



# Sustainability



SUSTAINABILITY REPORT 2018



# Sustainability

REPORT 2018

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About this  
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# STRAUSS GROUP AT A glance

Strauss Group is a global food and beverage company, dedicated to improving lives through our fresh, delicious, nutritious, and innovative products. We are headquartered in Israel and we manufacture, market and sell our products in around 22 countries. In 2018, Strauss Group generated \$2.4 billion in consolidated sales. We employ more than 14,600 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 IIAA+/STABLE 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 enjoy long term partnerships with respected, leading-edge multinational corporations such as Danone, PepsiCo, Haier, Virgin and, with local leading players such as Sao Miguel in Brazil, and Yotvata and Yad Mordechai in Israel. These partners help us deliver the right quality, innovative products which contribute to healthy lifestyles for our consumers.

## Strauss Group Comprises Four Companies:



### Strauss Israel

the largest food & beverage company in Israel, active in milk and milk products, fresh dips & spreads, salty snacks and confectionery, coffee, water, olive oil, honey and more.



### Strauss Coffee

one of the top ten coffee companies in the world, operating in 10 countries with over 16 brands leading the Israeli and the Brazilian markets.



### Strauss Water

specializes in purified drinking water solutions with heating and cooling waterbars for in-home and business use. Strauss Water leads the Israeli market and operates in China through a partnership with Haier and in UK through a partnership with Virgin.



### Sabra and Obela

PepsiCo-Strauss fresh dips and spreads joint venture - a partnership between Strauss and PepsiCo in the fresh dips & spreads category with two growing companies: Sabra in North America, and Obela in Mexico, Australia, New Zealand, the Netherlands and Germany.



## OUR VISION

CREATING WONDERS  
OUT OF BASICS

## OUR VALUES

Caring & Daring | Passion & Responsibility | Team

## OUR MISSION

To improve people's lives through  
a movement of improvement

STRAUSS  
GROUP  
SALES BY  
REGION,  
2018

53.3%

[\$1,273 MILLION]  
ISRAEL

31.7%

[\$757 MILLION]  
AMERICAS

14.9%

[\$356 MILLION]  
REST OF WORLD



## Improving People's Lives by our Chairperson

When I think about how to prepare my opening message for the annual Strauss Group Sustainability Report, I am always faced with a dilemma. This is our eleventh report and the task gets no easier. On the one hand, I want to refer to the many positive facets of Strauss Group and talk about how we behave responsibly, ethically and in ways that create a movement of improvement that improves people's lives. On the other hand, I'd also like to say that we are on a journey, and we have much more to do. As proud as I am of what we have achieved, I know we must do more. Striking the balance between pride and humility is a delicate endeavor. We aim to be authentic.

The values we have always embraced, from our family beginnings, include collaboration and sharing. We have always known that a movement of improvement needs partnership, shared commitments to deliver transformative change, working together in a way that cuts across traditional boundaries. For example, the Alpha Strauss FoodTech Community, that we started several years ago, brings together scientists, nutritionists, technology experts, manufacturers, regulators, investors and a whole

community of changemakers, collaborating to achieve breakthroughs that improve people's lives. For me, attending this year's FoodTech conference, hosted by Strauss Alpha and our FoodTech hub, the Kitchen, was truly eye-opening. It gathered 1,200 delegates from more than 60 countries in a spirit of listening, learning, sharing and partnering. The 20 years of our Strauss Institute and its shared platform of development in collaboration with the food and nutrition community, health professionals and scientists, also shows how change can be driven through collaboration and sharing. These are examples of realizing the vision of how a large food company can use its scale, influence and resources for good. We have come a long way, but the journey is not over.

The journey continues, not only because there is more we can do to address today's known global food challenges, but also because the challenges of tomorrow are emerging. Increasingly, for example, as a food company, we are expected to take a position on public health, not simply manufacture food products. Once, it was good enough to focus on food taste, safety and quality. Now, the emerging connections between

food, its source, the way it's produced, the way it's consumed, and the transparent, inclusive practices of food companies are changing how we think about the role we play. Strauss has taken steps to address these challenges, improving the nutritional profiles of our products and offering foods to meet new health considerations, such as the 500 gluten-free products we offer our consumers in Israel. We have come a long way, but there is a long way ahead.

Improving people's lives is the journey we are on, together with all our partners. It's a journey that is defined by the expectations of all those we serve, and we must continue to listen carefully, proactively, constantly reevaluating how we deliver our promise and earn their trust. We have come a long way, but that's history. We can be proud for a moment, but we continue the journey.

Thank you for your interest.

A handwritten signature in dark ink that reads "O. Strauss". The signature is fluid and cursive, with a large initial "O" and a long, sweeping underline.

**Ofra Strauss,**  
Chairperson, Strauss Group



## Aiming to be Trustworthy by our Chief Executive Officer

The past year has been especially significant for us at Strauss Group. This was a year in which, alongside changes in the leadership of the Group and its subsidiaries, we performed strongly as a business, delivering growth at the Group level and in all our subsidiaries. It was also the year in which I was proud to take on the role of Chief Executive after 22 years of serving the Group in different capacities and in different countries. I thank our former Chief Executive, Gadi Lesin, for leading Strauss Group to achieve positive business results while maintaining our core of responsible and ethical culture and practice.

**Alongside strengthening our current business base, we have also directed much thought to defining and planning our future.** To deliver our mission to improve people's lives, we will focus on continuing to develop our people and leaders, ongoing investment in innovation, producing real and good food for our diverse consumers and doing everything in our power to be a trustworthy company.

Our stated goal, to be a trustworthy company, is central to our progress. In order to advance along our journey, in 2018, we conducted an in-depth study to understand today's

expectations of food companies and learn what's important to our consumers, employees, nutrition professionals and other groups who are connected to our business, as well as what inspires trust in Strauss Group.

**We have already taken steps along the way.** For example, we have built a balanced nutrition strategy as part of the deep understanding that food affects public health. We have redefined our marketing communications principles because we understand that marketing shapes behaviors. We are engaged daily in identifying and investing in advanced FoodTech technologies that will help us and the food industry around the world bring people better food in a better way. Strauss Group promotes a balanced diet and tries to provide practical nutritional options for a wide range of consumers.

At the same time, we continue to support our people and their growth within the organization through training and development opportunities so they can successfully adapt to a changing environment. We maintain our focus on a safe workplace for all our employees and we strive to embed a culture of inclusion, giving employees the tools

and the infrastructure to be their best selves at work. In doing this, we are better able to deliver innovation that improves people's lives across our markets. We report our activities and progress in delivering products and services, all in the spirit of continuous improvement and transparency.

**Becoming a trustworthy company is not a project which has a beginning, middle and an end.** It's a journey, a way of life, and a commitment that we strive to fulfil every single day. It's part of our responsibility as a global food and beverage company. And this will continue into 2019 and beyond, as we strive to deliver business success and greater positive impact on people's lives.

I thank you for choosing to read this report and invite you to comment and share your expectations with us. Thank you for being a part of our journey.

A handwritten signature in blue ink, appearing to read 'Giora Bardea', written over a light blue circular stamp or watermark.

**Giora Bardea,**  
Chief Executive Officer, Strauss Group

# listening

## IN PRACTICE

Trust is often regarded as a predictor of the core socio-economic strength of countries which provides the foundation for business growth. Striving to be a trustworthy company is at the heart of our business strategy based on the understanding that it can become our competitive advantage.

Following much research, study and debate, we have developed the view that trust is based on three main dimensions: leadership, culture and governance. We are committed to addressing all three dimensions in turn to ensure that Strauss operates in a manner that inspires trust at all levels of the organization.

With the decision of our executive management to place the goal of being a trustworthy company at the heart of our business philosophy, we have accelerated a systematic process to understand what behaviors inspire trust. This includes genuinely listening to our stakeholders in both formal and informal contexts.

So far, we have created the tools to help us listen, conceptualize and refine what being a trustworthy company means so that we can develop plans to meet the expectations of our stakeholders. Though our Strauss Trust Survey, conducted in 2018, we gained deep insights from a range of stakeholder groups.

As we move forward, we will formulate processes that will help us advance our objective of improving our standing as a trustworthy company and deliver greater value to our consumers, our employees and our communities. We believe that, as a trustworthy business, we can expand our reach and enjoy sustainable business growth.

“We would love to say there is a quick fix to building trust. That would make everything easier. But there isn’t. The expectations of our stakeholders are increasing and, in order to remain trustworthy, we must constantly adapt ourselves to every day’s new reality. In this way, trust is created anew every day, decision by decision, action by action, reaction by reaction, influencing whether we gain trust or lose it. Underlying these decisions, actions and reactions must be a deep empathy and understanding for those whose trust we must earn. At Strauss Group, we have made it our mission to understand what creates trust, so that we can respond by being trustworthy.”

**Osnat Golan,**  
VP Corp Communications, Digital &  
Sustainability

## Strauss Trust Survey

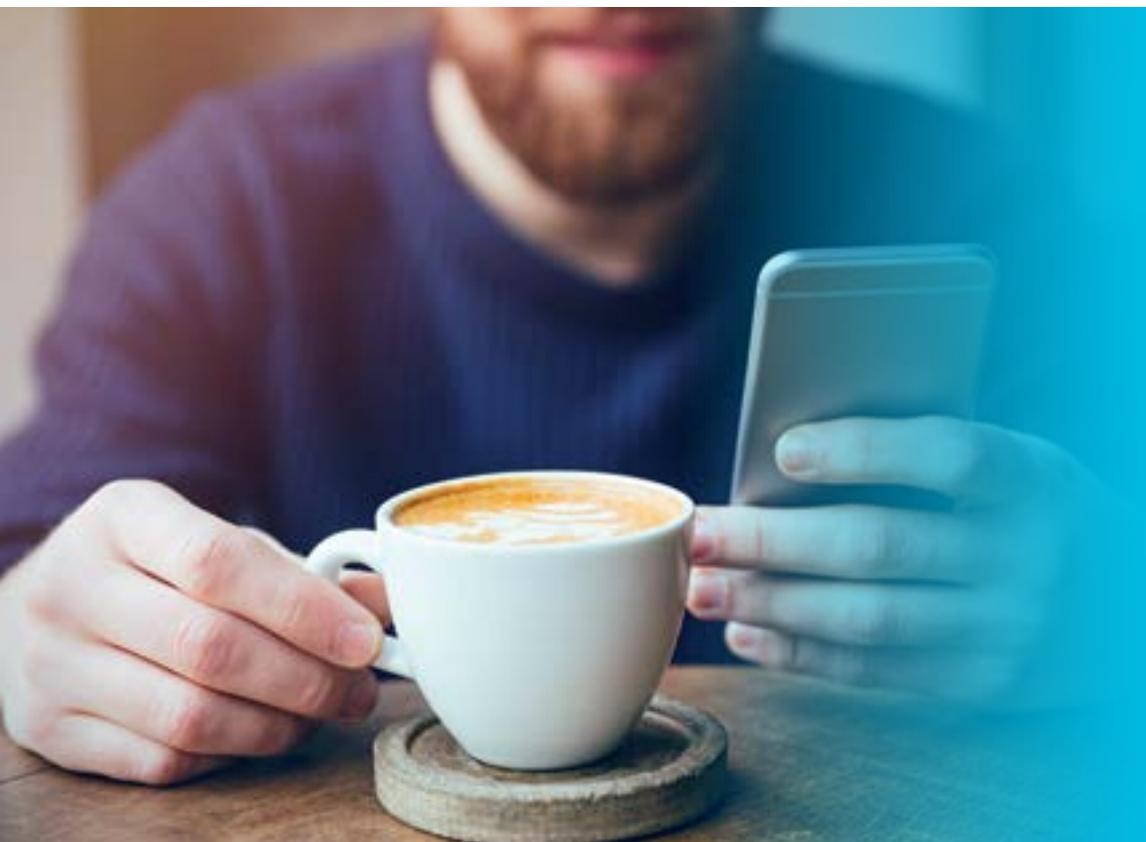
For the past several years, we have deliberately and consistently engaged with a range of key stakeholders, seeking to understand their expectations, concerns and perspectives about issues that affect them in relation to health and nutrition, food, food companies, the cost of living and other socio-economic conditions, and of course about our own conduct as Strauss Israel and how we meet their needs. Our annual stakeholder survey, first undertaken in 2015, is a process of systematic research with key stakeholder groups in Israel, our home base. We commissioned an independent firm to conduct this research each year on our behalf with rigor and detailed analysis.

In 2018, however, we made a step change in this approach. Realizing that trust is the critical foundation for all relationships and the key to sustainable growth, we decided to focus the annual stakeholder survey on our stakeholders' attitudes to trust. We wanted to know what we need to do to earn their trust. We revised our outreach methodology and the nature of the questions we asked each group and we expanded our outreach to include additional groups, such as consumer segments from different backgrounds, that we had not deliberately included in prior research. And so the Strauss Trust Survey was born.

The result, we believe, represents a true 360° picture of trust for Strauss Group. We believe

this is the most extensive outreach by any consumer-facing company in Israel, and we have been humbled by the wealth of insights we gain from this investment in understanding what being a trustworthy company requires.

This process was not without risk. Receiving the direct, unedited, unfiltered views of all these groups, who have the power to grant our Social License to Operate, or not, is a bold step for our leadership and our managers. We believe this is one of the most important game-changing processes for our company, and we are using the insights from our Trust Survey to fuel deep discussion at senior management levels and inform our strategy and actions.



### STRAUSS TRUST SURVEY 2018: Outreach (Israel)

1,300  
consumers

100  
dieticians

12  
investor  
interviews

9  
major  
retailer  
interviews

7  
leading  
media and  
communications  
professional  
interviews

6  
focus groups  
with Strauss  
Group  
employees

We are pleased to share some of the headline insights from the Strauss Trust Survey in 2018. We were fascinated to discover that all stakeholder groups, each from their different standpoints and perspectives, find similar aspects important in determining what inspires them to trust a food company. While every group tends to emphasize their own specific expectations, for example, consumers prioritize product transparency, investors want financial transparency, employees need transparency about development opportunities, they all highly value transparency. We discerned six core themes that are relevant to all the stakeholder groups we surveyed. The six themes are noted below.



