION IN THE UPDATED DIETARY GUIDELINES FOR AMERICANS TO BE ISSUED IN 2020."

 Tulin Tuzel, Chief Technology Officer, Sabra Dipping Company

SOCIAL BUSINESS INCUBATOR TO PROMOTE HEALTHY LIFESTYLES

In the past year Strauss has chosen to invest in social business ventures active in the area of our key social investment program – the promotion of healthy lifestyles. In this context, Strauss engaged with the non-profit "360 Hub for Social Businesses", which trains social business entrepreneurs to increase their impact in the domestic and global markets. The program, which includes both an incubator phase and an accelerator phase, offers entrepreneurs extensive accompaniment and advisory services by the finest of experts. Strauss chose to invest in a dedicated track for entrepreneurs whose social business ventures are related and contribute to balanced nutrition and healthy lifestyles. As part of this collaboration Strauss Group also provides professional guidance and additional resources to the chosen enterprises.

"OUR INVESTMENT IN '360 HUB FOR SOCIAL BUSINESSES' IS YET ANOTHER WAY OF GENERATING A SOCIAL IMPACT IN A CORE BUSINESS AND SOCIAL ENTERPRISE – PROMOTING A BALANCED DIET AND HEALTHY LIFESTYLES. SERVING ON THE ADVISORY BOARD OF THIS IMPORTANT INITIATIVE ENABLES ME TO MAKE THE RIGHT CONNECTIONS BETWEEN THE HUB'S ENTREPRENEURS AND PROFESSIONALS AT STRAUSS."

 Daniela Prusky-Sion, Global Director, Sustainability and Internal Communications





A GREAT PLACE TO WORK



Part of Strauss Group's **value-based** way of doing business is grounded in our commitment to being a great place to work and creating a workplace that is enabling and empowering for a diverse range of individuals in many countries, roles and with different personal circumstances. Our employees are the source of our creativity, innovation and ability to create wonders out of basics.

We consistently listen to their feedback, strive to understand their needs and provide the optimal response in the understanding that they choose us anew each and every day. Our approach to being a great place to work includes supporting our employees by respecting their rights, providing fair reward, equal opportunity and the chance for personal development and professional growth.

Above all, despite our size, we remain true to our family values. In the past two years, our Social License to Operate processes have yielded important insights from employees and our profound dialogue with our people has led us to define policies and actions designed to improve the work environment and employment conditions in some of our countries of operations.

COMMITTED TO EXCEEDING THE LEGAL MINIMUM WAGE

In 2016, we launched another phase in our new social plan for employees in Israel, with thousands of employees enjoying new financial benefits that help alleviate the daily challenges of making ends meet and even put something aside for the future. This is against a backdrop of continuing increases in the cost of living in Israel and widening gaps between high and lower income individuals.

In mid-2016, we implemented benefits for eligible employees in three primary programs:



EMPLOYEES WITH ONE-YEAR SENIORITY ARE PROVIDED WITH A CONTRIBUTION OF \$125 PER MONTH FOR EACH CHILD AGED 3 AND YOUNGER.



THE MINIMUM SALARY AT STRAUSS WAS FIXED AT \$75 PER MONTH ABOVE THE LEGALLY DETERMINED MINIMUM WAGE IN ISRAEL. EMPLOYEES EARNING BELOW THIS AMOUNT RECEIVED AN INCREASE.



ALL EMPLOYEES ARE ENTITLED TO A SAVINGS PLAN, WHICH INCLUDES CONTRIBUTIONS BY THE EMPLOYER AND THE EMPLOYEE TO AN ADVANCED SAVINGS FUND. THE CONTRIBUTIONS DELIVER A TAX BENEFIT.

1,873 employees (62% women) benefited from these programs starting in July 2016.



Outstanding Social Employer - Strauss Group received an award in 2016, recognizing steps taken to improve conditions for employees. The award was presented at the "Calcalist" responsible business summit.

\$1.2 MILLION INVESTMENT BY STRAUSS ISRAEL TO SUPPORT THESE SOCIAL PROGRAMS FOR EMPLOYEES IN 2016.

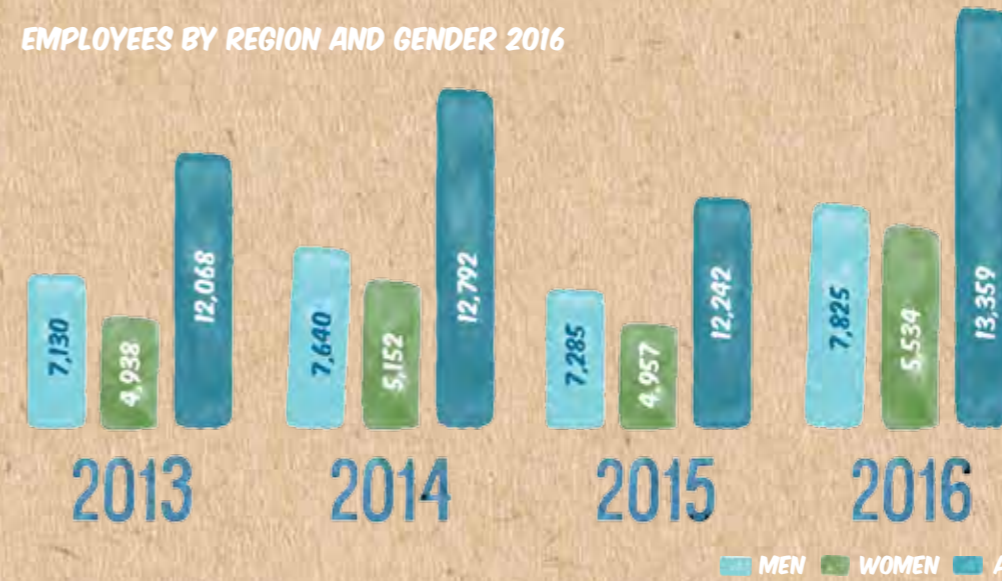
"RESPECT FOR EMPLOYEES AND HUMAN RIGHTS ARE ABOVE ANYTHING ELSE AT STRAUSS. THIS IS A LEGACY THAT BEGAN WITH THE COMPANY'S FOUNDERS, AND HAS BEEN PASSED ON FROM GENERATION TO GENERATION. WE FEEL WE HAVE A RESPONSIBILITY, NOT ONLY TO OUR EMPLOYEES, BUT TO SOCIETY AS A WHOLE, TO COMPENSATE EMPLOYEES IN A WAY THAT ENABLES THEM TO LIVE WITH DIGNITY AND LONG-TERM FINANCIAL SECURITY."

