

Strauss Group
United Nations Global Compact
Communication on Progress 2017



www.strauss-group.com



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CEO Commitment



On behalf of Strauss Group, I confirm our continuing participation in the UN Global Compact (signatory level). We commit to upholding and promoting the ten principles of the Global Compact and supporting the broad objectives of social, humanitarian and environmental goals encompassed by the Sustainable Development Goals and other universally accepted frameworks. We confirm our intention to adhere to these principles and continue to promote them within our companies and with our business partners.

With this 2017 Communication on Progress, we articulate our continued support for the Global Compact principles. We undertake to make an annual statement of our commitment and provide an update of our progress for internal and external stakeholders.

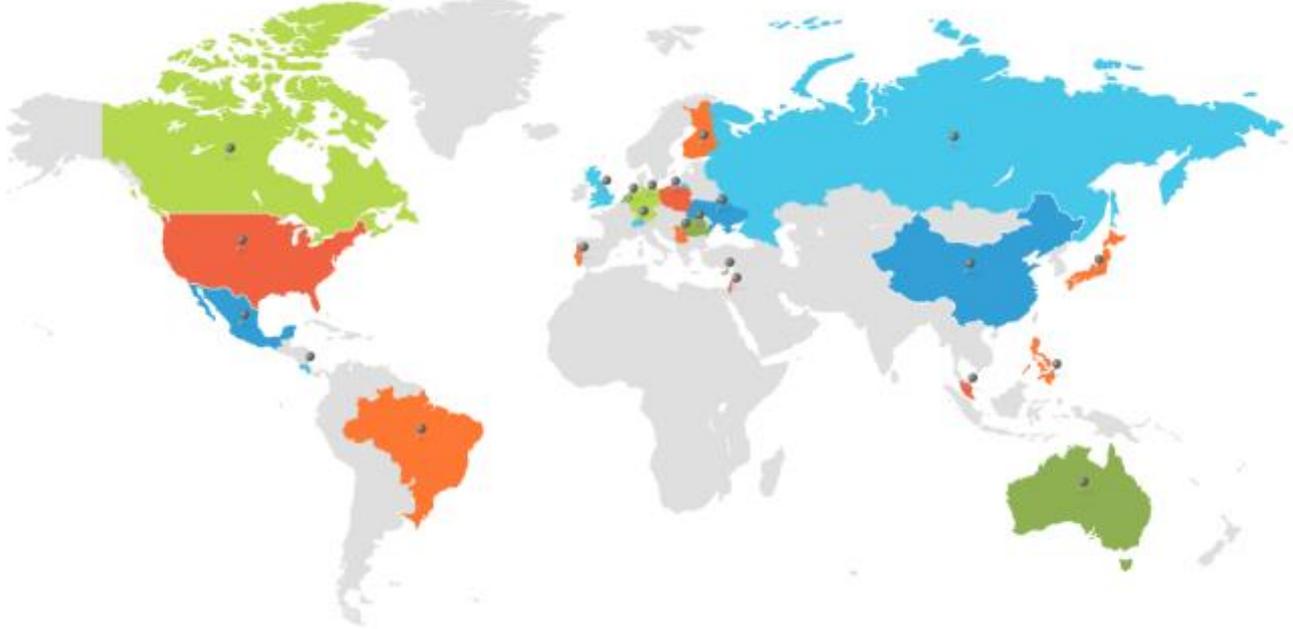
Sincerely yours,

Giora Bardea
CEO
Strauss Group



About Strauss Group

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 2017, Strauss Group generated \$2.4 billion in consolidated sales, and employed 14,163 direct employees. In addition, Strauss Group provides indirect employment and economic opportunity for contracted employees, franchisees, independent distributors and thousands of business partners and suppliers around the world. Strauss Group is traded on the Tel Aviv 35 Index, which includes Israel's largest public companies, and earns an AA+/ negative credit rating from Ma'alot, a Standard and Poor's affiliate.

The four companies that make up Strauss Group are:

- **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
- **Strauss Water:** Specializes in purified drinking water solutions with heating and cooling WaterBars for in-home and business use.
- **PepsiCo-Strauss Fresh Dips and Spreads:** Partnership between Strauss and PepsiCo in the fresh Dips & Spreads category with two growing companies: Sabra in North America, and Obela in Mexico and Australia.