## What inspires trust in food companies in Israel?

# 1

### Transformational Leadership

The company must be seen to be driving change, being a pioneer in the market, the first to bring new technologies and innovations that benefit the consumer and advance healthy lifestyles. This is not only about products, it's about creating new and inspiring goals. Employees want to work for a company that has a shared and unifying purpose.

# 2

### Responsible Conduct and Transparency

Responsibility and transparency go together. Everyone wants information about things that affect them, while knowing that the company is behaving ethically and responsibly in all matters, especially those that affect them. For each group, the focus may be different – consumers relate more to products, employees relate more to employment conditions and equal development opportunities, the media places focus on how the company communicates on difficult issues or in crisis situations and investors want clear financial reporting.

# 3

### Helping Me

Ultimately, everyone understands that they have to look out for themselves. So, their expectation of companies is that they will help them do just that by providing the information, products, tools, guidance and frameworks so that they can make informed decisions in the best way. Companies should aim to help all players in the value chain inclusively, for example, this means addressing the needs of consumers who have special health or religious food requirements, or the needs of small retailers in the market.



## 4

### Fairness: win-win

Companies must balance commercial interests with those of all others in the value chain – consumers, retailers, farmers, employees and others. There must be a win for everyone, not just for the company profitability. Products must be healthy AND priced fairly. Employees must receive fair and competitive compensation in ALL roles, not just management. The key is exercising reasonable balance so that everyone can benefit.

## 5

### Openness and Familiarity

A company should not be a black hole- there needs to be names and faces that people can see and relate to and trust. There should be accessibility to the company leadership and to how the company works, its factories and technologies. Israeli companies in Israel are expected to understand and connect to the local heritage and culture. Inside the company, there should be an open-door policy at all levels and no barriers to communication or silos between departments.

## 6

### Sustainability and Solidarity

Companies are expected to exercise care and concern for all those affected by their business. This includes consideration of local communities and supporting social causes. It's also an expectation that companies will be stewards of the environment and minimize harm. Animals should be respected and cared for. The business should consider and care for all people, animals and natural resources in its sphere of influence.

A close-up photograph of a person's hand adding shredded carrots to a salad. The hand is positioned at the top left, holding a bunch of shredded carrots in shades of orange, red, and white. The carrots are being dropped into a blue bowl filled with green leafy salad. The background is a bright, out-of-focus window. The text 'WHAT DRIVES TRUST IN STRAUSS GROUP?' is overlaid on the right side of the image in blue and red fonts.

WHAT  
DRIVES  
TRUST IN  
STRAUSS  
GROUP?

In addition to the themes that are common to all stakeholders, different groups emphasized specific aspects of company behavior that are important to them and contribute to inspiring their trust. This understanding will help us create targeted programs to address these needs and expectations in a systematic way.\*

## EMPLOYEES

- Family values
- Job security
- Safe work environment
- Honest feedback
- Respect
- Opportunity to influence
- Collaboration and transparency
- Listen to employees' views and suggestions
- Work-life balance
- Invest in employees' skill development

## RETAILERS

- Transparency of product economics and pricing
- Innovation and investment in product development
- Strong brands
- Reliable supply chain
- Rapid response in case of stock shortages

## CONSUMERS AND DIETICIANS

- Clear information on product or packaging changes
- Transparency of product ingredients
- Balanced pricing of products
- Broad product range to meet different needs
- Promoting healthy food and habits
- Product safety
- Improving nutritional value of products

## INVESTORS AND MEDIA

- Ethical conduct
- Clear financial reporting
- Early information on important issues or changes
- Accessibility of senior executives
- Supporting local communities and the environment

\* These topics represent a selection of the feedback from the Strauss Trust Survey 2018. Some topics were prominent with more than one group.

# OUR Sustainability FRAMEWORK

## Sustainability framework

Our approach to sustainability is guided by internal drivers as well as globally defined expectations of business in society, that are a reflection of social needs around the world. As a company comprising four different businesses, we adhere to a guiding framework that is globally relevant, identifying six group-wide areas of focus that are relevant to our global business. Each company in the Group defines its individual goals and targets, based on its current business and stakeholder priorities and an assessment of specific risks and opportunities. In this way, we are able to move forward sustainably as a global Group while affording flexibility to each operating company. For a detailed view of priorities for each company, please see the section on Progress against Targets and examples of practice in different sections of this report.

“Since joining Strauss Group’s Board of Directors, I have been observing the trust-building process in which the Group invests considerable effort. The results are most evident in the confidence that institutional investors have in the business and the organizational processes that the Group undertakes. It is my feeling that the concept and value of trust is acknowledged within the Group and that ongoing work will yield positive results.”

**Dalia Narkis,**  
Director, Strauss Group



## Strauss Group Sustainability Framework

### EXTERNALLY DRIVEN

Stakeholder expectations

United Nations Sustainable Development Goals

United Nations Global Compact

### INTERNALLY DRIVEN

The Strauss Way - Code of Ethical Conduct

Social Licence to Operate Model

Business Strategy

Corporate Governance

# 6

*Group-wide sustainability focus areas*



**STRAUSS ISRAEL**

**STRAUSS COFFEE**

**STRAUSS WATER**

**SABRA/OBELA**

Sustainability goals and targets developed by each company with relevance to its specific priorities while aligning with Strauss Group focus areas

## UN Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs), ratified by the General Assembly of the United Nations in September 2015, represent a global agenda of action to achieve a prosperous future. Strauss Group supports the global efforts to achieve these goals and has identified the SDGs that reflect our greatest contribution below:



	What we are doing	Read more in these sections
	Our core business is producing delicious and nutritious foods. Many of our products are food staples. By making our products available to a wide consumer base, including those with special food needs, acting responsibly on product pricing, we provide nutritious food for millions of people each day. We also support local communities through local food banks for distribution to the hungry.	<ul style="list-style-type: none"> <li>Balanced nutrition</li> <li>Responding to consumer needs</li> <li>Investing in our communities</li> </ul>
	We educate and encourage our consumers, employees and communities to lead an active and healthy lifestyle based on balanced nutrition as a key element of good health and wellbeing. Our Balanced Nutrition strategy delivers products designed to help consumers live a healthy lifestyle and consume fewer empty calories (sugar/fats) and reduce sodium. We promote clean label products and 50% of our products in Israel have fewer than 10 ingredients.	<ul style="list-style-type: none"> <li>Balanced nutrition</li> </ul>
	We advance women in our business - currently 43% of our managers are women (excluding Brazil) - and we support a range of activities designed to encourage a culture of inclusion. We also support women's entrepreneurship in our communities and engage to empower women coffee growers in Africa, Asia and Latin America.	<ul style="list-style-type: none"> <li>Respecting employees</li> <li>Culture of inclusion</li> <li>Investing in our communities</li> </ul>
	We maintain a robust, financially sound business and contribute to local economies in which we operate. We provide work for more than 14,600 employees and indirectly for tens of thousands more around the world. We observe and uphold human rights throughout our supply chain.	<ul style="list-style-type: none"> <li>Respecting employees</li> <li>Being a responsible business</li> </ul>
	We are at the leading edge of innovation in our industry and invest significant budget in new product development. We lead a FoodTech hub that supports the development of transformative food technologies. We also develop products for consumers with special food needs.	<ul style="list-style-type: none"> <li>FoodTech innovation</li> <li>Responding to consumer needs</li> </ul>
	We strive to manage our materials and resources efficiently and minimize our global footprint. We invest in energy efficiency, water conservation and waste reduction and recycling.	<ul style="list-style-type: none"> <li>Being a responsible business</li> </ul>
	We strive to minimize our carbon footprint through increasing energy efficiencies and use of alternative energy such as biomass from coffee chaff.	<ul style="list-style-type: none"> <li>Being a responsible business</li> </ul>
	We support collaboration to achieve global prosperity and have been signatories to the UN Global Compact since 2008. We engage in collaborative initiatives that help improve the food industry's contribution to global prosperity.	<ul style="list-style-type: none"> <li>FoodTech Innovation</li> <li>Being a responsible business</li> </ul>

## Social License to Operate

For the past four years, we have been embedding our management approach of “Social License to Operate” (SLTO) across our group of companies. SLTO is based on a deep level of engagement with the stakeholders who have the biggest impact on our business – including employees, consumers, dieticians, investors, media and more. We aim to build trust through understanding their needs and responding to them through the way we make decisions every day in our business. All Strauss Group Companies adopt SLTO targets in line with feedback received from stakeholders through our annual Strauss Trust Survey and other channels of interaction.

## 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 a refresher training annually. We also provide extensive anti-corruption training for employees in higher risk positions.

## Corporate governance and sustainability leadership

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 issues that represent our most important impacts and are most significant for our stakeholders remain those we identified in 2014, placing healthy lifestyles at the heart of our priority focus. These topics were defined through stakeholder consultation and have been re-validated each year through management review, our annual Strauss Trust Survey and ongoing interactions via a range of channels. Using these priority topics as our strategic directional goals, the companies in Strauss Group adopt annual targets that are relevant to their own business, based on specific stakeholder focus.

 <b>ADVANCING HEALTHY LIFESTYLES</b> improving quality of life for our colleagues and consumers	 <b>PRODUCT TRANSPARENCY &amp; RESPONSIBLE MARKETING</b> helping consumers make informed choices	 <b>REDUCING RESOURCE CONSUMPTION &amp; WASTE</b> preserving the planet
 <b>ETHICAL SUPPLY CHAIN</b> managing social and environmental risk	 <b>DIVERSITY IN EVERYTHING WE DO</b> supporting innovation, creativity and inclusive opportunity	 <b>ENGAGING OUR EMPLOYEES</b> aligning our organization to meet sustainability goals

### Key areas of interest by stakeholders addressed in this report

Consumers and nutrition professionals	Healthy food options, affordable pricing
Employees	Equal opportunity, living wage, personal development
Suppliers	Opportunity to engage, partnership, fair commercial dealings
Regulators	Compliance, sharing of knowledge
Investors	Robust corporate governance, risk management, ethical conduct
Social organizations	Supporting communities, protecting the environment

# PROGRESS AGAINST TARGETS

Company	Targets in 2018	Progress in 2018	Targets for 2019
<b>STRAUSS ISRAEL</b>	Promote healthy lifestyle awareness	Advanced nutrition program in schools >> page 63	<ul style="list-style-type: none"> <li>Promote healthy lifestyle awareness</li> </ul>
	Improve nutritional profiles of products (salt, sugar, fat)	Reduced salt, sugar and fats in several products >> page 30	<ul style="list-style-type: none"> <li>Improve nutritional profiles of products (salt, sugar, fat)</li> </ul>
	Improve product affordability	Reduced prices in Israel >> page 32	<ul style="list-style-type: none"> <li>Improve product affordability</li> </ul>
	Improve the financial wellbeing of employees	Employee social program >> page 50	<ul style="list-style-type: none"> <li>Improve the financial wellbeing of employees</li> </ul>
	Reduce environmental performance per ton of product (versus 2016): <ul style="list-style-type: none"> <li>• Energy: -2%</li> <li>• CO2e: -16%</li> <li>• Water: -5%</li> <li>• Waste to landfill: -6%</li> </ul>	2018 performance versus 2016 (per ton of product): <ul style="list-style-type: none"> <li>• Energy: -9%</li> <li>• CO2e: -7%</li> <li>• Water: -3%</li> <li>• Waste to landfill: -7%</li> </ul>	<ul style="list-style-type: none"> <li>Reduce environmental performance per ton of product (versus 2018):               <ul style="list-style-type: none"> <li>• Energy: -5%</li> <li>• CO2e: -5%</li> <li>• Water: -2%</li> <li>• Waste to landfill: -2%</li> </ul> </li> </ul>
<b>STRAUSS COFFEE</b>	Engage in an initiative for ethical sourcing of coffee	“More than a Cup” ->> page 60	<ul style="list-style-type: none"> <li>Maintain/expand “More than a Cup”</li> </ul>
	Reduce environmental performance per ton of product (versus 2016): <ul style="list-style-type: none"> <li>• Energy: -2%</li> <li>• CO2e: -3%</li> <li>• Water: -2%</li> <li>• Waste to landfill: -19%</li> </ul>	2018 performance versus 2016 (per ton of product): <ul style="list-style-type: none"> <li>• Energy: -5%</li> <li>• CO2e: -7%</li> <li>• Water: -15%</li> <li>• Waste to landfill: -46%</li> </ul>	<ul style="list-style-type: none"> <li>Reduce environmental performance per ton of product (versus 2018):               <ul style="list-style-type: none"> <li>• Energy: -8.3%</li> <li>• CO2e: -8.2%</li> <li>• Water: -9.7%</li> <li>• Waste to landfill: -11.2%</li> </ul> </li> </ul>
<b>STRAUSS WATER</b>	Promote healthy lifestyle awareness	Strauss WaterBars >> page 47	<ul style="list-style-type: none"> <li>Promote healthy lifestyle awareness</li> </ul>
	Improve customer service	Significant improvements >> page 67	<ul style="list-style-type: none"> <li>Maintain or improve customer service</li> <li>Replace filters with Maze technology for all customers in Israel at no extra charge</li> <li>Introduce consumables collection platform for recycling</li> </ul>