Zion Balas, CEO, Strauss Israel



OUR WORKFORCE

EMPLOYEES BY REGION AND GENDER 2016



EMPLOYEES BY REGION 2016



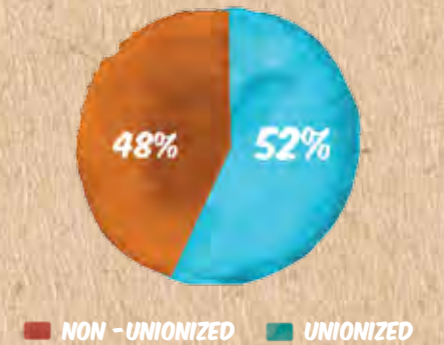
EMPLOYEES BY GENDER 2016



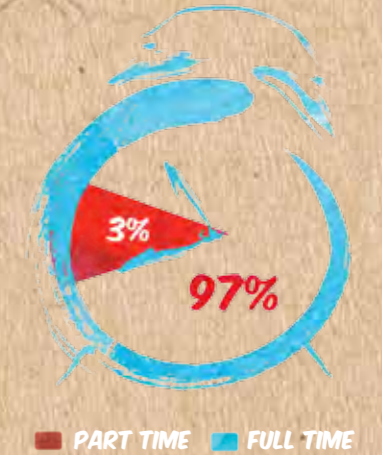
AVERAGE TRAINING HOURS PER EMPLOYEE IN 2016

13.91

EMPLOYEES BY COLLECTIVE AGREEMENTS 2016



EMPLOYEES BY CONTRACT TYPE 2016



ADVANCING WOMEN & GENDER EQUALITY

We remain committed to gender equality, advancing women in leadership positions across the Group towards our goal of 50%. At senior level, we have some way to go with women representing 22% of our executive management team. However, overall, due to our continuous work to embed a culture of equal opportunity and motivate managers to promote gender diversity for the benefit of the business, and of society overall, we see annual increase in the overall rates of women in managerial positions, and in 2016, 43% of these positions in the Group were filled by women.

WE ASPIRE TO COMPLETE GENDER BALANCE IN STRAUSS GROUP'S BOARD OF DIRECTORS. IN 2016 THE BOARD COMPRISED 6 WOMEN AND 6 MEN. TODAY, AFTER A NUMBER OF DIRECTORS COMPLETED THEIR TERM OF OFFICE, THE BOARD COMPRISES 4 WOMEN AND 5 MEN.

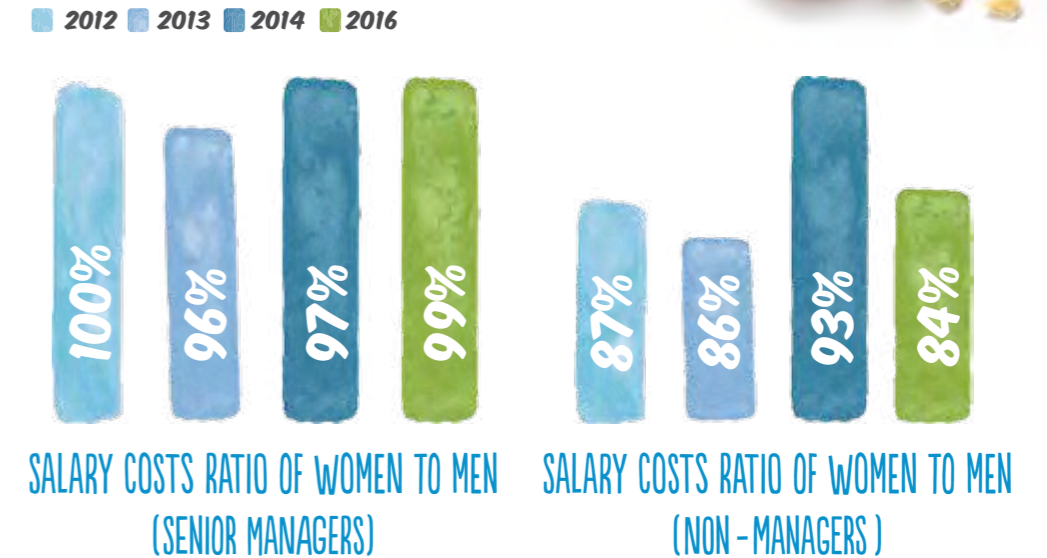


43% WOMEN IN MANAGEMENT ROLES

*excluding Brazil

We believe in equal opportunity for remuneration and salary opportunities throughout Strauss Group are equal for equal work. At senior management level, we maintain parity or near-parity year after year as a clear demonstration of this policy in action. At non-management levels, this policy applies across all roles. However, a comparison of total salary costs across the total number of women in non-management roles versus men in non-management roles shows a lower ratio for women due to the mix of diverse roles performed in any given year by men and by women. We continue to review this data every year and address inconsistencies where relevant.

SALARY COSTS RATIOS BY GENDER



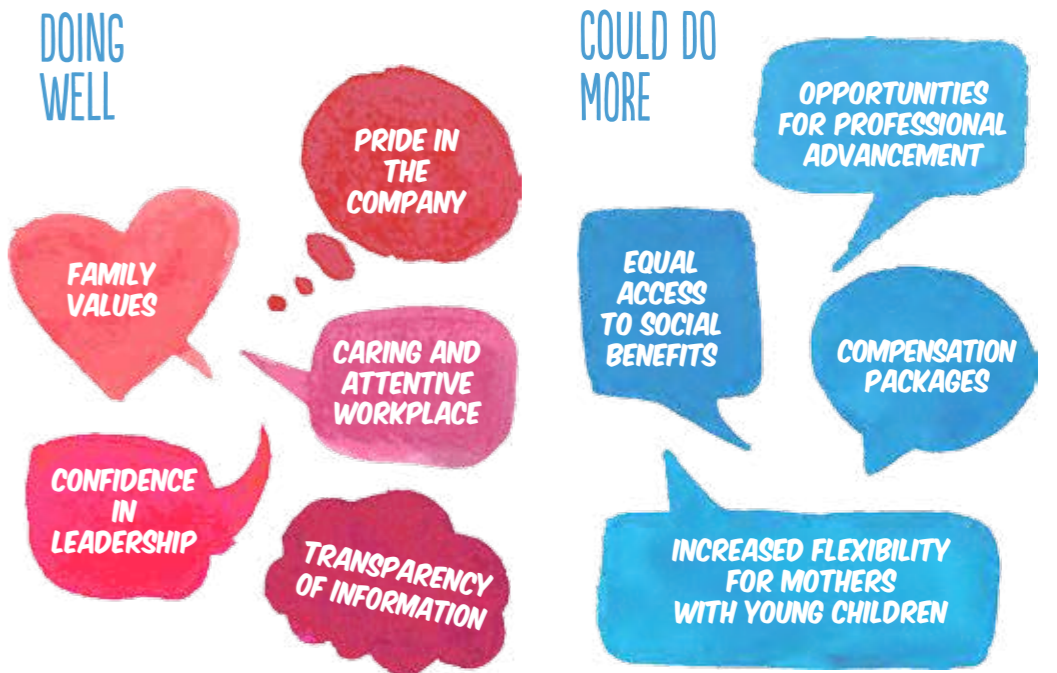
LEVERAGING INTERNATIONAL WOMEN'S DAY (IWD) FOR DIALOGUE ON EQUAL OPPORTUNITY

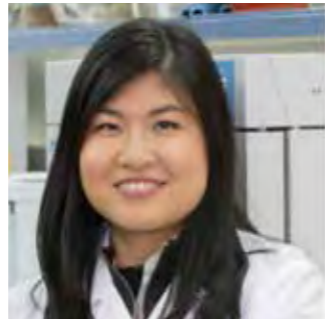
International Women's Day (March 8) at Strauss is an opportunity to mark the Group's commitment to gender balance by raising awareness, celebrating achievements and encouraging dialogue. In 2016, in addition to IWD activities at each site, we also undertook special activities involving our leadership to encourage dialogue and accountability. These activities are part of an overall concept of driving change, which places women's advancement at the forefront of intra-organizational and community activities through support and close cooperation with social organizations focusing on diversity and the advancement and economic empowerment of women.