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

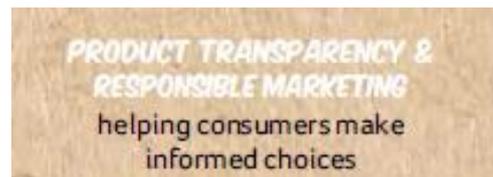
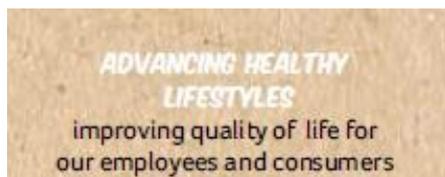
Our sustainability approach

Responsible and ethical business practices have always underpinned our approach to business, since the beginnings of our family firm more than 80 years ago. Over the years, we have adopted more structured programs which have included the creation of a strategic approach to sustainability and more recently, the adoption of a defined Social License to Operate (SLTO) framework. We believe that SLTO and sustainability are interdependent – enabling us to manage our social, environmental and economic impacts while cultivating relationships and listening attentively to our employees, customers and all the stakeholder groups that are connected to our business. The SLTO perspective informs the decisions we make so that they are right for the business and also address our stakeholders' needs and expectations.

During the past three years, we have conducted surveys to examine the attitude of employees, consumers and other stakeholders in relation to our impact on their quality of life in terms of health, food and nutrition, fair employment, the cost of living, trust, transparency and more. The insights we gained from responses to these surveys led us to define new business goals that help reinforce our Social License to Operate.

Our priority focus areas

As a global business made up of different companies, our operations and focus areas are tailored to meet their different needs. However, as part of our sustainability strategy, we focus on six core topics that represent our most important impacts as a group and are most significant for our stakeholders overall. Contributing to healthy lifestyles is at the heart of our priority focus.





UN Sustainable Development Goals

Eight SDGs reflect our most significant contributions to advancing the UN's Sustainable Development Goals:



Advancing health and nutrition

At Strauss, helping people live healthy lifestyles has always been top of our agenda, aligning with the global need reflected in SDG 3: Ensure healthy lives and promote well-being for all at all ages

Strauss Group 360 Nutrition Strategy

Our first-ever Strauss Group Nutrition Strategy is our far-reaching agenda to enhance our impact on healthy lifestyles, support our consumers and communities and contribute to our shared sustainable future. It places nutrition at the level of a new mindset where every product development decision is guided by nutritional principles and applies to all the products in our portfolio.

Our approach goes beyond product development alone and includes engagement with stakeholders on the subject of nutrition. We are expanding our R&D efforts to support better nutrition, evolving our ethical marketing guidelines, collaborating with groups and associations that are active in nutrition-related fields and increasing our involvement in national initiatives to promote better nutrition. Using this strategic direction as the basis we adopted in 2016, we have developed long-term targets that reflect the ongoing improving contribution of Strauss Group in nutrition, health and wellness in the areas of:

- Reducing salt content across all our products
- Increasing access to affordable basic nutrition
- Using healthy oils and zero trans fats in our products
- Developing products enriched with vitamins, minerals and pro-biotics
- Reducing calorie content of all our products
- Developing products that do not contain gluten, lactose or other allergens
- Reducing added sugar content in all our products.
- Responsible marketing especially to children and vulnerable populations



In addition to the many innovations that meet the objectives mentioned above, we are also advancing research and development to enhance innovation in food and nutrition.

In 2015, we launched “The Kitchen”, in partnership with the Israel Innovation Authority, committing to a joint investment of \$25 million over 8 years in approved start-ups. Strauss Group share of this funding is around 40% of this investment in an anticipated 30 Food Tech start-up initiatives during the period. The Kitchen is a food-tech incubator with the aim of funding and nurturing the growth of food-tech startups for a better world and better nutrition for all. The Kitchen is the hub of 10 food-tech start-ups to date, cultivating innovative solutions to food industry and consumer challenges including food safety, alternative protein sources, nutrition personalization, sugar substitutes, and others.

Advancing the 10 Principles

Protecting human rights

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights.
- **Principle 2:** Businesses should ensure that they are not complicit in human rights abuses.

Respecting human rights at Strauss is a core value. We conduct our business responsibly according to the highest ethical standards, including respect for all human beings and acknowledgement of their rights. We make our suppliers aware of our human rights standards and encourage them to adopt similar standards. During 2016 and 2017 we continued to implement processes and programs to advance human rights and ensure compliance to our standards.

A commitment to women in Strauss Coffee's supply chain

In 2016, Strauss Coffee commenced the roll-out of a multi-year, multi-project, multi-country commitment to support women coffee growers and to promote gender equity in Africa, Asia and Latin America.

This initiative aims to empower women coffee growers by providing infrastructure, tangible assets and guidance to help them achieve better yields and quality, to enhance their sense of self-efficacy and to improve their annual income. Supporting women farmers is one of the keys to enabling an improvement in the prosperity of entire communities and regions.



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

In each partnership, we are improving the capabilities and capacity of the growers by providing technology, resources and know-how according to the coffee growers most pressing needs and requirements. Coffee sourced from these partnerships is used in Strauss Coffee's leading brands such as Elite coffee, MK Cafe, Doncafé, Ambassador and others.