\*Some Strauss Water 2018 targets were deleted due to company changes



Company	Targets in 2018	Progress in 2018	Targets for 2019
SABRA OBELA	Promote healthy lifestyle awareness	Continued work to influence government support for plant-based foods >> page 31	<ul style="list-style-type: none"> <li>Promote healthy lifestyle awareness</li> <li>Improve nutritional profiles of products</li> </ul>
	Improve nutritional profiles of products (salt, sugar, fat)	Created plan to reduce salt across all hummus and guacamole products starting in 2019	<ul style="list-style-type: none"> <li>Advance local sourcing of key raw materials</li> </ul>
	Advance local sourcing of key raw materials	Continued trials for local sourcing of organic chickpeas	<ul style="list-style-type: none"> <li>Establish baseline metrics for waste to landfill and utilities</li> </ul>
	Maintain or improve energy, water and waste to landfill performance versus 2016	2018 performance versus 2016 (per ton of product): <ul style="list-style-type: none"> <li>Energy: +17%</li> <li>CO2e: +11%</li> <li>Water: +26%</li> <li>Waste to landfill: -29%</li> </ul>	<ul style="list-style-type: none"> <li>Establish environmental “Green Team” at Virginia plant</li> </ul>

Legend: Fully or mainly achieved Work in progress Not achieved in 2018

# Sustainability Highlights 2018



Celebrated

# 20 Years

of the Strauss  
Institute in Israel



Expanded Sabra's **PLANTS  
WITH A PURPOSE**

community project in the U.S. to  
improve access to healthy food

Conducted first

# 360°

SURVEY  
ON TRUST

among 6 key stakeholder groups

Distributed economic value of

# \$1.55

BILLION

to our stakeholders around  
the world

Implemented

# COW TIME



a new program to care for the welfare  
of cows in our dairy supply chain

Invested

# \$3.3

MILLION

in our communities

Expanded our Kitchen  
FoodTech hub to

**12** breakthrough  
food technology  
initiatives

---

Identified alignment with  
and support for

**9** United Nations  
Sustainable  
Development Goals

---

Reached a  
MILESTONE of

**500**  
gluten-free  
products in  
2018 in Israel



Achieved a total  
volume of

**6,000**  
tons of added  
**SUGAR REMOVED** from our products  
in Israel since 2011



Expanded our coffee supply chain  
initiative, "MORE THAN A CUP", to

**9** ACTIVE  
PARTNERSHIPS

 **8** COUNTRIES  
in **8** REACHING

**13,000** WOMEN  
COFFEE  
GROWERS

A GREAT PLACE  
TO WORK

39%

of all employees received  
a formal performance  
review in 2018

---

62%

of employees  
covered by collective  
bargaining agreements

---

40%

of all PROMOTIONS  
in 2018 were WOMEN

---

99%

of EMPLOYEES on  
permanent  
employment contracts

---

23.33<sup>average</sup>

TRAINING HOURS  
per person in 2018

---

4,638

NEW HIRES in 2018

---

\$3.5

MILLION

invested in Strauss  
Israel's social program  
for employees in 2018

---

43%

of MANAGERS were  
WOMEN in 2018  
(excluding Brazil)

PROTECTING THE ENVIRONMENT

**-13%** GHG EMISSIONS per ton of product since 2014

**\$10.7** MILLION in ENVIRONMENTAL EXPENDITURES in 2018

**-7%** GHG EMISSIONS per ton of product in 2018

**-7%** ENERGY USE per ton of product since 2014

**-4%** ENERGY USE per ton of product in 2018

**82%** OF WASTE was RECYCLED/REUSED in 2018

**-5%** WATER USE per ton of product in 2018

**-4%** WASTE GENERATION per ton of product in 2018

# PERFORMANCE DASHBOARD

## PEOPLE

	Unit	2014	2015	2016	2017	2018	Change in 2018
Total employees at year end	Number	12,792	12,242	13,359	14,131	14,657	4%
Employees on permanent contracts	%	96%	98%	99%	99%	99%	0%
Women in management	%	41%	42%	43%	43%	43%	0%
Women in global workforce	%	40%	40%	41%	42%	41%	-2%
New employees	%	29%	24%	24%	30%	32%	6%
Employee turnover	%	28%	N/A	19%	23%	23%	-1%
Employees with performance reviews	%	25%	N/A	20%	19%	39%	99%
Unionized employees	%	49%	N/A	52%	60%	62%	2%
Employees above age 50	%	13%	N/A	17%	15%	14%	-5%

## SAFETY

	Unit	2014	2015	2016	2017	2018	Change in 2018
Injury rate	per 100 employees	2.91	3.38	2.44	2.13	2.97	39%
Lost day rate	employees	66.49	60.75	40.85	61.23	66.46	9%
Fatalities		0	0	0	0	0	0

## ENVIRONMENTAL PERFORMANCE

	Unit	2014	2015	2016	2017	2018	Change in 2018	Change from 2014
Direct energy use	GJ	1,246,574	1,265,309	1,269,042	1,308,407	1,337,000	2%	7%
Indirect energy use	GJ	529,617	591,946	603,608	594,496	629,036	6%	19%
Total energy use	GJ	1,776,191	1,857,255	1,872,650	1,902,903	1,966,036	3%	11%
<b>Energy intensity</b>	<b>GJ/ton</b>	<b>3.19</b>	<b>3.22</b>	<b>3.17</b>	<b>3.09</b>	<b>2.96</b>	<b>-4%</b>	<b>-7%</b>
Scope 1 GHG emissions	Tons CO2e	79,414	81,716	84,526	85,697	84,222	-2%	6%
Scope 2 GHG emissions	Tons CO2e	67,363	62,725	66,136	66,012	68,143	3%	1%
Total GHG emissions	Tons CO2e	146,778	144,441	150,662	151,709	152,365	0%	4%
<b>GHG emissions intensity</b>	<b>Tons CO2e/ton</b>	<b>0.26</b>	<b>0.25</b>	<b>0.25</b>	<b>0.24</b>	<b>0.23</b>	<b>-7%</b>	<b>-13%</b>
Water withdrawal	M3	1,670,794	1,697,047	1,868,063	1,945,363	2,002,620	3%	20%
<b>Water intensity</b>	<b>M3/ton</b>	<b>3.06</b>	<b>2.99</b>	<b>3.22</b>	<b>3.21</b>	<b>3.06</b>	<b>-5%</b>	<b>0%</b>
Waste to reuse and recycling	Tons	85,284	84,394	62,421	72,970	76,204	4%	-11%
Waste to landfill	Tons	17,728	15,964	11,243	11,641	10,439	-10%	-41%
Total waste	Tons	103,012	100,358	75,895	89,842	93,144	4%	-10%
Waste recycled / reused	%	83%	84%	82%	81%	82%	1%	-1%
<b>Waste intensity</b>	<b>Tons/ton</b>	<b>0.19</b>	<b>0.18</b>	<b>0.13</b>	<b>0.15</b>	<b>0.14</b>	<b>-4%</b>	<b>-26%</b>



Most of the financial value we generate as a group is distributed back to our stakeholders. Typically, around **63%** serves as payment for the goods and services we receive to help run our operations and **23%** 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\*

	2014	2015	2016	2017	2018
Direct economic value generated (revenues, interest on assets and investments)	1,526	1,340	1,378	1,525	1,568
Economic value distributed					
Operating costs (payments to suppliers)	1,023	887	896	1,001	995
Employee wages and benefits	309	287	300	337	355
Payments to providers of capital	106	99	122	125	116
Payments to shareholders	29	54	55	63	57
Payments to governments	37	10	52	28	24
		-14			
Community investments	3	3	3	2.9	2.9
Total economic value distributed	1,507	1,326	1,429	1,557	1,550
Economic value retained	19	14	-51	-32	18

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

# BALANCED nutrition

Strauss Israel has adopted a new Balanced Nutrition Strategy that requires every product development decision for all the products in our portfolio to be guided by nutritional principles. Our strategy is based on nine principles that guide us in our strategic development processes and product development decisions. We see the implementation of this strategy as a critical step on our journey to earning consumer trust.

“I think the role that nutrition plays in our lives is often underestimated. Balanced nutrition and active life is the foundation of good health, and good health empowers all of us to be at our best. By delivering food that improves people’s lives, I firmly believe we are making a real difference in our society. In the past years, we have expanded our view of what it means to be a food and beverage company. It’s not about making more food; it’s about making food more nutritious.”

**Eyal Shimoni,**  
VP technology, Strauss Group



## Nine Principles of our Balanced Nutrition Strategy

- 1. Continuous improvement:** offer the most balanced product alternatives, and improve the nutritional profiles of our foods
- 2. Balanced nutrition:** encourage balanced nutrition and adapt portion sizes to the nutritional profile of the category
- 3. Clean label:** remove unnecessary or low-value ingredients from existing and new products

- 4. Strengthen the good:** expand our offerings in categories that support balanced nutrition
- 5. Accessible nutrition:** invest in products for consumers with special dietary needs for health need or personal preference
- 6. Balanced nutrition for all:** drive fair pricing of products that support balanced nutrition

- 7. Sustainability:** take responsibility for our impact along the value chain and accelerate sustainable processes
- 8. Transparency:** provide consumers with clear and transparent product information through clear product labeling, packaging and communication.
- 9. Passion for food:** lead with a joy of creation and a genuine passion for food

In line with these elements, we prioritize food products that can be integrated into healthy lifestyles and launched several new products in 2018, including:



### Pro

high-protein yogurt prepared with unique technology for active consumers



### Low-lactose

- Milky
- Danone
- Gamadim
- Yotvata milk
- Chocolate dessert
- Danone yogurt



### “Taste of Nature”

Ready to use fresh vegetables and cooked legumes including new products: grated carrots, grated kohlrabi, cooked lentils, chickpeas, beans, pumpkin and more.



### Only:

a clean-label dairy-free dessert with three variants



### Hummus

ready-to-use salad with no added oil



### Activia

Clean Eating fruit yogurt with no flavorings, no food colors and no stabilizers

“In 2018, we took another step in our strategic approach to health and nutrition by establishing our new Gastronomy and Nutrition Division. Our role is to instill a holistic approach with coordinated food development processes throughout the organization. One of the pillars of this process is developing and maintaining our own people’s passion for food: making them proud and excited about the work they do and the food we produce as part of our overall organizational culture.”

**Michal Benishti,**  
Gastronome, Strauss Dairies

## What Clean means



No artificial ingredients or undesirable ingredients



Recognizable ingredients, or less than 10 ingredients



Artificial colors, flavors, sweeteners, preservatives, hormones, antibiotics



Approved claims such as fair trade, organic, non-GMO, sustainable source

## Embracing Clean Label

Clean Label is a movement. It's the evolution of the desire of people to live healthy lifestyles, and that includes carefully selecting the kind of foods they consume and provide for their families. In the U.S., 33% of all food and beverage products are clean label products (Nielsen, 2017). We are witnessing similar scale world-over.

### WHAT IS CLEAN LABEL?

**Clean** means products that are as close as possible to their original form with visible, whole ingredients that consumers recognize. **Clean** avoids the use of multiple synthetic ingredients, additives and colorings. Where possible, clean eating refers to fresh, locally sourced, good food with minimum processing.



Symphony No flavoring substances



Cottage cheese No flavoring substances



Activia clean eating, whole milk, no stabilizers, no flavorings, no colors



Actimel & Drinkable Gamadim No modified starch



Sweet cheese No coloring



# 68%

At Strauss, developing clean label products is a priority. It's challenging, requiring new formulations, ingredients and modifying taste. We have created a structured process to deliver more clean label products, and currently, about **50%** of our products in Israel have less than 10 ingredients. We already offer consumers in Israel a range of clean label products, with several more in our innovation pipeline for 2019 and beyond.

of consumers in the U.S. say they're willing to pay more for foods and beverages that don't contain ingredients that they perceive are bad for them.

The Nielsen Company (US), 2017

Our clean Activia fruit yogurt has no flavorings, no food colors and no stabilizers – the only such product on the market in Israel. In our development process, we were able to reduce the number of ingredients in Activia yogurt from 12 to 6. We also offer an Activia yogurt that is based on whole milk (with 3.6% fat), using whole milk straight from our dairy farms.



## Reducing sugar, salt, fats and portions

**Sugar:** We have been reducing sugar in our products since 2011, combining different considerations such as technological viability, taste and consumer preference. We deploy different technologies to achieve sugar removal across a range of dairy and other products.

**Salt:** We have focused on high-sodium brands such as salads and salty snacks and achieved salt reductions across a range of products including Ski soft cheese, Energy bars, potato chips, peanut snacks, corn snacks, hummus salads and more.

**Fats:** Over the past 10 years, we have removed trans-fats from all products and made substantial strides in reducing fat and improving oil sources in our products.

**Portion Control:** Another element of balanced nutrition is about controlling the number of calories you eat each day. We aim to help individuals manage this through a range of personal portion products. Both in the confectionery categories, such as chocolate bars and sweet snack bars and in other ranges such as personal desserts. Today, more than 70% of our personal portion products are in units of less than 200 calories, and this includes 50% which are confectionery products. In this way we both give our consumers a choice but also help them stay in control.

### Hummus with zero added fat

In 2017-2018, our work on reducing fats continued with a flagship program in our Achla brand, removing added oils from our entire range of over 40 hummus products. One ingredient of hummus is tahini, which can create a bitter taste that is generally made more palatable through the use of added fats. To decrease the fat levels, we embarked upon a technological challenge that included blending several sources of tahini to achieve the right taste, and increasing the overall levels of chickpeas and raw tahini.



## UGAR

In 2018, we removed 334 tons of sugar from our products. Since 2011, we have removed 6,000 tons.



## ALT

In 2018, we removed 12 tons of salt from our Achla branded products. Since 2011, we have removed 17 tons of salt from these products.