DIALOGUE WITH STRAUSS WOMEN IN MANUFACTURING

We held 15 round tables at Strauss sites in Israel, each with 10-12 women in manufacturing roles. Each meeting was hosted by the Human Resources Vice President and another Executive Manager. The output from the meetings led to modifications to human resources policies and plans.

FEEDBACK FROM 2016 WOMEN ROUND TABLES





INTERNATIONAL WOMEN'S DAY 2017 ACTIVITIES:

WOMEN ADVANCING WOMEN

Chairperson Ofra Strauss invited women from Strauss Israel to write directly to her, expressing their views and feelings about being a woman working at Strauss. The women who responded were invited to attend meetings to discuss gender balance and encouraged to act to make a difference within their current roles.

EQUAL ORGANIZATION INITIATIVE

We launched a competition for any employee to present a project idea to advance gender balance. The response was overwhelming! Five teams were selected by a Steering Team of senior managers, headed by the Strauss Group President, to implement their project. They received a budget and resources to progress their idea. The five programs included are shown here:

An Equal Organization

MEN FOR GENDER BALANCE

Several activities led by men managers to advance a shared understanding and agenda to support gender equality.

STRAUSS IN SHORTS

An initiative to promote one short working day per week to facilitate work-life balance for both men and women.

WOMAN TO WOMAN

Mentoring program for women managers and employees about to take on a first management role.

EMPOWERING WOMEN ("MAGSHIMOT")

Training and empowerment program for women on production lines at our confectionery factory in Israel, supported by an external association specializing in similar programs. Women took part in 11 meetings to help build their skills in dealing with challenges and being more proactive in work and life.

ADMIN COMMUNITY

90% of secretarial and admin staff are women. This group brings them together to share issues and opportunities.



THE "MAGSHIMOT" ("FULFILLMENT") PROGRAM FOR WOMEN'S OCCUPATIONAL EMPOWERMENT

Magshimot is a program designed for women non-managers who want to make an occupational or personal change but lack the development opportunities, skills or resources to help them achieve their goal. The program comprised ten sessions in which participants gained personal and interpersonal tools and skills.



TALKING ABOUT EQUAL OPPORTUNITIES

STRAUSS TALKS

In addition to the above, Strauss Group employees in Israel who felt they had something to offer on the subject of

equal opportunity and its advancement in the workplace were called upon to give TED-style talks to employees. Those who chose to speak received specific training on the gender issue as well as on the TED format. The lectures were recorded and made available to all Strauss Group employees.

Ultimately, we created a broad, rich variety of digital content on Strauss Group's media channels to drive the equal opportunity debate with all our stakeholders.

AN EMPOWERING WORKPLACE

Beyond gender equality, which develops a culture of empowerment serving both women and men in our organization, we strive to make our workplace one in which all employees can achieve professional growth and personal ambitions. We invest in the way we communicate with our employees about their performance, and we maintain several skills development programs to empower employees to develop.

LEADING THE WAY

Building the right skills for our future leaders, "Leading Our Way" program is a group-wide development program for senior leaders that we conduct every two years. The program includes face-to-face meetings, 360° evaluation using Strauss' values-based Leadership Model, shared learning in pairs and individual work. The first meeting took place in January 2017 for 23 managers from Strauss companies around the world in a four-day conference. The value of such a leadership program is life-changing for participants and they experience a deep transformation in personal effectiveness and leadership perceptions and skills that serve them well both in their role at Strauss and in other aspects of life. 30% of participants from a former program have been promoted to more complex roles, to date.



PERFORMANCE MANAGEMENT

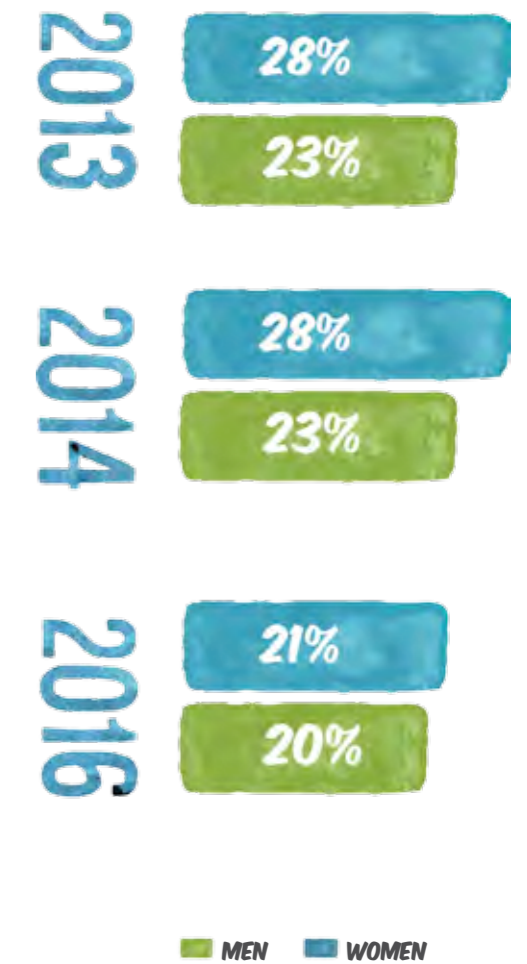
68% of managers had a formal performance evaluation in 2016.

We maintain an open dialogue with all employees and provide feedback on their performance in a way that helps them understand their strengths and take steps to improve their contribution. Two-thirds of our management receive a formal performance review each year, and in 2016, 14% of non-management employees also had the opportunity for a formal performance discussion.

NEW PERFORMANCE MANAGEMENT AT STRAUSS COFFEE

Cloud-base tracking system for better objectives setting and performance appraisal In 2016, as part of its annual incentive program (AIP), Strauss Coffee implemented the first cloud-based objectives setting and performance evaluation platform for roll-out throughout Strauss Coffee units across diverse geographies in 2017. The platform supports a single system for target-setting, review and communication and is accessible from any connected device. In 2017, employees are starting the process by setting personal targets for review by their direct managers. Making performance information accessible and transparent is key to supporting performance improvement over time. This platform is the first of its kind in Strauss Group.

PERFORMANCE REVIEWS BY GENDER



SAFETY AT WORK

Maintaining a culture of safety and safe working practices is a primary goal in all our sites around the world, including manufacturing plants, logistics centers and offices. This includes proactive measures such as a near-miss program, safety officers and the assimilation of safety standards. In addition, we ensure we comply with all applicable safety laws and regulations and maintain an intensive training program for all employees.

In 2016, our injury rates and lost day rates across the world improved significantly, the result of consistent attention to identifying and addressing safety risks and maintaining communications about safe working.

REPORTING NEAR-MISSES

All Strauss Group units in Israel have a near-miss program in place. For example, in our factories in the North of Israel, we incorporated reporting and review of near-misses in our daily management

Gemba safety walk. Daily reports of near-misses are now distributed by factory management teams to all employees for learning and consideration of action to prevent similar incidents. The program helps raise awareness among employees and managers, thus contributing to a significant reduction in hazards at workstations. In 2016, more near-misses were reported than ever before, indicating attention to prevention is starting to work.