Responsible practices in the supply chain

Taking another step to ensure an ethical supply chain, in the U.S., Sabra developed and published a Code of Conduct for suppliers. Sabra's standard contracts and purchase orders issued to suppliers now incorporate this Code of Conduct and this was rolled out to suppliers for signature in 2016-2017. We also protect human rights and environmental stewardship in our coffee supply chain, purchasing more than 7 tons per year of verified green coffee from the Global Coffee Platform (GCP) to raise the economic value of coffee crops and provide a boost to local economies.

Upholding labor rights

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should support the elimination of all forms of forced and compulsory labor.

Principle 5: Businesses should support the effective abolition of child labor.

Principle 6: Businesses should support the elimination of discrimination in respect of employment and occupation.

Strauss Group's value-based commitments include creating a workplace that is enabling and empowering for a diverse range of individuals in many countries, roles and with different personal circumstances.

Our practices include:

- **Respecting freedom of association and collective bargaining:** We encourage a collaborative relationship with employees and open communication. We maintain positive relationships with employee associations, where they exist within the Straus Group. Typically, more than 50% of our employees are covered by collective bargaining agreements.
- **Supporting the elimination of forced and child labor:** We do not engage in any practice which could be construed as forced labor. Strauss Group employees are employed lawfully and of their own free will. We respect and support the rights of children and we are committed to safeguarding their interests. We do not employ children in any part of our business.
- **Encouraging diversity and equal opportunity:** We maintain a policy of equal opportunity and inclusive practices for new and current employees in all matters relating to their employment with Strauss Group.
- **Pay equity:** We believe in equal opportunity for remuneration and salary opportunities throughout Strauss Group are equal for equal work. At senior management level, we maintain gender pay parity or near parity year after year as a clear demonstration of this policy in action. We continue to review this data every year, including at non-management levels, and address inconsistencies where relevant.
- **A safe working environment:** Maintaining a culture of safety and safe working practices is a primary goal in all our sites around the world, including manufacturing plants, logistics centers and offices. This includes proactive measures such as a near-miss program, safety officers and the assimilation of safety standards. In addition, we comply with all applicable safety laws and regulations and maintain an intensive training program for all employees.

Social program for our employees

In 2017, we continued to uphold our social plan for employees in Israel, with thousands of employees enjoying new financial benefits that help alleviate the daily challenges of making ends meet and even put something aside for the future. This is against a backdrop of continuing increases in the cost of living in Israel and widening gaps between high and lower income individuals. The program goes beyond legal requirements and includes:

- A contribution to child day care for employees with children under three years of age
- A minimum salary that is \$75 per month higher than the national mandated minimum wage
- A contributory savings plan that also provides tax benefits for all employees.

Environmental stewardship

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

We maintain our commitment to protecting the environment and reducing our impacts on climate change. This is in line with a precautionary approach considering potential risks due to climate change and opportunities for mitigation. We adopt environmentally-oriented practices in all our operations and have established targets to reduce our impacts on the environment. We aim to drive such practices through our supply chain and work to identify food technologies which support efficient food supply and a reduction in food waste.

For details of typical initiatives we have undertaken to improve our environmental footprint and environmental investments we have made, see our recent Sustainability Reports:

<https://www.strauss-group.com/sustainability/download-center/>

Eliminating corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

We strive to conduct our business responsibly in line with the highest ethical standards with zero toleration for corruption. We know that our stakeholders expect us to act lawfully, ethically and responsibly and increasingly seek transparency about our business practices. We aim to maintain the trust of our stakeholders in our company and our people by upholding high standards of responsible and ethical behavior.

Our Code of Ethics, available in eleven languages, guides all our employees in the behavior expected of them as part of Strauss Group. All new employees are trained in the Code of Ethics and all employees take refresher training bi-annually. We also train at-risk employees specifically in anti-corruption. The Code is available on our website:

http://www.strauss-group.com/wp-content/blogs.dir/3/files/sites/3/ethical_code.pdf

Strauss takes a zero-tolerance approach to bribery and corruption. We conduct business honestly, without the use of corrupt practices or acts of bribery. This means that we do not give or receive anything of value for the purpose of encouraging improper performance or gaining any improper advantage.

Our Privacy and Anti-Corruption Policy is also available on our website.

<https://www.strauss-group.com/wp-content/blogs.dir/3/files/sites/3/Anyi-Corruption.pdf>

About this Communication on Progress

This Communication on Progress is a standalone document representing our ongoing commitment to the UN Global Compact Principles and responsible business practices. In 2017, we did not publish a full Sustainability Report as we have done for the past 10 years. In 2018, we are reviewing our overall reporting and communications strategy and plan to publish a full GRI-based report in 2019 covering 2018 operations. Previous Sustainability Reports can be downloaded at this link: <https://www.strauss-group.com/sustainability/download-center/>



This Communication on Progress will be available online for all stakeholders.

Thank you for your interest in this report. We welcome your feedback, suggestions and queries.

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