### Hummus timeline- reducing fat content

2009	2016	2018
Reduced fat content of hummus salads from 23% to <b>16%</b>	Launched Country Hummus, with no added oil, retaining only fat content from the tahini - <b>9.5% fat</b>	All 40 Hummus Achla products are now free of added fat, with <b>10.9% fat</b> , eliminating more than <b>600 tons</b> of added fats from our production

## Hummus in U.S. nutrition policies and programs

Our Sabra hummus, as the leading hummus brand in the U.S., continues to help educate the public about the science-based health benefits of hummus as a great-tasting snack or as an alternative to other spreads. In 2018, Sabra submitted comments to the Dietary Guidelines for Americans 2020 - 2025 Committee to consider plant-based foods, specifically hummus as a means to increase consumption of beans or legumes for all life stages. We encouraged examination of dietary intake data to determine if legume intake was improving due to hummus consumption and requested more specific recommendations for incorporating nutrient dense, plant-based foods into food and nutrition policies and programs. In addition, Sabra recommended new guidance relating to combination foods such as hummus and guacamole in the National School Lunch and School Breakfast Program, with a request for evaluation and redefinition of appropriate nutrient/

food exemptions. We hope these recommendations will help have an impact on promoting the uptake of hummus as a beneficial ingredient of a healthy diet, helping more people, especially younger people who value the convenience and versatility of hummus, to live in a healthy way.

Also, in the U.S., we launched “**Taco Hummus Singles**” in individual portions. This product was designed to meet the U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) Smart Snacks in Schools standards, enabling the product to be sold outside the National School Lunch Program as a competitive food. Competitive foods are not part of the school meal program and can be sold in the cafeteria, school stores, snack bars and vending machines as long as they meet the Smart Snack Standards. Our Classic Hummus Singles are already sold as part of the school meal - now, with Taco Hummus Singles, we are able to offer schoolchildren a healthy snack to see them through the day.

“We believe consuming hummus as part of a healthy lifestyle can positively impact well-being and are committed to pursuing the nutritional and health benefits of hummus through credible nutrition research. We continue to engage the Sabra Wellness & Nutrition Advisory Board comprised of five accomplished nutrition science and communications professionals to guide our scientific research pipeline and hummus nutrition and wellness messaging.”

**Cherie Floyd,**  
CTO, Sabra Dipping Company





### Improving ingredient quality

With advances in science and consumer scrutiny, food ingredients that were considered safe for years can become less desirable. We aim to use only those ingredients that are truly necessary for safe, quality product formulation and consumer taste preferences, and therefore stay abreast of changing market sentiment regarding different ingredients. With our Israeli sugar-free chewing gum brand, for example, two ingredients (titanium dioxide and aspartame) have been traditionally used to maintain the whiteness and sweetness of the product. While food regulations allow these ingredients, which are commonly used in a range of food products, safety concerns have been raised in recent years. In 2018, we were able to complete a 2-year development program to change manufacturing processes across all our chewing-gum product variants to be the first sugar-free gum manufacturer in the world to eliminate titanium dioxide and aspartame. We are proud to be the first company to enable our consumers to chew gum, with the quality, color and taste they are used to, but without ingredients that cause them concern.

## Supporting nutritionists to advance healthy lifestyles

Our Strauss Institute has been active for the past twenty years in promoting and supporting a healthy lifestyle based on balanced nutrition, alongside other social initiatives of Strauss in Israel with different partners to embed healthy lifestyle in school programs and other forums (see section: Investing in our Communities). 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 offer skills training to support the professional community. Our Strauss Institute Conference in 2018 was attended by nutrition experts from government offices, academia and health and nutrition related associations. The theme of the conference was advancing balanced nutrition among youth as a way to address concerning trends of eating disorders and obesity among children, teens and young adults. As we consider our next 20 years of Strauss Institute, we intend to further raise awareness for support healthy and balanced nutrition, in line with our overall strategic approach, and provide research and tools that will help the professional community improve the effectiveness of driving change in our society.

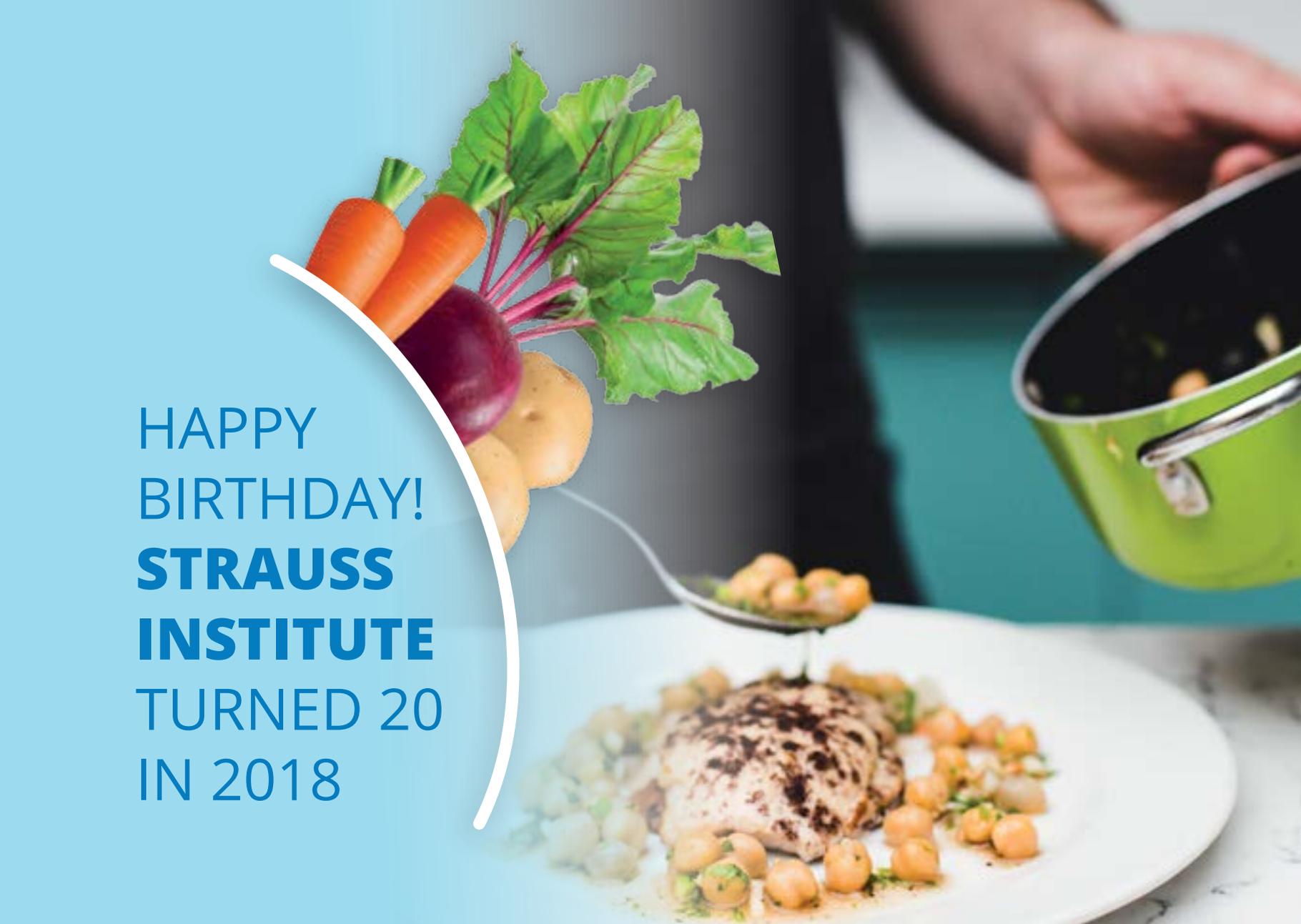
### Making food more affordable

An important message we have received from our consumers in Israel through direct feedback and also through our Strauss Trust Survey is that the cost of living is challenging, and the cost of food in particular is a cause of stress. This was a message that came through loud and clear to in the social protests in Israel in 2011, where a big social movement targeted food companies and pricing policies. It was clear that, in order to retain the trust of our consumers, we must address this issue in a serious way.

Since 2011, Strauss Group has publicly undertaken to stem the increase of food prices and drive food prices down wherever possible through passing on the benefits of operational efficiencies and investments in advanced technology.

**During the past 8 years we have not raised food prices in Israel and we have reduced the prices of several foods.**

Strauss is the only company in Israel that has made this commitment to our consumers and actually reduced prices of several products over the past years. In August 2018, while other leading food companies in Israel announced price increases, we at Strauss Israel announced that we would not raise prices for any of our products at least until the year-end.



HAPPY  
BIRTHDAY!  
**STRAUSS**  
**INSTITUTE**  
TURNED 20  
IN 2018

**Achievements include:**

More than **\$800,000** awarded in **50** grants to young researchers who published more than **3,300** journal articles.

**44%** of grantees achieved professorships

Numerous workshops, podcasts, webinars and meetings for more than **3,000** healthcare professionals reaching almost **1 million clients**

# RESPONDING TO Consumer NEEDS

We want everyone to be able to enjoy our products as part of a varied diet and healthy lifestyle. As a food manufacturer, we also have a responsibility to ensure our food is safe, not only for general consumption, but also for people with special food needs, which includes those who have different forms of food intolerances such as those living with celiac or allergies. These issues affect not only individuals, but also their entire families, and this amounts to many thousands of consumers in our markets. Some years ago, consumers told us emphatically that they want us to do more to address these needs, so we started engaging more deeply with consumer groups to understand what's important to them. This dialogue yielded significant insights that helped us make changes for the benefit of consumers with special food requirements—whether for health or religious reasons. We believe it is important to be inclusive in our approach, so even if the market for certain products is relatively small, we strive to give everyone a choice of products that are right for them.

“It’s incredible to think of the number of people who live with food allergies or intolerances – whether it’s gluten or lactose intolerance, allergies to nuts, eggs, fruit, corn or anything else, more than 4% of the population tend to be affected. That’s 40,000 people in every 1 million. How can we, as a responsible food manufacturer, not take this into account as we develop our products? Not only is this a big market, addressing these special needs is also our responsibility.”

**Udi Melamed,**  
Safety, Environment & Quality Manager

## Expanding choices for gluten-free consumers

Delivering gluten-free products is the result of complex operational processes in our manufacturing plants including separation of raw material storage and production lines, targeted training for production staff and stringent quality testing protocols. During the past 7 years, we have been systematically modifying our processes to enable more gluten-intolerant or gluten-sensitive consumers to enjoy a wider range of healthy foods. Additionally, in 2018, we began working with advanced technology for rapid gluten detection to further enhance our real-time control of our manufacturing process.

## Gluten-Free Products by Strauss Israel



לא גלוטן

We developed a unique front-of-pack label to help customers quickly identify gluten free products.



All Strauss Fresh Salads are gluten free. In 2018, we launched more gluten-free products: yogurt variants with extras, chocolate bars with chocolate candy and oatmeal flakes.





“Our Association represents the rights of more than 80,000 consumers, and their families, affected by celiac in Israel. Celiac, or gluten intolerance, can be a debilitating disease. To maintain a healthy lifestyle, our members need gluten-free food options with clear and prominent food labeling, so they know what’s safe for them to eat. We have been working collaboratively in constant dialogue with Strauss Israel for the past four years and have enjoyed helping make many more gluten-free products available for celiac and gluten-sensitive consumers and improving the transparency of product labels - all without disadvantaging these consumers on price. We have found that Strauss is always willing to listen and consider the special needs of our members. In fact, I think Strauss has set the standard for gluten-free food, and I hope more companies will follow.”

**Dan Solomon,**  
CEO, Celiac Rights Association



In 2017-2018, we also launched several low-lactose variants of Strauss’s popular dairy brands: Gamadim, Danone, Danny, Milky and Yotvata enriched milk. We now offer lactose-intolerant consumers **34** low lactose products from Strauss Dairy and Yotvata.

## Transparent choices for consumers with allergies

There are many regulations governing the labeling of products that contain or may contain allergens in our different markets. We apply these regulations strictly and prominently on our product labels. In the past year we adopted an additional precautionary layer of protection for our consumers. When we believe there is a very high risk of allergen exposure due to a multi-product manufacturing environment, even though a product itself is not expected to contain allergens in an amount that requires labeling, we decided to label the product anyway as containing an allergen. We worked with the Association for Food Allergies in Israel to explain this approach and received positive reactions. Ultimately, we prefer to err on the side of safety for our consumers. At the same time, we continue to implement separation of production lines to avoid potential contamination, thereby removing the need for allergen warnings and enabling allergy-affected consumers to enjoy a wider range of products.

**“After** many years of ongoing dialogue, we have come to appreciate Strauss’s active support for consumers with allergies. Strauss has implemented several best practices for managing allergens in food – including accurate product labelling, adjusting manufacturing operations to remove allergen risks and also speaking out for regulatory changes that will benefit allergic consumers. The effect goes beyond Strauss’s products – their activities have helped raise awareness in the entire food industry. For consumers living with allergies, this is good news!”

**Shlomit Reder,**  
Chairwoman, Yehel Association for Food Allergies

## Advancing a responsible approach to marketing

Although Strauss Israel is a signatory to the Food Industry Association Marketing Charter and the Charter of the Israeli Marketing Association, which address responsible marketing principles, we felt we needed to do more to protect our consumers. In 2018, we engaged our marketing and communication organizations in a deep examination of what we stand for, how our values are reflected in our marketing and advertising and what we must do for consumers to feel safe, respected and valued. This resulted in a new Strauss Group Responsible Marketing Position that includes our commitments to:

- Prohibit marketing and advertising targeted at children under 16 across all media channels
- Prohibit distribution of marketing materials in or near schools
- Remove in-pack gifts as a promotional item targeted at children
- Respect inclusion by avoiding gender stereotyping with our products
- Refrain from employing children under age 16 in our advertising campaigns

In addition, our Responsible Marketing Position commits us to transparent product labelling, ethical, truthful and responsible communications about our products and protection of consumer data privacy.