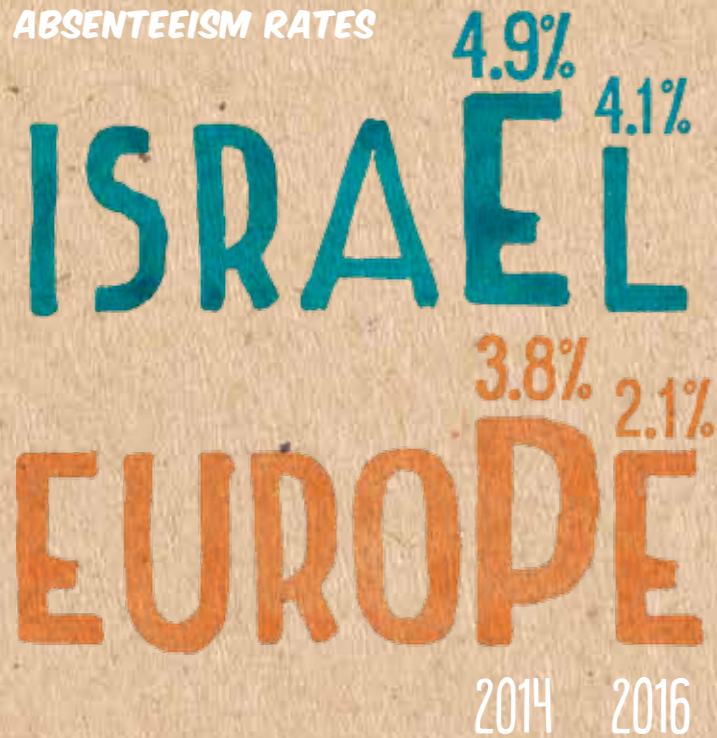
ERGONOMICALLY SPEAKING

Improving ergonomics in logistics. In the past year, Strauss Israel management conducted an ergonomic risk survey at all logistics sites and trained all employees, including delivery drivers, in appropriate ergonomic work practices. We believe this has contributed to a better work environment and to the improvement of employee health and satisfaction, and we plan to continue this process in the next few years to reduce the risk of ergonomic injuries and occupational illness.

33%

REDUCTION IN LOST DAYS DUE TO INJURY IN 2016 ACROSS STRAUSS GROUP

ABSENTEEISM RATES



LOST DAY RATE PER 100 EMPLOYEES



LEADING THE WAY

In the Strauss dairy factory and other sites in Israel, 10 Safety Leaders were appointed as a professional group that aims to drive safe practices on a daily basis. The Safety Leaders' work includes mentoring contractors and employees, hazard patrols, drafting safety guidelines, and specialization and leadership in specific spheres (firefighting, hazardous materials, first aid and more). The Safety Leader program will expand to more factories in 2017.

28%

REDUCTION IN INJURY RATES IN 2016 ACROSS STRAUSS GROUP



EMPLOYEES CONTRIBUTING IN OUR COMMUNITIES

Strauss Group maintains a strong connection with the local communities where we do business and we encourage our employees to volunteer in social programs they care about. We manage a broad variety of globally dispersed collaborative initiatives with many community partners in different countries – engaging in hundreds of

individual social programs throughout the year in 100% of the countries where we operate. We provide cash donations, in-kind donations of food and equipment where relevant, and enable our employees to take time to volunteer. In the past year, employees volunteered more than **16,000 hours** in community projects.

The total value of our contribution to the community increased in 2016 to **\$3.25 million**. This includes cash donations, in-kind donations and the value of employee volunteering hours.



Sabra employees at a Virginia local school activity

MENTORING FOR SOCIAL INCLUSION IN ISRAEL

Strauss employees become mentors for the benefit of other employees

In 2015, Strauss Israel joined forces with a non-profit initiative called “Kesem” (Magic) whose mission is to mentor individuals from poor socio-economic backgrounds and help them face the challenges they confront in their daily lives. As part of the program, Strauss employees took on a new role – supporting our own employees who need assistance. 14 volunteer mentors from Strauss meet weekly with their 14 mentees from our workforce in Israel to provide guidance. The entire group meets monthly to share experiences. Our volunteers receive personal training and group training to augment their skills as mentors. This is a unique program for Strauss, empowering our employees to support their colleagues and the community, enhancing valuable interpersonal skills and developing rewarding relationships. At the same time, the employees who benefit from the program learn how to address their own challenges and become more productive community members. In 2016, a second group was established by six employees at our Nazareth factory in Israel.



Strauss runs many more diverse social activities, in which hundreds of Group employees participate. “Synergy” is an

example of a program that places senior executives in socially oriented non-profit organizations as chairperson, manager or executive committee members. In our Synergy program, which is run in partnership with JDC Israel and Zionism 2000, senior Strauss executives are assisted in becoming part of the executive committees of social ventures. Our managers contribute their skills to the non-profit and help in promoting its social goals, while learning how these organizations work and benefiting from the rewards of volunteering.



FOOD RESCUE IN ISRAEL

In Israel, Strauss works with a leading food rescue organization, Latet (To give). We supply food items for distribution to the needy and closely monitor our internal planning and logistics processes to rescue every pallet of surplus food products possible for the benefit of those in need. Together with other food companies, Strauss leads the “Saving Food” forum, established by the Manufacturers’ Association in Israel and the non-profit organization, Latet. The forum intends to improve the practice of food reclamation in the industry to reduce food waste while providing nourishment for those in need.

STRAUSS GROUP - COMMUNITY CONTRIBUTIONS (U.S. \$ MILLION)



PROTECTING THE ENVIRONMENT



We maintain our commitment to protecting the environment and reducing our impacts on climate change. This is in line with a precautionary approach considering potential risks due to climate change and opportunities for mitigation. In all our operations, we strive to improve energy and water efficiencies, reduce waste and recycle more.

2017/2018 ENVIRONMENTAL TARGETS BY COMPANY

STRAUSS ISRAEL	STRAUSS COFFEE	STRAUSS WATER	SABRA OBELA
Reduce environmental performance per ton of product (versus 2016):	Reduce environmental performance per ton of product (versus 2016):	Increase WaterBar filter recycling by	Maintain or improve energy, water and waste to landfill performance versus 2016
Energy 2%	Energy 2%	10% by 2018 (versus 2017)	
CO2e 16%	CO2e 3%	Reduce packaging weight of key products by	
Water 5%	Water 2%	5% by 2018 (versus 2017)	
Waste to landfill 6%	Waste to landfill 19%	Achieve a	
		40% recycling rate of WaterBar lightbulbs by 2018	
		Implement new technology to reduce energy consumption of WaterBars by	
		50% per day in 2018	