Since starting to implement this new approach, we have ceased including promotional gifts of TV characters in our products, stopped the practice of gender-specific product packaging (such as princesses for girls and superheroes for boys on **Actimel** products) and moved key nutritional labelling to front-of-pack on certain products for children, such as our **Gamadim** range. Just as importantly, we have included our new guidelines in marketing and advertising processes so that, right from the planning stage, our responsibility to our consumers is top-of-mind.

**“Equally** as important as the safety of our products is the way we promote them to our consumers. This goes beyond simply telling the truth: we must take responsibility for the way our marketing messaging affects different groups, including those who are vulnerable to advertising, such as children, or religious groups who may be offended by certain images or words.”

**Eyal Dror,**  
CEO, Strauss Israel

## PROMOTING SUSTAINABLE

# Agriculture

Our consumers want to know we behave ethically and responsibly while making the products they love in their daily diets. At the same time, we recognize the significant impact agriculture has on our environment in terms of land use, climate change and water scarcity as well as on local economies. Working with local growers, for example, both reduces the environmental impacts of transportation and helps maintain a vibrant local economy.

### Helping our cows feel at home

In 2016, we mapped our dairy supply chain processes and instituted a program to improve conditions for cows, environmental sustainability and milk quality. In 2018, we went a step further and developed a broader program that offers both structure and flexibility for farmers. As a key step, we conducted two round table discussions to solicit the guidance of experts in Israel including dairy farmers, academic specialists, the Ministry of Health, the Ministry of Agriculture, the Milk Council and the Israel Cattle Breeders' Association (ICBA). With their input, we developed our new "Cow Time" program. Cow Time now includes 20 aspects of cow wellbeing and milk quality that offers dairy farms a choice of which of these topics they prioritize according to the size and capabilities of each dairy farm. Cow time is already in operation at 22 dairy farms in our Yotvata supply network. In 2019, our dairy experts at Strauss Dairies will follow a structured Cow Time plan to continue to audit all our 77 farms in the north of Israel against their commitments and monitor their progress.

**“As** a food and beverage company, we rely upon agriculture to deliver the ingredients for our products. Whether it's animal agriculture that includes the cows in our dairies that supply milk for our yogurts and cheeses or the farming of fruit and vegetables that we source from a range of growers, we aim to uphold the principles of animal welfare, human rights and environmental sustainability throughout our agriculture supply chain.”

**Moshe Riany,**  
VP Supply Chain, Strauss Israel



“**Cows** may not be able to use our human language, but they can express themselves. We can tell how cows feel by examining their overall health, their appetite and the amount and quality of milk they produce for our dairies. We have been consistently working with farmers to improve cow conditions and overall welfare over many years.”

**Michal Benishti,**  
Dairy Sustainability Manager, Strauss Group

## Cow Time - what our dairy farms monitor

- **Animal welfare:** cow labeling, calf separation, pest control
- **Animal nutrition and health:** cow feed, non-use of growth hormones and overall medication
- **Environmental aspects:** use of resources and pollution, energy efficiency, water recycling, waste management
- **Dairy workers:** farm worker employment, working conditions and employee safety
- **Continuous improvement:** environmentally friendly feed, hay source traceability and hay safety

For further transparency, we published details of all the dairy farms we engage in Israel. To hear from our dairy farmers in Israel (in Hebrew): <https://dairy-sustainability.strauss-group.co.il/refatot/>





## Sourcing fruit locally

Sourcing locally is a core principle of sustainable agriculture in our supply chain. For various reasons, we have relied primarily on imports for several categories of fruit and we now see an opportunity to change. We are on a mission to source fruit for our dairy products from local growers in Israel – with an initial focus on the fruit used in yogurts. The challenges involved in local sourcing include ensuring the right quality for appearance, texture and taste, detailed attention at all stages of harvesting and cleaning the fruit to avoid contamination and foreign bodies and, of course, ensuring consistent availability of the quantities we need. With agriculture, there are many variables and short growing seasons limit our time to conduct trials and apply new solutions. We have been working on this across fruit varieties including strawberries, peaches, nectarines and apples for more than two years. We expect to launch our first yogurts with local fruit during 2019.

“It’s quite some challenge to locate and secure stable suppliers who are willing to build the required infrastructure for local growing to meet our demanding quality and farming practices and work with us to realize our goals of using local, safe and best quality fruit in our yogurts and other products.”

**Pini Gotliv,**  
Agricultural Purchasing Manager, Strauss Israel

## New food safety program for growers

As part of our approach to achieve the highest levels of food safety for our consumers, in 2018, we launched a new food safety program covering all aspects of fruit and vegetable farming, following a detailed study of all our practices and safety risks. A full initial audit of all suppliers is planned for early 2019, following which plans will be developed to address below-standard findings. see the "Responsible Business" section for more food safety initiatives.

All fruit and vegetable farmers supplying Strauss Israel are periodically audited against **100** detailed aspects of safe farming practices.

# FOODTECH Innovation

**“Growth** is driven by innovation and innovation derives from long term vision. Creativity and out-of-the-box thinking thrives in an environment of open knowledge, sharing, empowerment and encouragement. Creating a community-based culture of innovation is how we grow our people, our business and the brands that our consumers have come to depend on.”

**Shahar Florentz,**  
Vice President-Growth and Innovation,  
Strauss Group

## Our Approach to Innovation

Innovation is the way we keep our promise to our consumers to keep pushing the envelope to deliver foods and beverages that improve their lives. It's also the basis for maintaining Strauss Group as a vibrant, dynamic food company that continues expand its reach to consumers around the world and deliver business growth. Innovation comes in many forms, at different stages of the product development cycle, so it's important to maintain a systematic approach to ensure we explore all possibilities to make products better and make better products.

Our innovation framework comprises four key channels of innovation:

- **Brand Innovation:** Ongoing generation of ideas for new products, brand extensions and technologies via our R&D experts, employee, consumer or supplier suggestions. These ideas are progressed through an innovation pathway and result in the launch of more than 200 products each year across our group of companies.
- **Improvement Innovation:** This focuses on responding to identified consumer needs,

such as salt and sugar reduction, and exploiting new technologies to deliver the desired product qualities.

- **Breakthrough Innovation:** Working with startup companies at the beginning of their journey is another route to innovation. We help these companies develop and commercialize their innovations while piloting and adopting their new technologies within Strauss Group.
- **Seed Innovation:** This means taking a broader, collaborative approach to supporting the FoodTech community and bridge a market failure by nurturing early stage technologies that will serve the food industry in general and not (only) specifically Strauss Group. While some of the technologies align with Strauss Group's innovation goals, this approach targets industry-wide transformation and consumer benefit on a much greater scale than via Strauss Group alone.

Below, we invite you to read more about our most ambitious and successful venture – our collaborative FoodTech hub called The Kitchen.

In 2012, we started our Alpha Strauss FoodTech Community in Israel, which aims to create a complete ecosystem in relevant technologies for the food industry. Alpha Strauss links research institutes, researchers, inventors, entrepreneurs, investors and food companies considering all governmental regulation and available technological assets, to drive innovation in a collaborative way.

**“It** takes a village. That’s what I have learned about innovation. Our initiative to advance FoodTech, Alpha Strauss, taught us that the best results come from collaborative efforts. Creating new, sustainable food systems has become a new core skill in our industry. After years of investment in building a community of FoodTech innovators, with trust as our shared value, we are seeing the fruits of our efforts.”

**Dagan Eshel,**  
VP Innovation, Strauss Group



## The Kitchen: Revolutionizing FoodTech

We believe that cooperation between industry and entrepreneurs can lead to the creation of better food solutions for people all over the world. For the past four years, we have been investing and managing a FoodTech incubator, in partnership with the Israel Innovation Authority (IIA).

The incubator is now home to 12 FoodTech initiatives and attracts dozens of large industrial companies interested in breakthrough technology that will change the future of the food industry. These are the technologies that help produce safer food, reduce environmental impacts, develop alternatives to sugar or sodium or create alternative foods that address potential shortages of ingredients via agriculture due to

land and water scarcity, or meet new lifestyle preferences with alternatives to food products derived from animals.

Our collaboration with the IIA was formalized in 2014, with Strauss Group and the IIA committing to investing up to \$25 million over 8 years in 30 approved FoodTech startup initiatives. Strauss Group committed to fund around 40% of this investment, and so The Kitchen was formed. Entrepreneurs accepted to The Kitchen receive financial, technical and business support, an introduction to a global investor base and opportunities to engage potential investors in their initiatives. To date, 12 companies have been welcomed to The Kitchen FoodTech hub, including three in

2018, and all have accelerated the pace of their innovation and one has commercialized a range of new food products in the Israeli market.

In 2018, Alpha Strauss and the Kitchen hosted a sixth FoodTech conference in Israel, attended by 1,200 delegates from 28 countries, offering 62 startups the opportunity to present their initiatives to a wide network of potential investors or customers. Also, several global food company experts presented at the conference, demonstrating the needs, opportunities and keen desire to accelerate the pace of FoodTech and adopt solutions that will help improve the lives of consumers everywhere.



## Yofix was awarded the final €100,000 grant in PepsiCo's Nutrition Greenhouse Program:

In 2018, Yofix was included in PepsiCo's European innovation accelerator program, along with other FoodTech startups from all over Europe. Of the ten finalists, Yofix was recognized as having "significantly scaled up its operations" and received the grant to continue its expansion.

**“The** Kitchen is a builder of companies. We invest in promising startups and help them break into global markets, and it is wonderful that Strauss's partners such as PepsiCo, Danone and others can be part of the international breakthrough of these exciting ventures.”

**Jonathan Berger,**  
CEO of The Kitchen FoodTech Hub

## Changing the world of dairy foods

This growing awareness of the health benefits of plant-based foods, combined with increase in individuals with milk allergies and lactose intolerance, has led to an increase in the demand for dairy alternatives, creating a market worth billions of dollars and an exciting new global consumer base. In response, one of the first initiatives incubated in The Kitchen, has now delivered first-of-a-kind plant-based yogurt alternative that Strauss launched in Israel in 2018. The brand is called **ONLY** and it is a dairy-free, soy-free, clean label yogurt alternative which uses only natural ingredients.

**ONLY** is the result of collaboration between Strauss Group and Yofix Probiotic Ltd, a FoodTech startup with a prebiotic and probiotic platform for dairy alternatives based on a unique blend of cereals, nuts and seeds. The launch was supported by an investment of more than a million dollar in a dedicated production line.



## Changing the world of eggs

Eggs are one of the most common sources of protein around the world and a valuable source of nutrition. However, the resources used to produce eggs are substantial, with 6 billion laying hens in the global egg industry, requiring land, feed and substantial amounts of water. If not carefully controlled, the egg industry can also be a source of salmonella and disease. A startup that joined the Kitchen FoodTech Hub in 2018, Zero Egg, provides the benefits of egg protein in a way that is good for the environment, for animals and for people. Zero Egg is a nutritious plant-based liquid egg that tastes, looks and functions like real egg and can replace eggs in all uses: omelets, baked goods, mayonnaise, sauces and all forms of cooking and baking. Zero-Egg has high nutritional values, zero cholesterol, and it is safe and economical. Expect to hear more about Zero Egg as the process is developed and commercialized.

**“The** Kitchen provides us with a network of support in all aspects critical to the development of a new business. This kind of support is beyond valuable, and crucial for building our business and bringing our product to market – where we can make a real impact, fulfilling a global need of the industry and of millions of consumers.”

**Liron Nimrodi,**  
CEO, Zero Egg



## Changing the world of meat

It's no secret that the production of red meat is a major contributor to global greenhouse gas emissions. With Aleph Farms, there is a way to reduce the global burden of beef production on climate change by offering what was once thought impossible – cell-grown meat that has the same texture, aroma and taste as beef. Aleph Farms was co-founded in 2017 by The Kitchen in collaboration with the Technion, Israel's leading technical university, and incubated through The Kitchen's innovation platform. In 2018, Aleph Farms successfully produced the first bovine cell-grown minute steak that delivers the full experience of meat with the appearance, shape and texture of beef cuts, overcoming the technical barriers to recreating complete animal tissue structure. This was achieved through a bioengineering platform developed with the Technion. Aleph Farms plans to complete the development of cell-grown beef within two years – something that we predict will change the world of meat forever!

## Clean label vegan minced meat equivalent

Rilbite joined The Kitchen in 2018, with a plant-based minced meat that has the texture, look and behavior of real meat and serves as a full minced meat replacement. Made of eight natural ingredients, Rilbite has the highest nutritional values compared to other non-meat brands and is manufactured generating no waste at all, as all ingredients are fully utilized. Similarly, Rilbite contains no added water, a major environmental advantage compared to the large quantities of water used to produce meat from cows. Currently, with The Kitchen's support, and after positive reactions in limited market trials, Rilbite is constructing a factory in Israel to serve both local and international markets with the Rilbite product range. This will include products for school lunch programs in Israel as the only meat replacement product approved by the Israeli Ministry of Health.

**“The** Kitchen is unique in our landscape in that it focuses on food, and on the sustainable impact of food. The Kitchen provides us with knowledge and helps steer us in the right direction from both a technology and a business perspective.”

**Barak Melamed,**  
CEO, Rilbite

## New protein to replace sugar

Amai Proteins joined The Kitchen in 2016, having created the world's sweetest protein - 15,000 times sweeter than sugar - that is stable in any temperature. The protein is produced using biotechnology to enable optimized taste profiles. Having presented at The Kitchen's FoodTech Conference in 2018, Amai Proteins now has collaboration agreements with two global food companies to pilot this technology in the hope of bringing it to scale to dramatically alter the sugar content of foods for the benefit of consumers and society as a whole.

## Process innovations for improved foods

Innovation is not just new foods, it's also the way we manufacture foods to give additional consumer or manufacturing benefits. For example, Inspecto, an early stage technology that entered The Kitchen in 2018, is developing a portable nanoscale detector for contaminants in food. By enabling early tests for contaminants in the field, Inspecto improves quality assurance processes, enables enhanced traceability of food components and reduces operational costs for food manufacturers. Another example is BactuSense, a Kitchen portfolio company that developed a chip-based device for rapid detection of bacteria that can be cost-effectively placed on every food production line. The BactuSense technology enables detection of bacteria of in 3-5 hours - a new level of rapid analysis versus traditional testing which takes 48-72 hours. BactuSense is currently running a pilot in Strauss Dairies and we continue to collaborate to perfect the technology for scaling.

**“The** access to a global network of leaders supports us in further advancing our product and our business, and in the continued development of more protein-based solutions.”

**Dr. Ilan Samish,**  
Founder and CEO, Amai Proteins

## “Collaboration

with our colleagues at Strauss is ongoing and we continue to consult with them as we further develop and improve our technology.”

**Raveh Gill-More,**  
CEO, BactuSense





## Strauss Water: Innovating for healthier water

At Strauss Water, we tirelessly promote the health benefits of drinking more water, and we provide our consumers with an easy way to do just that. We also check in with them to see if our WaterBars are contributing to healthy drinking habits. Our consumer research in Israel shows:

- **90%** of WaterBar users declare they drink substantially more water (40% more on average based on past research)
- **72%** of Water Bar household family members drink fewer sweetened beverages

In early 2018, Strauss Water launched a new water purifier, based on advanced Maze purification technology that we developed at Strauss Water. Maze enhances purification capabilities compared to our previous carbon purifier by removing chemical contaminants from a range of sources and heavy metals such as lead and mercury. It also improves the clarity, taste and smell of the water by filtering sand and rust, removing chlorine, eliminating aftertaste and reducing limescale buildup. All these properties make water from Strauss WaterBars cleaner, healthier and tastier. During 2018, we have been providing the new Maze purifiers to all WaterBar customers throughout Israel with no additional charge - so that everyone can enjoy the cleanest water from the most advanced technology available.

Haier-Strauss Water received four Golden Tripod awards from the Water Purification Industry in China for brand influence and innovation in 2018.

# RESPECTING Employees

Maintaining employee trust means respecting all our employees, for who they are and for what they contribute. There are many ways we show our respect: providing a positive workplace which is safe and secure, rewarding our employees fairly and enabling them to achieve financial wellbeing, offering challenging work and investing in their professional development and above all, listening and responding to their expectations, concerns and ideas. In return for our respect, our employees are engaged, motivated and passionate about our joint mission to improve people's lives through the products we make.

“I think trust is the ingredient that holds any organization together and helps it succeed. We must deliver on our promises to our employees, meaning that we must be a responsible employer, live our values and embrace the unique contribution we all bring. When we do this well, we earn the trust of our employees and they, in turn, behave in a trustworthy manner in their internal and external interactions.”

**Nurit Tal-Shamir,**  
Chief Human Resources Officer,  
Strauss Group

## THE PEOPLE OF STRAUSS GROUP - KEY HUMAN RESOURCES DATA

23.33

average training  
hours per  
employee in 2018

62%

of employees  
covered by  
collective bargaining  
agreements

99%

of employees  
on permanent  
employment  
contracts

4,638

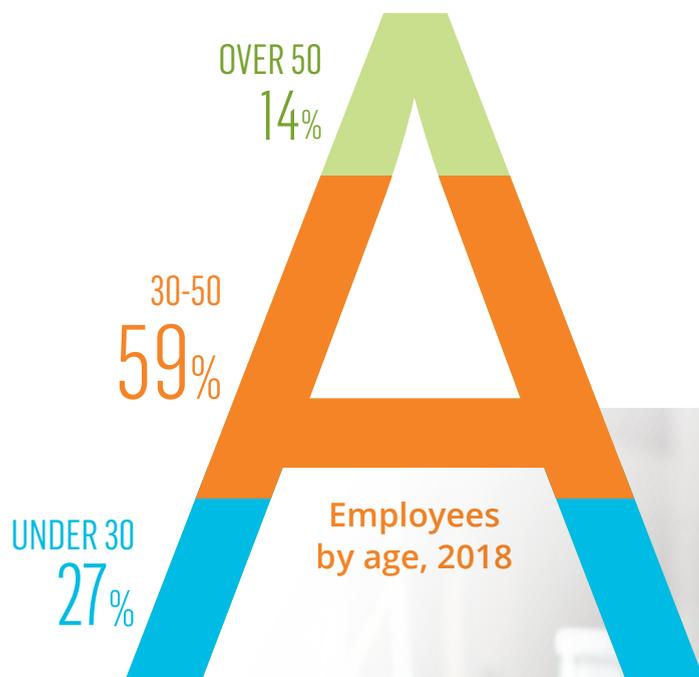
new hires  
in 2018

40%

of all  
promotions  
in 2018 were  
women

38%

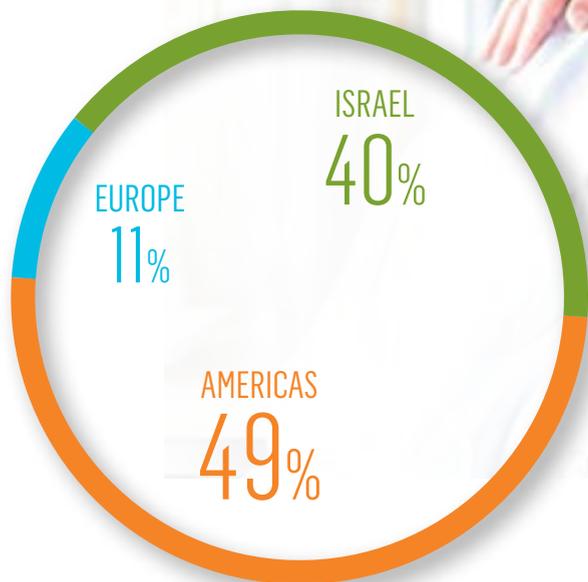
of all employees  
received a formal  
performance  
review in 2018



### Employees by gender, 2018



### Employees by region, 2018



## Seeking employee views

The companies in Strauss Group regularly seek feedback from employees, both through informal channels as part of ongoing communications and performance management processes, but also through structured surveys. This is a key element in building trust. For example, in 2018, Strauss Israel conducted a pulse survey measuring the attitudes and perception of Strauss as an employer and food manufacturer. The survey showed an engagement level of 87%. In addition, Strauss Israel's employees were invited to take part in the 2018 Strauss Trust Survey which gave us deeper insights into the elements that drive trust among our employees.

### Key findings from the Strauss Trust Survey among employees:

- Employees have a high level of trust in Strauss mainly due to family values and ethical behavior of the leadership
- Employees believe Strauss acts in many ways to earn the trust of consumers
- Employees wish to see greater investment in personal development at all levels of the company
- Employees recommend improving the sense of belonging within and between business groups
- Employees wish to see greater support for work-life balance at all levels in all departments

The most recent employee survey in Strauss Coffee in 2017 earned a 92% response rate and overall measure of employee engagement of 76%, which we understand is significantly above the industry norm of 68%. Employees demonstrated a strong level of pride and loyalty in Strauss, and support for our approach to responsible business and care for communities and the environment.

In 2018, in Strauss Coffee, we also conducted a specific survey among our 351 managers, showing an engagement level of 86%. Managers have confidence in the company's leadership and value the openness and honesty of our communications. On the other hand, managers requested further clarity on Strauss coffee's business strategy and operating model, which are being addressed.

**“While** we are satisfied with our overall engagement results and positive feedback from employees, we took note of issues that employees told us needed improvement, such as greater collaboration within Strauss Coffee, further opportunities for personal development and improvements in compensation. We are implementing new programs to address these issues. By taking action on matters important to employees, we show our respect for them and this contributes to retaining their trust.”

**Matty Harary,**  
Chief HR Officer, Strauss Coffee

## Improving benefits for employees

Since 2016, Strauss Israel has been systematically refreshing the remuneration and social benefits packages we provide to employees, especially to lower-income employees, in order to help them live well and save for the future. We call this our Social Program for employees and it comprises compensation which is higher than the legal minimum wage, contributions to child care and long-term savings plans, in addition to all the other basic social benefits provided for employees. In 2018, we again reviewed our progress and made adjustments to encourage employees to maximize their benefits, especially in the area of long-term savings. We also reviewed all basic salaries to against our objectives and offered increases where relevant, as well as awarding all first line employees a special bonus for 2018. In a 2018 employee survey 71% of employees responded that they feel Strauss is investing efforts in improving their compensation and benefits



In 2018, Strauss Israel invested ILS **13** million in Social Program benefit, bringing the total to almost ILS **30** million in the past three years. Almost **4,000** employees benefit from the Social Program.



## Investing in our future leaders

We continue to develop our leaders as the key success factor for business success as well as creating role models for the Strauss Way. The "Leading Our Way" leadership program is a group-wide two-year transformative leadership program for 20 leaders in each cycle. In 2018, we continued the second cycle. The program includes a blended format of workshops, shadowing, webinars, individual coaching, 360° assessments and more. In addition, complementary local programs take place throughout the Group companies. For example, in 2018, a program for first-time managers in Strauss Israel and a new four-month emerging leaders program for managers at Sabra and Obela have resulted in improved leadership skills, enhanced teamworking and closer alignment with our shared objectives.

## Strengthening our management skills

Aside from investing in identified high-potential managers, we also focus on improving management skills, starting with first-line management or supervisory roles. Young managers need guidance and support, and also play a significant role in our ability to achieve our business objectives.

In Strauss Water in Israel, for example, 50 young managers of call-center or sales operations participated in a program covering all basic management skills from time-management to decision-making to managing people. Also, Strauss Water's development program for more experienced managers included 130 participants in 2018, and focused this year on the role of managers as key in the personal development of their people.

In Strauss Israel, we increased the number of management roles by more than 30 in

the sales and production units, in order to provide additional development opportunities while improving operational performance and relationships within the teams. All new managers received training and coaching in a structured program to give them the best chance of success. Strauss Israel also ran a training program for more than 200 middle-managers who manage people with an aim to enhance self-awareness of management style and improved engagement of team members.

**“As** part of building a relationship based on trust with our employees, it is important for us to address the issue of fair wages. This is reflected in our efforts in our social program, and in additional strategic programs for employee development and empowerment, improving their employability.”

**Alona Magor-Shoham,**  
VP HR, Strauss Israel

## First-time formal performance evaluation for employees

At Strauss, we believe in providing our employees with the basic tools that will help them develop within Strauss as well as improve their overall employability for the future. For the first time in Strauss Israel, we decided to implement a formal performance evaluation process among production operators, sales representatives and other frontline employees, in order to help enhance their performance and engage them more fully in our overall mission at Strauss, our values and the importance of their work. We created a new process, designed to meet the specific needs of this large and diverse group of employees, and trained managers in its implementation. In 2018, more than 3,000 employees received a formal performance review for the very first time which was an empowering experience both for them and for their managers and contributed to building trust at all levels in the organization.



## Providing merchandisers with new skills

Strauss Israel employs 855 sales merchandisers (86% are women), whose role is to organize our products in the retail stores of our customers and ensure correct placement and visibility for our products. However, as retail stores become more sophisticated with the adoption of new technologies, demands on merchandisers are changing. At the same time, feedback from merchandisers was that they would welcome new opportunities to grow and develop.

Therefore, we set out to offer our merchandisers new opportunities both for their own advancement and also to provide Strauss with a more capable and future-ready team. In 2018, we implemented a program of personal development to provide lifelong learning for enhancing interpersonal skills, occupational knowledge and overall capabilities to help merchandisers perform their current roles while opening up opportunities for other roles within Strauss Group. The first pilot program included 19 merchandisers in four day-long weekly workshops to help merchandisers acquire these new skills. In 2018, an early success is that two participants from this program were already hired into new roles in Strauss.

# • CULTURE OF Inclusion

At Strauss Group, we believe that inclusive business practices empower our employees, foster innovation, build trustful relationships throughout our supply chain and improve our responsiveness to our customers and consumers, enabling us to achieve better business results over the long term in the right way. Inclusion for us represents both a business necessity and a core belief and is the result of respect, valuing others and caring about the lives we touch through the thousands of people we employ and the millions of people we reach each day through our products and our operations. In Israel, over the past few years, we have been increasingly targeting our efforts to embrace a broader level of diversity and inclusion, beyond our efforts in advancing gender equality. This includes increasing the representation in our business of employees from the Arab community in Israel, specifically in professional and office-based roles at our HQ. For example, in 2018, the events we organized around International Women's Day included employee Ted-style talks on the subject of equal opportunity in relation to minority groups or people with disabilities. Employees from these groups shared their experiences and inspired others to understand the challenges and needs of all employees and advance inclusion in our workplace.

## Championing gender equality

We remain committed to gender equality, advancing women in leadership positions across Strauss Group. We work to embed a culture of equal opportunity and motivate managers to promote gender diversity for the benefit of the business, our employees and for society overall. In 2011, we counted 36% of women in management positions and in 2018, this has risen to 43% (39% including our JV operation in Brazil). Nevertheless, despite significant efforts, we find that increasing the number of women in management positions remains challenging, and we therefore extended our objective to achieving 50% of women in management roles by 2024, rather than by 2020.

In 2018, we continued to support gender equality programs such as our work group that advances gender awareness among men employees and our woman-to-woman mentoring program for women in pre-management roles. We also continue to provide a platform for a group of 14 women, sponsored by our Chairperson, who are driving change through specific initiatives, for example,

adapting working conditions to address the needs of observant religious women. Also in 2018, as every year, we celebrated International Women's Day with a series of awareness and engagement events around the organization.

## “Diversity

and inclusion are important elements of our business culture. They represent a lens through which we try to see our organization and the decisions we make. We have, for many years, targeted gender diversity and have made strong progress. We continue to broaden our approach to take proactive action to increase representation of more diverse populations in our company, from the Board of Directors through all ranks of employees, and, most importantly, create an organizational culture in which differences are our strength.”