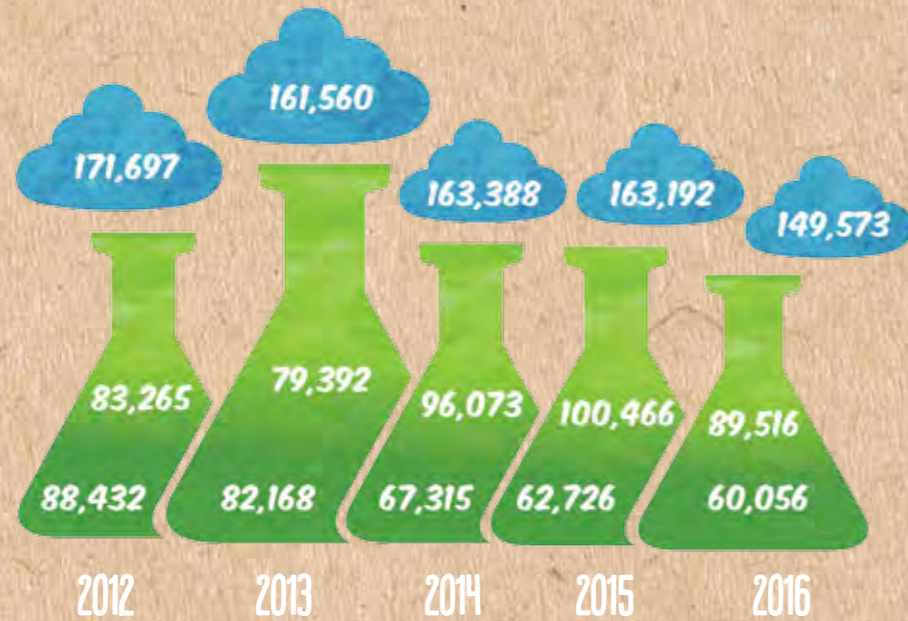


ENVIRONMENTAL PERFORMANCE

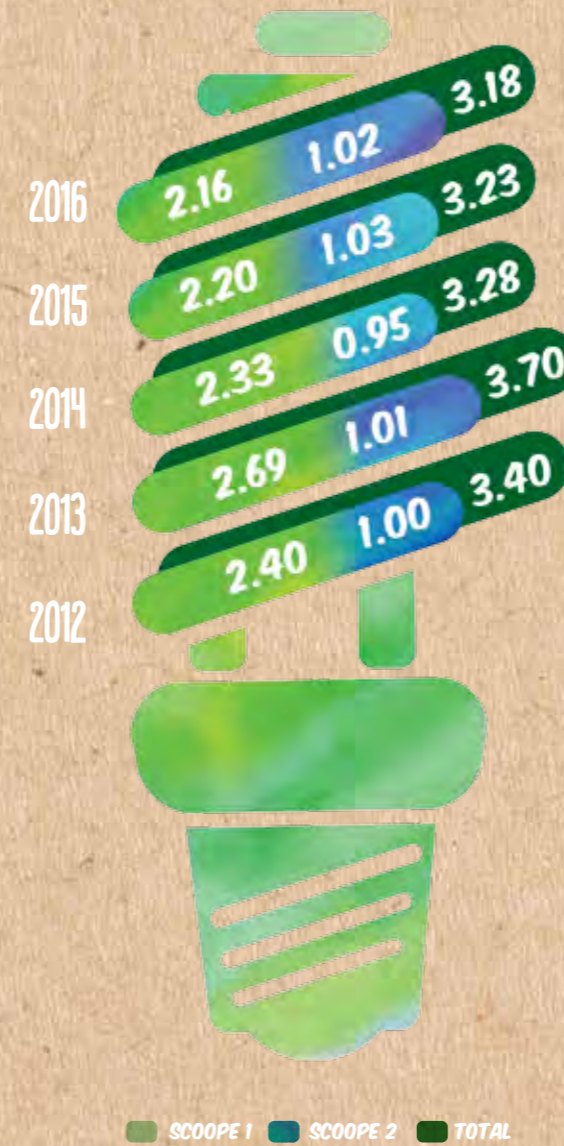
ENERGY USE (MJ)



GHG EMISSIONS (TONS CO2E)



ENERGY USE PER TON OF PRODUCT (GJ)



GHG EMISSIONS PER TON OF PRODUCT (TONS CO2E)



- Includes all operations except for Obela in Australia and Mexico
- Per ton of product is calculated for production operations only: Strauss Israel, Strauss Coffee, Sabra
- Greenhouse gases included in the calculation of CO2e are CO2, CH4 and N2O. Fuel emission factors are use IPCC Emissions Factor Database. Electricity emissions factors for Israel, Germany and Romania use national electricity grids. All other electricity emissions factors use the GHG Protocol.
- We do not purchase heating, cooling or steam, and we do not sell electricity, heating cooling or steam Energy use from coffee biomass and biogas from waste water treatment are reported as zero emissions

WATER WITHDRAWAL
(M3 / TON OF PRODUCT)



WATER WITHDRAWAL (000's M3)



WASTE (TONS)

	2012	2013	2014	2015	2016
Composting	0	0	0	0	1,084
Recycling	9,629	7,638	10,256	7,096	14,651
Reuse	47,728	54,198	75,028	77,298	47,702
Landfill	15,371	12,374	17,716	15,939	11,216
Total waste	72,728	74,210	103,000	100,333	75,800

TOTAL WASTE



WASTE (TONS/TON OF PRODUCT)



- Includes all operations except for Obela in Australia and Mexico
- Per ton of product is calculated for production operations only: Strauss Israel, Strauss Coffee, Sabra
- Total waste includes a very small amount (<70 tons) of hazardous waste which is landfilled
- All water discharge is to water treatment facilities
- No significant water bodies are affected by water run-off from our factories
- There were no significant spills from our factories in 2016

RESOURCE EFFICIENCY


Each of our factories and logistics operations makes incremental changes to daily operations to improve our resource efficiency and overall environmental footprint.

REDUCING WASTE IN SAFED, ISRAEL

55% reduction in waste to landfill at our factory in Safed.

In 2016, Strauss Coffee plant in Safed increased quantities of waste to recycling following a plant-wide review of all waste handling procedures. An intensive program to increase recycling was initiated. This included installation of waste separation bins around the site, employee training and the appointment of 8 environmental leaders. At the same time, we revised contracts with recycling companies to ensure best practices for waste handling.

"THIS PROGRAM HAS BEEN A PHENOMENAL SUCCESS SO FAR. WE EXPECTED 20% WASTE TO LANDFILL REDUCTION – WE HADN'T IMAGINED WE COULD ACHIEVE MORE THAN 50% IN UNDER A YEAR! THIS IS WHAT HAPPENS WHEN BOTH MANAGEMENT AND EMPLOYEES ARE DEDICATED TO MAKING POSITIVE CHANGE."

 Boaz Ben-Ari, EHS Manager at Safed coffee factory, Strauss Coffee Israel



IMPROVING OUR WATER FOOTPRINT IN GERMANY

In 2016, Strauss Coffee reduced water consumption in Germany by 20% versus 2013.

In our German coffee plant, we achieved a first full year saving from our initiatives over the past four years to systematically improve water use, which is inherently intensive in a freeze-drying factory. Our objective was to limit our overall water consumption, reduce wastewater and increase

process recycling of water. Following an exercise to map our entire water and drainage flows within the factory, we implemented a change to allow water to run in a closed loop and recycle back into production rather than to drainage as well as additional supporting measures. As a result, in 2016, we reduced our total water use by 20% versus 2013, amounting to 55,000 m³ over the

full year. At the same time, we have benefited from water process cost reductions including wastewater processing and transportation, of 22% per ton of product in 2016 versus 2014, returning our investment in new equipment and processes within a year, proving that improving water efficiency is both good for business and for the environment.



Strauss Coffee Germany Roast and Ground Coffee Plant, NDKW

RECYCLING FILTERS AT STRAUSS WATER

In 2016, Strauss Water continued to encourage customers to recycle

As part of the regular maintenance and quality standards for WaterBars, our customers must replace the filters every six months and the UV-bulbs every 12 months. As these components do not degrade naturally, they must be disposed of in an environmentally responsible way. Starting in 2015, we provided customers with a system to route used components to recycling points in Israel. In 2016, we collected almost 30 tons of filters and UV bulbs from thousands of customers.



ETHICAL SUPPLY CHAIN



Our global supply chain engages more than 14,000 suppliers in the supply of supply ingredients, goods and services to a value of around **\$2 billion** each year to our production factories. Most of our production is in our own **26** facilities around the world, supported by a network of warehousing, logistics and distribution operations that deliver our products to our customers. Throughout this complex supply chain, we aim to ensure fair and responsible dealings with our suppliers, sustainable and ethical sourcing of our food ingredients, other raw materials and packaging, as well as adhering to the highest standards of human rights in all our internal and external operations. 100% of our food products in each country are subject to strict regulatory guidelines and labeling of ingredients and nutritional information. **We comply in full with applicable regulations and have not been subject to incidents of non-compliance resulting in fines or sanctions during the past year.**

SUPPLIER CODE OF CONDUCT AT SABRA

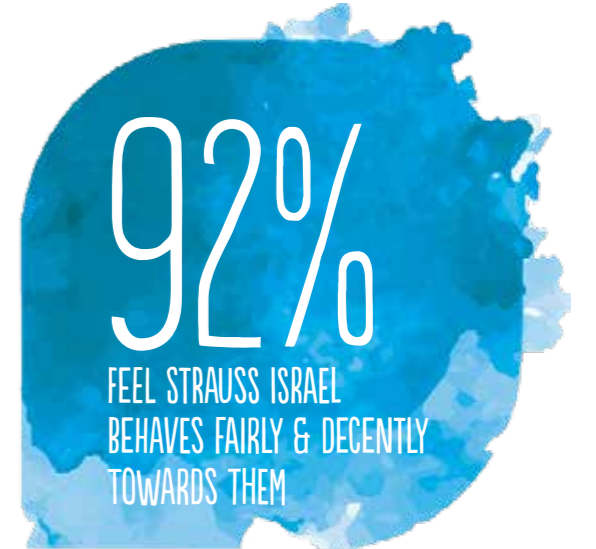
In 2016, Sabra published a Supplier Code of Conduct for suppliers

Taking another step to ensure an ethical supply chain, in the U.S., Sabra developed and published a Code of Conduct for suppliers. Sabra's standard contracts and purchase orders issued to suppliers now incorporate this Code of Conduct and suppliers are expected to sign their agreement to comply. In both Sabra and operations in Israel, 100% of new suppliers confirm their agreement to ethical standards.

LISTENING TO OUR SUPPLIERS

A new program to improve relations with suppliers in Strauss Israel

In Israel in 2016, we performed a full review of all supply-chain procedures, provided training for our procurement staff and undertook a survey of 50 suppliers to obtain insights to help us improve practices in the supply chain. As a result of the feedback we received, we made some changes, such as providing a single focal point for queries in our purchasing department.



DIVERSIFYING OUR SUPPLY CHAIN

In 2016, we intensified our efforts to engage diverse suppliers

In Israel, we continue to work across our procurement teams to identify and onboard new small and women-owned businesses, or expand our engagement with similar current suppliers.

STRAUSS ISRAEL SUPPLIER DIVERSITY RESULTS IN 2016

WOMEN-OWNED BUSINESSES' SPEND WITH 262 SUPPLIERS



SMALL BUSINESSES' SPEND WITH 408 SUPPLIERS



PROVIDING WORK FOR PEOPLE WITH DISABILITIES


We enable employment opportunities for people with disabilities

Obela Australia regularly works with Bedford, a social business employing individuals living with a disability, for pre-packing needs. Bedford employees help repack crackers and guacamole into the right packs for customers.

Obela and Bedford have created employment opportunities for more than 100 people with disability over the past three years.

At Strauss in Israel, we engage with the HaMeshakem organization, specializing in occupational solutions for people with

"I TAKE A PERSONAL INTEREST IN ADVANCING SMALL AND WOMEN-OWNED SUPPLIERS AT STRAUSS. I BELIEVE THIS ENHANCES OUR SUPPLY-CHAIN WHILE MAKING A VALUABLE CONTRIBUTION TO THE LOCAL ECONOMY. IT REMAINS A CHALLENGE TO IDENTIFY SUCH BUSINESSES, SO WE CAST OUR NET WIDE & DEMONSTRATE FLEXIBILITY TO ACCOMMODATE DIFFERENT NEEDS."

 Moshe Riany, Vice President, Supply Chain, Strauss Israel

disabilities, to pack Strauss products in factories employing individuals living with a disability. Currently, around 100 individuals are employees at four HaMeshakem factories assembling different Strauss product packages such as coffee capsules, gift packs or multi-packs.

ORGANIC HUMMUS FOR SABRA

A first in the U.S. - Sabra to source home-grown organic chickpeas

In 2016, Sabra commenced a collaboration with local grower cooperatives in the U.S. to develop capabilities to grow organic chickpeas. To date, 750 acres of land for chickpea crops

are certified organic—around 2.5% of Sabra's total requirement. Organic chickpeas will be harvested for the very first time in the U.S. in the fall of 2017.



A FOCUS ON SUSTAINABILITY IN OUR DAIRY FARMS

Strauss Israel Dairy division works closely with its farmers to ensure sustainability in their dairy farms

Over the years, we have made significant changes in our dairy farms, such as improvements to the design of the cowsheds, increasing cows' living space and reducing udder infection rates. In 2016, we decided to move to the next level. We mapped our dairy farming processes and prioritized four areas to address over the coming two years in order to improve animal welfare and milk quality. These are:

LABELING

Stopping the unnecessary practice of labelling cows.

REDUCING ANTIBIOTICS

used in our farms by imposing a selective approach to antibiotics which are recognized as harmful over the long term. We note that this selective approach to the use of antibiotics is required only in the period before calving when the cow is "dry" (does not produce milk), since all milk reaching the dairy does not come from cows being treated with antibiotics. Additionally, all milk received at the dairy is tested to assure that it is free of any traces of antibiotics.

REDUCING CALF ISOLATION PRACTICES

to the minimum time possible instead of isolating calves for weeks.

GHG EMISSIONS

Measuring GHG emissions at our cowsheds through Life Cycle Assessment (LCA) and by examining key points of impact.

IMPROVED COW-FEED

Improving cow-feed by replacing imported feed with natural, animal feed from known local sources.

We maintain close, long-term relationships with our 60 dairy farmers in Israel and reward them for consistent good quality and performance against quarterly process & product audits.



ALIGNING WITH GLOBAL BEST PRACTICE

In 2016, Strauss Israel joined the Dairy Sustainability Framework (DSF) – a platform for dairy processors, farmers and other organizations to endorse and advance sustainability criteria and report on progress each year. The DSF framework was developed by the Global Dairy Agenda for Action (GDAA) to provide overarching goals and alignment of the dairy sector globally on the path to sustainability. Strauss is proud to be the first member company from Israel.



A COMMITMENT TO WOMEN IN STRAUSS COFFEE'S SUPPLY CHAIN

In 2016, Strauss Coffee commenced the roll-out of a multi-year, multi-project, multi-country commitment to support women coffee growers and to promote gender equity in Africa, Asia and Latin America. This initiative aims to empower women coffee growers by providing infrastructure, tangible assets and guidance to help them achieve better yields and quality, to enhance their sense of self-efficacy and to improve their annual income. Supporting women farmers is one of the keys to enabling an improvement in the prosperity of entire communities and regions.