**Noga Segev Nadir,**  
Talent Management Director,  
Strauss Group



43%

women in  
management roles  
in Strauss Group  
(excluding Strauss JV in Brazil)



## Creating opportunities for employees from the Arab community in Israel

In order to advance social equality in Israel and help bring together our diverse populations, during the past three years we have worked to promote greater inclusiveness of the Arab community in Israel in our organization. Israeli Arabs, including Arab academics, are traditionally underrepresented in Israeli workplaces. While 20% of the Israeli population are from the Arab community, their representation in the workforce is 15%. In 2017-2018, Strauss Israel and Strauss Water advanced collaborations with the Collective

Impact initiative, a multi-sector partnership founded in 2013 to achieve a breakthrough in the Arab employment rate and quality in Israel and improve the local economy and social solidarity. Our programs included, among several other initiatives:

- Created a dedicated steering committee of factory managers, division managers and other senior managers that meets every two months to promote diversity and inclusion for Arab employees.
- Increased the representation of Arab

employees in Strauss Israel in managerial and professional roles from 36 in 2017 to 48 in 2018. This is in line with our specific target to bring more Arab colleagues into such roles where they can make a meaningful contribution. To help achieve this, three of these new employees are recruitment professionals in Strauss Israel's Human Resources Department and provide perspectives and tools to promote inclusion of Arab employees. They have also supported our HR skill development by conducting



# 22%

The representation of Arab employees in Strauss Israel in 2018 was 22%, up from 19% in 2016

# 20

Arab employees were recruited to Strauss Water in 2018

“One of our main goals is to create a work environment where all employees can feel comfortable and express themselves fully. We established Strauss Israel Forum for Arab Employees to give voice to our Arab employees so we can better understand their needs and the barriers on both sides. The way to true diversity starts with honest and transparent dialogue.”

**Orit Halamish**,  
Director Organizational  
Development, Strauss Israel

training for all our recruitment staff in inclusive recruitment practices. In 2019, we target to increase Arab representation in managerial and professional roles with the addition of at least another 17 recruits.

- Recruited a diversity focused recruiter from the Arab community to advance Arab recruitment in Strauss Water and provide guidance and support for Arab candidates.
- Conducted internal workshops on diversity and inclusion for managers and employees and introduced diversity “language” in training and communications, such as holiday greetings in Arabic and more.

- Adapted our social benefits programs and communications to reflect cultural and religious differences.
- Created a Strauss Israel Forum for Arab Employees, with 19 champions from the Arab community who are committed to helping lead change and support personal development and retention of Arab employees.
- Conducted round table dialogue meetings for Arab call center operators.

“Through my position in Strauss Water, I feel I can really be a part of a social change. It requires me to be personally committed, to be honest and direct and to continuously challenge the organization and the people around me to adapt to achieve our goals. This means adapting, not only processes and approaches, but also each individual’s personal perspectives.”

**Shirin Azbarga**,  
Occupational Diversity Coordinator  
Strauss Water

# INVESTING IN OUR Communities

Building trust in communities includes showing that we care about local people and their social and economic development in more ways than meeting food and nutritional needs through our products. We aim to maintain a strong connection in the local communities in which we do business by helping to improve their lives through both the way we work and the initiatives that we advance. We engage with our communities in several ways, using different approaches, from the more immediate response to a specific requirement to supporting long-term projects that deliver a step-change in the quality of life.

“One of the ways a company can engage most meaningfully with local communities is by collaborating on initiatives that support both business development and local economic and social interests at the same time. This is why we have been so successful with the Strauss Coffee “More than a Cup” program. It brings meaningful change to the lives of local women coffee growers while offering Strauss Coffee new value propositions for our consumers.”

Rafi Camhi,  
HQ Supply Chain Manager, Strauss Coffee

## FROM LOCAL TO GLOBAL FOCUS



FROM IMMEDIATE REAL-TIME NEEDS TO  
STRATEGIC TRANSFORMATIVE INITIATIVES

## Donations and volunteering

We encourage our employees to volunteer in social programs they care about. We manage a broad variety of local collaborative initiatives with many community partners in different countries – engaging in hundreds of individual social programs throughout the year in all (100%) of the countries in which we have a presence. We provide cash donations, in-kind donations of food and equipment where relevant, and time off for our employees to volunteer. Typically, our community investment is primarily targeted to causes that alleviate hunger, improve nutrition or promote healthy lifestyles. We reach more than 50 nonprofit partners through our ongoing donations programs.



Community Investment						
US\$ million	2013	2014	2015	2016	2017	2018
	<b>Community investment</b>					
Monetary donations	1.06	0.87	0.82	0.89	1.38	1.24
Product donations (retail value)	1.38	1.83	1.49	1.75	1.86	1.66
Value of employee volunteering time and community relations	0.50	0.53	0.50	0.45	0.50	0.41
<b>Total</b>	<b>2.94</b>	<b>3.22</b>	<b>2.81</b>	<b>3.09</b>	<b>3.73</b>	<b>3.31</b>

**13,500**  
VOLUNTEERING HOURS

In 2018, Strauss Group employees volunteered 13,500 hours in our communities around the world.

## Creating Long Term Value for Women Coffee Growers

As one of the largest buyers of green coffee in the world, we work hard to be a trusted partner throughout our value chain, and this includes providing support where it is critically needed - to women coffee growers in Africa, Asia and Latin America. By enhancing the capacity of local women growers, we are helping transform, project by project, women's capabilities and uplifting local prosperity. Strauss Coffee started this initiative, **More than a Cup**, with a strategic commitment in 2016. By the end of 2018, **More than a Cup** numbers 9 active partnership initiatives in 8 countries, reaching more than 13,000 coffee growing women, helping them build thriving livelihoods, supporting their families and communities. Strauss Coffee also purchases coffee sourced from these partnerships for use in our leading coffee brands: Elite coffee, MK Cafe, Doncafé, Ambassador and others.

Our initiatives in each country are based on local partnerships formed directly with coffee grower groups or local cooperatives. We engage with each group individually aiming to provide the support that is needed most. Often, it's not simply a question of funding. In most cases, it's about agronomy training, acquisition of administrative and business skills, technical advice and provision of coffee processing equipment, while always focusing on empowering women through the coffee value chain.

## Spotlight on Uganda

In 2017, Strauss Coffee engaged with Kyagalanyi Coffee Ltd, the largest Ugandan coffee exporter and part of the VOLCAFE Group. Since 2008, Kyagalanyi has been steadily building a strong farmer support program in Uganda that assists coffee growers in three Arabica regions to increase production and quality and grower income. Kyagalanyi Coffee maintains training programs for coffee growers in several regions. Our first projects started by investing in equipment to increase the value of coffee yields and grower income. In 2017 and 2018, Strauss Coffee partnered with Kyagalanyi Coffee in two innovative initiatives:

**The Gender for Growth program:** This 3-year program promotes gender equity benefits for over 2,300 households. Strauss Coffee strengthens this program by funding a range of tools, including the Gender Harvest Game. This innovative game simulates the daily life of coffee growers during the annual coffee cycle, teaching couples how to make joint decisions about coffee farm management. Strauss Coffee also provides rewards, in the form of seedlings, fertilizer or equipment to households that have improved their gender relations.

**Rwenzori Farmer Support Program:** This 6-year project aims to improve the livelihoods of over 7,500 coffee farmers in the Rwenzori mountain range, on the border of Congo. The first 3 years of the project focus on building a strong farmer support team, setting up demonstration farms and running agronomy training. In 2018, more than 5,900 farmers (of which 50% were women) benefited from training sessions held in more than 3,000 individual farm visits. In addition, 478 training sessions were carried out on 33 newly established demonstration

**“Strauss** supports us to strengthen the work we do to create a bigger and faster impact on coffee growers in Uganda. Strauss is the first client committed to support our farmer program... it's important for us to know that our clients appreciate the work we do and go the extra mile to support it. Year by year, we see that these programs give results in the form of higher yield, better bean quality and increased loyalty of growers.”

**Anneke Fermont,**  
Sustainability Manager, Kyagalanyi Coffee

plots. Training sessions are typically run by women nominated as “Gender Ambassadors”. More than 7,000 farmers, of which 35% were women, attended these group training sessions in 2018.





## More than a Cup partnerships in 2018



### **HONDURAS**

286 women  
from June 2016

Enabled construction and installation of a coffee dryer, training and technical assistance.



### **COLOMBIA**

300 women  
from April 2017

Provided equipment, training and financial education.



### **DEMOCRATIC REPUBLIC OF CONGO**

1,400 women  
from June 2016

Provided construction of a washing station, training and water supply for the coffee station.



### **EL SALVADOR**

31 women  
from May 2017

Supported renovating diseased coffee trees and distributed 10,000 disease resistant coffee plants, agrotechnical support and collection facilities.



### **RWANDA**

381 women  
from May 2018

Provided training and the construction of a coffee washing station.



### **VIETNAM**

300 women  
from March 2017

Helped organize cooperative programs and provided funding for new equipment.



### **UGANDA**

**(Mt. Elgon and West Nile)**  
2,800 households  
from May 2017

Provided agricultural supplies and equipment and funding of a gender equity program.

### **(Rwenzori Mountains)**

7,700 households  
from April 2018

Provided agri training and funding of a gender equity program.



### **ETHIOPIA**

500 women coffee growers and their families  
from December 2018

Training for good agriculture practices and installation of clay cookstoves.





## Collaboration to increase access to fresh food

“Plants with a Purpose” is a multi-year community project aimed at improving access to fresh and healthy food in the U.S. The initiative started in 2016 in collaboration with Renew Richmond, a nonprofit that advances urban gardening as a way of strengthening communities. The program includes establishing community vegetable gardens in local schools as well as a 4,000-sq. ft. organic garden on campus at Sabra Chesterfield County plant. In 2018, Sabra made product donations to Feedmore, a local foodbank, and produce donations from community gardens amounted to the equivalent of 200,000 meals for community food support. Plants with a Purpose continued with several initiatives supported by Sabra including 18 new gardens beds at schools and on the Sabra campus and 11 volunteer gardening and cooking demonstration events.

## Collaboration to advance healthy lifestyles

In 2018, we established a collaboration in Israel with a new program that focuses on education for healthy lifestyles, balanced nutrition and the prevention of diabetes. The association, called “Mehayom” collaborates with municipalities, community programs and the business sector to educate and raise awareness of diabetes and influence public policy. Strauss Israel will fund ILS400,000 (approximately \$110,000) to support a pilot project with 30 boarding schools to advance healthy lifestyles among pupils. Strauss employees will engage with the program as volunteers, to help build awareness. If successful, the pilot will expand nationally, supported by Israel’s Ministry of Education.

## Collaborating to alleviate hunger

Latet is a prominent nonprofit with a mission to reduce poverty in Israel. Food rescue and distribution is a core program of Latet, supporting **60,000 families** with monthly food packages. Strauss Israel has partnered with Latet for over a decade, providing unsaleable foods that are surplus to requirements and helping Latet sort and distribute food packages. In 2018, Strauss donated **425 tons** of food to Latet to help alleviate hunger in Israel.

“We believe that food companies should play an active role in supporting food security as a strategic social agenda. With Strauss, we have a truly productive partnership that extends to many employees who get involved to support our efforts.”

**Tzahi Langer,**  
VP Marketing and Resource  
Development, Latet

# BEING A Responsible BUSINESS

“Being a responsible business encompasses everything we do and how we do everything. It’s rooted in a fundamental desire to operate with honesty, integrity and transparency. It’s put into practice through a corporate infrastructure of robust governance, ethical conduct and uncompromising compliance. That’s the foundation upon which we build trust. Providing a safe workplace, minimizing our use of natural resources, sourcing our products with care for human rights and engaging in initiatives to create positive impacts in society are all elements of being a responsible business that we aspire to uphold.”

**Eyal Ayalon,**  
Senior Advisor to Chairperson,  
Strauss Group

This section contains responsible business updates from 2018 in the areas of:

- Employee safety
- Food safety
- Customer service
- Environment
- Ethical sourcing and human rights
- Ethics, compliance and anti-corruption
- Corporate governance

“When it comes to safety, we leave nothing to chance. We maintain a cycle of improvement that aims to identify and mitigate all possible safety hazards and risks. We work intensively to make processes safer, examine ergonomics, upgrade equipment and train employees.”

**Gideon Maor,**  
Safety Manager, Strauss Israel

## Safety as a way of life

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. We aim to comply with all applicable safety laws and regulations and maintain an intensive training program for all employees, as well as risk assessments, hazard minimization and communication programs. Examples of specific advances in safety practice in 2018 include:

**Continued GEHSMS implementation:** Since 2015, we have been implementing the Global Environment, Health and Safety Management System of PepsiCo, our salty snacks division partner in our salty snacks factory. GEHSMS is based on leading global safety standards, and represents a top-down, comprehensive management system for all aspects of safety

management. Since adopting GEHSMS, we have had the lowest ever numbers of safety incidents in our salty snacks factory. In 2018, we developed our plan to implement GEHSMS throughout all Strauss Israel operations.

**“Our** safety audits may show our bottom-line results, but the essence of this methodology is the fact that we engage in safety – learning the standards, developing work plans, implementing them and leading by example. The fact that managers personally involved is a valuable example to all employees of “walking the talk.”

**Yehuda Ashash,**  
Operation Manager, Salty Snacks Factory,  
Strauss Israel

**Improving safety in sales operations:** Strauss Israel employs more than 850 product merchandisers whose work is performed at customer premises around the country, presenting challenges for safety management as we do not control these places of work and are not able to perform regular risk assessments. In 2018, therefore, we developed an innovative way to track safety issues. Using an existing Strauss portal and application for hand-held devices, we trained our merchandisers to report safety near-misses, including uploading photos of the safety hazard. Once these reports are picked up by Sales Managers, appropriate preventive action is taken, with the customer store management if appropriate. In 2018, 44 near misses were reported through the portal, demonstrating heightened awareness of merchandisers and greater protection for their safety in their roles. In addition, we implemented safety training for contract-hired merchandisers which was previously responsibility of suppliers.