As one of the largest buyers of green coffee in the world, we believe we can make a difference. Using our resources and purchasing power to assist local coffee growers serves our mission by advancing women, supporting economies and delivering great coffee to our consumers.

Our commitment is to engage in six partnerships with women coffee-growing cooperatives and gender equity projects by the end of 2017. In each partnership, we are improving the capabilities and capacity of the growers by providing technology, resources and know-how according to the coffee growers most pressing needs and requirements. Coffee sourced from these partnerships will be used in Strauss Coffee's leading brands such as Elite coffee, MK Cafe, Doncafé, Ambassador and others.

SOME OF THE PARTNERSHIPS THAT ARE CURRENTLY ACTIVE*:



STRAUSS COFFEE HAS CONTRIBUTED TO A BEAN DRYING MACHINE TO INCREASE YIELDS.



STRAUSS COFFEE IS INVESTING IN PROCESSING EQUIPMENT TO IMPROVE COFFEE QUALITY.



STRAUSS COFFEE IS FINANCING THE RECONSTRUCTION OF COFFEE WASHING STATIONS TO EXPAND COFFEE OUTPUT.



FROM THE FARM TO SHELF

creating a direct link between our consumers and the source of our coffee – is our new way of enhancing our coffee value chain.

*At the time of publishing of this Report, a total of 6 women-operated coffee farms joined the Strauss Coffee Green Coffee sustainability initiative, also including El Salvador, Uganda and Colombia



MORE ABOUT WOMEN COFFEE GROWERS IN HONDURAS

In 1993, a group of women formed COMUCAP to raise awareness and promote women's rights. Today, 286 women are working in coffee and aloe production. Our partnership is a collaboration with MdH, a subsidiary of Volcafe. The World Health Organization identifies Honduras as a violent country with the highest rates of female abuse. Cooperatives provide a vital lifeline for women, offering counselling, education, business training and access to credit, enabling women to become providers for their families. Over 36% of Hondurans live in 'rural extreme poverty' as classified by the International Fund for Agricultural Development. Supporting women through investing in cooperatives enables them to improve life conditions for their families and communities.

MORE ABOUT WOMEN COFFEE GROWERS IN VIETNAM

The "Building women's capacity in Vietnam" is a program that supports 300 women coffee growers - widows, single, minority and low/no-income women to help them gain financial independence. The program is a partnership between ACOM coffee trader and a local company in which the women coffee growers will learn new techniques and skills to help them improve coffee outputs and run their small business. Vietnam is currently the world number one producer and exporter of Robusta coffee which is widely used to make instant coffee. Enabling women to play a role in the Robusta economy is a meaningful way to improve livelihoods for all.

MORE ABOUT WOMEN COFFEE GROWERS IN THE CONGO

Rebuilding Women Hope (RWH) is a local association that supports 1,200 Congolese women coffee growers in Bukavu. RWH has been working to rebuild the hope and dignity of women in a country where women are frequently at risk from violence. Our partnership is a collaboration with Coffeelac, a coffee processor and exporter and SHIFT Social Impact Solutions, a firm focusing on responsible supply chain and women's economic empowerment. Teaching women to improve their coffee business significantly improves the position of many women in the Congo.

MORE ABOUT WHAT'S TO COME

In the coming year, we plan to develop additional partnerships to support additional women operated coffee farms, reaching hundreds more women coffee growers in these countries.



THIS IS NOT JUST ABOUT COFFEE. WE HAVE MET THE WOMEN MEMBERS OF THE COOPERATIVES. WE SEE THAT WE ARE NOT ONLY HELPING THEM TO GROW COFFEE. WE ARE HELPING THEM DEVELOP THEIR SELF-WORTH. THIS ENHANCES THE CONFIDENCE THEY HAVE IN THEIR COFFEE YIELD, BUT ALSO THE CONFIDENCE THEY HAVE IN THEMSELVES AS STRONG, CAPABLE WOMEN WHO CAN TAKE ON ANY CHALLENGE

PROVEN POSITIVE IMPACTS OF SUPPORTING WOMEN COFFEE GROWERS

IMPROVED COFFEE QUALITY
 Women do most of the work that impacts coffee quality, so an investment in women is an investment in quality.

IMPROVED ECONOMIES
 Supporting women farmers leads to up to 30% yield improvement, increasing the economic value of coffee crops and providing a boost to local economies.

HEALTHIER COMMUNITIES
 When women control the family income, 90% is spent on their families including children's health & nutrition. Typically, no more than 40% of male income is spent on families.

EQUAL OPPORTUNITY
 In coffee, women do 70% of the work in the fields but typically have only a 15% share of ownership.



Celine Bannino, Chief Marketing Officer, Strauss Coffee

"WE SUPPLY WOMEN'S COOPERATIVES WITH WHAT THEY NEED THE MOST, AND IN DOING SO WE CREATE ADDED VALUE WHICH TRANSCENDS THEIR COMMUNITIES. IN THE LONG RUN, WE AIM TO COOPERATE WITH SEVERAL WOMEN'S COOPERATIVES AND FARMS IN DIFFERENT COUNTRIES. THIS IS OUR WAY OF ADDRESSING REAL COFFEE INDUSTRY LONG-TERM NEEDS WHILE ADDING POSITIVE IMPACT ON PEOPLE'S LIVES."

Amir Levin, Chief Operating Officer, Strauss Coffee



WE CONTINUE TO PURCHASE SUSTAINABLE GREEN COFFEE

In 2016 we purchased 7,900 metric tons of verified green coffee from the Global Coffee Platform (GCP), representing 13% of our total coffee procurement. In 2017, the 4C Association merged with IDH to form the Global Coffee Platform. Strauss Coffee is a GCP member and we have committed to continue our purchase of sustainable coffee in order to raise the economic value of coffee crops and provide a boost to local economies.



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 confirm 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 objectives of social, humanitarian and environmental goals. We confirm our intention to adhere to these principles and continue to promote them within our companies and with our business partners. We report annually on our progress with our Sustainability Reports which are available on our website.



Gadi Lesin
President and CEO, Strauss Group

Global Compact Principles	GRI Standards	Our Commitment
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, including respect for all human beings and acknowledgement of their rights. We make our suppliers aware of our human rights standards 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 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.	• 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. Strauss Group employees are employed lawfully and of their own free will.
4 Businesses should support the elimination of all forms of forced and compulsory labor.	• Forced and Compulsory Labor	We respect and support the rights of children and we are committed to 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	We maintain a policy of equal opportunity and 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.	• Labor Practices and Decent Work	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 which 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	
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.

GLOBAL REPORTING INITIATIVE – CONTENT INDEX

GRI Content Index: General Disclosures

GRI Standard	Disclosure	page	Omission
GRI 102: General Disclosures 2016	102-1	Name of the organization	10
	102-2	Activities, products, and services	10
	102-3	Location of headquarters	10
	102-4	Location of operations	10
	102-5	Ownership and legal form	10
	102-6	Markets served	10
	102-7	Scale of the organization	10
	102-8	Information on employees	45
	102-9	Supply chain	64
	102-10	Significant changes	5
	102-11	Precautionary Principle	56
	102-12	External initiatives	11, 17, 69, 76
	102-13	Membership of associations	11
	102-14	Statement from senior manager	8
	102-16	Values, principles, standards	11
	102-18	Governance structure	11
	102-40	List of stakeholder groups	20
	102-41	Collective bargaining agreements	45
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	102-44	Key topics and concerns raised	20
	102-45	Entities included	5
	102-46	Report content and topic Boundaries	5
	102-47	List of material topics	20
	102-48	Restatements of information	5
	102-49	Changes in reporting	5
	102-50	Reporting period	5
	102-51	Date of most recent report	5
	102-52	Reporting cycle	5
	102-53	Contact point	5
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GRI Content Index: Material Disclosures

Material Priority	GRI Standard	Mgmt. approach Page	Specific GRI Disclosure	page	Omission
Healthy lifestyles	GRI 201: Economic performance	101-1-3: page 15	201-1: Economic value generated and distributed	15	
	GRI 203: Indirect economic impacts	101-1-3: pages 32, 33, 43, 64, 70	203-2: Significant indirect economic impacts	32-37, 43, 66, 70	
	GRI 413: Local Communities	101-1-3: page 54	413-1: Operations with local community engagement	54-55	
Reduce resource consumption and waste in our supply chain	GRI 302: Energy	101-1-3: page 56	302-1: Energy use	58	
			302-3: Energy intensity	59	
	GRI 305: Emissions	101-1-3: page 56	305-1: Direct (Scope 1) GHG emissions	58	
			305-2: Energy indirect (Scope 2) GHG emissions	58	
			305-4: GHG emissions intensity	59	
			305-6: Emissions of ozone-depleting substances (ODS)	82	
			305-7: Nitrogen oxides (NOX), sulfur oxides (SOX), and other air emissions	82	
	GRI 303: Water	101-1-3: page 56	303-1: Water withdrawal by source	61	
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			306-2: Waste by type and disposal	61	
306-3: Significant spills			61		
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Clear product labelling and responsible marketing	GRI 417: Marketing and labeling	101-1-3: page 64	417-1 Requirements for product and service information and labeling	64	
			417-3: Non-compliance concerning marketing communications	64	
Ethical sourcing and supply chain	GRI 205: Anti-Corruption	101-1-3: page 19	205-3: Confirmed incidents of corruption and actions taken	19	
	GRI 414: Supplier Social Assessment	101-1-3: page 65	414-1: New suppliers that were screened using social criteria	65	
Diversity in everything we do	GRI 405: Diversity and Equal Opportunity	101-1-3: page 46	405-1: Diversity of governance bodies and employees	11, 45, 46	
			405-2: Ratio of basic salary and remuneration of women to men	47	

Engaging and developing employees	GRI 401: Employment	101-1-3: page 42	401-1: New employee hires and turnover	80
	GRI 404: Training and Education	101-1-3: page 42	404-1: Average hours of training	45
			404-2: Programs for upgrading employee	48,50,51
			404-3: Employees receiving performance reviews	51
Employee health, safety and wellbeing	GRI 403: Occupational Health and Safety	101-1-3: page 52	403-2: Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and fatalities	52,53

DATA CHARTS

GRI 102-8: Employees by region and gender

	2013			2014			2015			2016		
	Men	Women	All	Men	Women	All	Men	Women	All	Men	Women	All
Americas	3,300	1,682	5,012	3,767	1,898	5,665	3,850	1,970	5,820	4,042	2,106	6,148
Israel	2,806	2,588	5,394	2,896	2,597	5,493	2,485	2,309	4,794	2,878	2,784	5,662
Europe	994	688	1,662	977	657	1,634	950	678	1,628	905	644	1,549
Total	7,130	4,938	12,068	7,640	5,152	12,792	7,285	4,957	12,242	7,825	5,534	13,359

GRI 401-1: New hire and turnover rates by region in 2016

	Europe		Israel		Americas		Group Total	
	New hires	Leavers	New hires	Leavers	New hires	Leavers	New hires	Leavers
Women	1.6%	0.8%	4.9%	3.3%	3.5%	3.3%	10.9%	7.4%
Men	1.6%	1.5%	4.6%	4.4%	6.7%	6.2%	12.9%	12.0%
All	3.1%	2.3%	9.5%	7.7%	10.2%	9.5%	23.7%	19.5%

GRI 401-1: New hire and turnover rates by age in 2016

	Age 30 and under		Age 30-50		Age 50 and over		Group Total	
	New hires	Leavers	New hires	Leavers	New hires	Leavers	New hires	Leavers
Women	5.3%	3.5%	4.9%	3.3%	0.7%	0.6%	10.9%	7.4%
Men	7.1%	5.5%	5.3%	5.7%	0.5%	0.9%	12.9%	12.0%
All	12.4%	9.0%	10.2%	9.0%	1.1%	1.5%	23.7%	19.5%

GRI 404-3: Performance reviews by employee category and gender

	2013		2014		2016	
	Men	Women	Men	Women	Men	Women
Non-managers	15%	20%	16%	22%	13%	14%
Middle managers	65%	71%	64%	69%	66%	69%
Senior managers	61%	78%	91%	86%	94%	75%
Total by gender	23%	28%	23%	28%	20%	21%

GRI 403-2: Injury rate per 100 employees

	2013	2014	2015	2016
Israel	4.71	3.48	4.71	3.76
Europe	1.75	2.92	1.47	1.16
Americas	4.91	2.37	2.58	1.55
Total Group	4.54	2.91	3.38	2.44

GRI 403-2: Lost day rate per 100 employees

	2013	2014	2015	2016
Israel	57.79	54.00	77.51	65.75
Europe	65.12	87.28	57.40	15.75
Americas	140.80	75.08	47.46	24.24
Total Group	94.98	66.49	60.75	40.85

GRI 302-1: Main sources of direct energy use by type (MJ)

	2012	2013	2014	2015	2016
Biomass/ Biofuels	54	0	61	58	59
Gasoline	139	141	110	94	113
LPG	281	298	247	246	245
Coffee biomass	30	75	17	3	3
Diesel Fuel	96	92	146	179	174
Fuel	162	134	90	90	94
Natural Gas	422	592	617	575	555

GRI 305-1: Main sources of direct energy emissions (tons CO2e)

	2012	2013	2014	2015	2016
LPG	18,279	19,352	16,019	15,543	15,485
Gasoline	9,816	9,912	7,761	6,788	8,055
Diesel Fuel	7,234	6,914	10,898	13,470	12,945
Feul	12,620	10,463	6,992	6,987	7,329
Natural Gas	23,299	32,712	34,078	34,638	35,666

GRI 305-6: Emissions of ozone depeleting substances (tons CO2e)

	2014	2015	2016
R-22	6,145	11,305	4,977
R-12	0	0	0
R-134A	673	585	128
424A	105	2	0
407C	17	28	23
507	9,603	6,715	0
R-410A	116	117	181
Total ODS	16,658	18,753	5,309

GRI 305-7: Other air emissions (tons CO2e)

	2013	2014	2015	2016
NOX	110	44	63	76
SO2	151	104	105	97
PM	26	14	16	17
CO	32	43	52	44
Total	318	204	236	235

GRI 306-1: Water discharge (tons)

	2013	2014	2015	2016
TSS	662	457	360	538
COD	2,284	2,114	1,479	1,789
BOD	1,063	791	992	1,123
TOTAL	4,009	3,362	2,831	3,450

THANK YOU!

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





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