### Safety in our Workplace in 2018

**2.97**  
injury rate per  
100 employees

**66.46**  
lost day rate per 100  
employees

**ZERO**  
fatalities

**“We** have a responsibility to protect our merchandisers, no matter where they work. In 2018, we made great progress in helping keep them safe.”

**Toby Gutman,**  
Safety and Quality Manager,  
Sales Unit, Strauss Israel

## Maintaining food safety

Our foremost responsibility to the millions of people who enjoy our food and beverage offerings every day is to deliver safe products that will improve their lives and not pose a risk to their health in any way. Our ability to continue to engage in our markets as a trusted provider of food and beverage products relies upon detailed attention to food safety. It is fundamental to our long-term business success and value creation and to the health of our communities.

100% of our food products in all our markets 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 with the exception of two minor incidents in Israel relating to packaged vegetables and one dairy product, which were quickly resolved without product recalls or consumer harm. Where regulation is limited or not enforced, we apply internal high standards both in our factories and throughout the supply chain. Our food safety processes are regularly audited; in Israel in 2018, eight food safety audits were conducted in our factories by an independent international auditor.

Examples of specific advances in food safety practices in 2018 include:

**Working with growers to improve fresh food safety:** In Israel, we source the vegetables for our fresh salads and packaged fresh produce from local growers. We maintain strict quality and food safety standards through testing at all the phases of growing, delivering and processing salads and vegetables and apply triple-phase quality assurance on intake,

processing and prior to distribution. We work closely with our growers to implement safety standards and in 2018, for example, we installed a new lettuce harvesting machine together with one of our growers, the first of its kind in Israel. The main benefit is that the process allows minimum contact with field soil during harvesting and therefore reduces contamination risk.

**New food safety system for Strauss Coffee:** In 2018, we went live with a new system for Strauss Coffee which supports maintaining high standards of safety throughout the coffee supply chain. The new system is a proprietary system that we developed with an external specialist company, and it covers supplier safety assessments, supplier audits and collaborative work with suppliers to address safety risks and hazards. In 2018, we audited three production sites in Poland and Israel using this new system.

**“At Strauss Coffee, the entire supply chain team works hard to ensure that our factories deliver products of high quality to the customer. We are not complacent, and we know that potential risks can arise at any time. Therefore, we decided to implement a new state of the art proactive safety system tailored to our supply chain to further strengthen our position on quality and safety.”**

**Francis Bealin-Kelly,**  
CTO, Strauss Coffee





## Continuous improvement in customer service

Responsive and reliable customer service is an important element of earning the trust of our customers. This was validated in feedback received through the annual Strauss Trust Survey. Our different divisions work with a very broad range of customers, ranging from large wholesalers, major international and local retailers as well as small stores, and in some businesses, we serve consumers directly, such as through our franchised coffee kiosks or through Strauss Water, supplying and providing technical service directly to consumers. We also provide a comprehensive service to consumers through our call centers to address their queries, concerns or complaints. We consistently aim to provide first-class service to all our customer and consumers.

Examples of specific advances in customer service in 2018 include:

**Enhancing consumer experience by Strauss Water:** In 2018, Strauss Water continued to improve service levels by upholding commitments that include technician service within 48 hours, improvements in delivery time for WaterBar components and consumer feedback requests after every interaction. We also continued to link call center employee and technician bonuses to feedback frequency and quality. In addition, we have started to apply new digital tools to enhance the consumer experience with Strauss Water at all stages of their interaction with us.

**Improving consumer service at Strauss Israel call center:** Over the years, we have tried to make it as easy as possible for our consumers to reach us with their queries, concerns or complaints, through a range of channels including telephone, email, online chat and Facebook. In 2018, we added a new channel: text queries. Consumers can text with a service representative and even send photos via text. This saves time for consumers and enables them to speak with us whenever and wherever is convenient to them. We continue to measure the satisfaction of consumers contacting the service center, and in 2018 we started surveying all consumers who contact us rather than just a sample. Results in 2018 were encouraging:

- **83%** of consumers were very happy from the service they received
- **92%** of consumers indicated they will continue to purchase the product they complained about
- **88%** of consumers indicated their attitude towards Strauss is positive or very positive.

**“In 2018, we achieved the highest level of customer satisfaction and maintained progress in other customer service metrics. This is the result of our strong ongoing investment in ensuring our customers have the best experience both with their WaterBars and with Strauss Water. Our customer retention rate increased by 15% over the past two years.”**

**Liron Dolev,**  
Head of Customer Service, Strauss Water

<b>Strauss Water Service metrics</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Customer satisfaction (via surveys)	6.8	8.5	9
Call center average waiting time (minutes)	4.02	1.49	1.56
Technician service within 48 hours	51%	79%	74%

## Caring for the environment

As a responsible manufacturer of food and beverages with a global footprint, we act with respect for our natural environment and strive to minimize our impacts on climate change and global resource consumption. We believe that we can continue to grow our business and meet our consumers' needs for healthy and nutritious products while exercising control over our environmental impacts. Importantly, our consumers, employees and many others expect us, as a responsible corporate citizen, to take care of the planet so that we and future generations can continue to thrive. We have publicly accounted for our environmental performance for more than ten years and continue to do so. Please see our performance dashboard in this report and in our downloadable GRI Content Index for details of our environmental performance on Strauss web-site.

### Some highlights:

-4%

energy use per ton of product in 2018

-7%

energy use per ton of product since 2014

-5%

water use per ton of product in 2018

82%

of waste was recycled/reused in 2018

-7%

GHG emissions per ton of product in 2018

-13%

GHG emissions per ton of product since 2014

-4%

waste generation per ton of product in 2018

\$10.7

million in environmental expenditures in 2018

Examples of improvements in resource consumption and reduced waste generation in 2018 include:

- **Romania:** recycling coffee chaff generated during the coffee roasting process in Romania.
- **Romania:** reducing the size of coffee vacuum packs by 7% with no change to coffee weight in the pack, thereby reducing materials used and overall waste generated.
- **Israel:** ongoing sustainable waste disposal including wastewater sludge to compost, product waste to animal feed, paper and nylon to recycling and general mixed waste for recycling as refuse-derived fuel (RDF). In 2018, 3 factories in Israel achieved zero industrial waste to landfill.
- **Israel:** saving 15% of the electricity consumed by the compressed air system. We implemented Israeli innovative technology with installation of underground buffer tanks. The large buffer (150 m<sup>3</sup>) allowed lowering of the system air pressure and reduced the idle activity of the compressors.

## Ethical sourcing and human rights

Our extended supply chain, comprising tens of thousands of suppliers of goods and services in our different markets, is an integral part of our ability to provide delicious and nutritious foods and beverages to meet our consumers' needs every day. We expect suppliers to uphold the same standards of ethical, responsible and sustainable business as Strauss Group. By behaving with integrity towards our suppliers, and by working with suppliers who share our values, we enhance the trust of our consumers and other stakeholders.

Additionally, we are committed to respecting human rights in our value chain and in the communities where we operate. We comply with applicable laws governing human rights in the countries where we operate and conduct our business with respect for human rights, beyond the letter of the law, where appropriate. Our approach is underpinned in our Strauss Group Code of Ethics and our participation in the UN Global Compact since 2008.

In Israel, we continue to support women-owned businesses and proactively seek to engage. In 2018, our spend with women-owned businesses was more than

**\$21 million**

## Responsible coffee procurement

Strauss Coffee continues to be a member of the Global Coffee Platform and continues to purchase sustainable coffee in order to raise the economic value of coffee crops and provide a boost to local economies.

### 2017

Purchased 6,896 metric tons of verified 4C coffees which is equivalent to 11.1% of our total coffee requirements

### 2018

We purchased 2,768 mt of verified 4C coffees which is equivalent to 4.3% of our total coffee requirements

### 2019

We plan to purchase approx. 1,400 metric tons of verified 4C coffees which is equivalent to about 2.1% of our total purchases



Verified 4C coffees are coffees traded under a verification scheme governed by 4C Services ([www.4c-services.org](http://www.4c-services.org)).

This green coffee procurement supplements our long-term collaborations for coffee development and sourcing through our More than a Cup initiative (see Section "Creating Long Term Value for Women Coffee Growers").

## Encouraging suppliers with sustainability

We understand that our responsibility for ethical conduct extends right through our supply chain, so we were happy to support an initiative in Israel by Maala, a nonprofit advancing responsible business, to advance sustainability with smaller businesses. We mapped all relevant suppliers in our supply chain and encouraged eligible suppliers to join the program. In 2018, 75 smaller companies voluntarily participated in the Maala benchmark, of which 14 (19%) are Strauss suppliers.

## Ethics, compliance and anti-corruption

We aim to be compliant with all laws and regulations applicable to our business as well as with our internal standards, in all the countries in which we operate. Managers within Strauss Group are responsible for adhering to compliance programs and reporting to their respective Management and Board or Executive Committee. Strauss Group's Internal Auditor assesses the implementation of the company's compliance programs through regular audits. There were no confirmed incidents of non-compliance relating to marketing or environmental or social aspects in 2018.

We maintain our Code of Ethics, available in eleven languages, to guide employees in the behavior expected of them as part of the Strauss Group. All new employees are trained in the Code of Ethics and all employees take refresher training annually. Ethics Trustees are appointed in each of our business units as a point of contact for employees' questions or reporting of suspected ethical breaches. The Ethics Trustees implement ethics training locally and ensure all procedures are followed.

Strauss Group upholds all applicable laws and regulations regarding anti-corruption

and anti-bribery and instills a culture of compliance throughout the company. We educate our employees in the requirements of anti-corruption laws, including the U.S. Foreign Corrupt Practices Act of 1977 (FCPA) and the UK Bribery Act of 2010, as well as with national laws and regulations in the countries where we operate. Specifically, we provide more extensive anti-corruption training for employees in high-risk roles. There were no confirmed incidents of corruption in 2018.

The global Strauss Ethics Hotline was established in 2009 and has been managed by the Internal Auditor since January 2011. Employees of Strauss Group companies around the world are encouraged without fear of reprisal to access the Ethics Hotline by phone or via the Strauss website. In 2018, the Hotline received 5 approaches from employees and managers which were investigated and resolved.

We report transparently on our business impacts through this Sustainability Report, which also serves as an annual communication on progress to the United Nations Global Compact. We believe in providing our stakeholders with information that can help them make informed decisions in relation to Strauss Group. From time to time, we also publish additional or local reports. For example, in 2018, Obela Australia published a Corporate Social Responsibility Summary for Australia and New Zealand.

## Personal Data Protection

With the introduction of various Data Protection Laws including the General Data Protection Regulation (GDPR) in Europe and the Data Protection Regulations in Israel, which set strict limits and rules for the collection and use of personal information, we analyzed our operations to identify what changes would be required for full compliance. During 2018, we put in place contractual and procedural frameworks to enable data privacy compliance. These include creating and implementing Data Privacy policies, procedures and other measures, and comprehensive training for hundreds of employees in roles that are most affected by Data Privacy Laws requirements. In addition, we also uphold our Strauss Group Data Privacy Charter which stipulates the basic principles, goals and expectations that reflect our approach of Strauss to data protection and privacy.



## Corporate governance

At the end of 2018, the Strauss Group Board of Directors was comprised of 11 members, of which four were women. None of our Directors is an active executive of Strauss Group. Seven Directors are financial and accounting experts as defined in relevant regulation.

During 2018, two new members were nominated to the Board following a targeted process to enhance Board. The need to recruit board members created an opportunity to add new skills and to optimize the composition and the diversity of the Board. The task of selection and nomination directors is an on-going process, focusing not only on the recruitment of a single Director, but on the entire representation within the Boardroom. The process aims to ensure that at any time, the Board consists of members with diverse skills and competencies who can deal effectively with Strauss Group's business and strategic challenges and opportunities. The two new Board members bring deep experience in the areas of public health (Professor Shuki Shemer) and marketing (Mr. Gil Midyan). For more information about our new Directors, see our website: [www.strauss-group.com/about-us/structure-management/board-members/](http://www.strauss-group.com/about-us/structure-management/board-members/). For details of our Board committees, see our website: [www.strauss-group.com/about-us/structure-management/board-committees-rules/](http://www.strauss-group.com/about-us/structure-management/board-committees-rules/)

The Board of Directors remains up-to-date with the activities of the Group and is well-versed in the challenges and opportunities that face our business, so they can contribute most effectively at a strategic level. In 2018, the Board of Directors met with management teams of business units, toured different Strauss Group sites and visited retailers and customers. Our Executive Team reports regularly to the Strauss Group Board on business progress against strategy, including on matters relating to sustainability.



# ABOUT THIS REPORT

This is Strauss Group's eleventh Sustainability Report and it describes the impacts of our business on our stakeholders in 2018. This report has been prepared in accordance with the GRI Standards: Core option. In addition, this report represents our annual communication to the United Nations Global Compact, to which we are signatories.

Data presented in this report relates to the calendar year 2018. Our last full Sustainability Report was published in 2017, covering 2016. For the year 2017, we published a Communication on Progress to the UN Global Compact to provide updates for our stakeholders in key areas of activity, as we did not publish a full GRI-based report in that year. We intend to continue publishing sustainability reports annually.

In this report we have retained the material framework that was established in 2014 and remains relevant today, following internal validation. The boundaries of this report remain all Strauss Group companies under operational control, including managed Joint Ventures reported as full entities. No significant restatements of information have been made; small adjustments to data are noted alongside the data as presented.

For our full GRI Content Index, please see our Sustainability Report website - [www.strauss-group.com](http://www.strauss-group.com)

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

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## 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](http://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 all those who contributed content for this Sustainability Report.

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