

Driven by Responsibility

Strauss Group Sustainability Report 2012



Executive Summary

For the full Report: www.strauss-group.com

Company Overview

Name:	Strauss Group	Global Turnover in \$:	U.S.\$ 2.2 billion
HQ Location:	Israel	Global Employees:	14,000 (12,182 direct employees)
Publicly Traded:	STRS (Tel Aviv 25)	CEO Name:	Gadi Lesin
Key Activity:	Manufacturing and selling of food and beverage products		
Reporting History:	This report is Strauss Group's sixth annual Sustainability Report		

Report Overview

GRI	Yes	Period covered:	2012 calendar year
GRI Standards	G3.1	Format(s):	PDF and web
GRI Application Level	Level A	Length:	128 pages
Sector Supplement	Food and Beverage		
Number of Performance Indicators Fully Reported	91	Value Chain:	Yes
UNCG COP statement	Yes	Materiality Matrix:	Yes
Report Structure: Key sections	The report is in five main sections under the Driven by Responsibility theme: Business, Industry, Operational Practice, Governance and Reporting. Key information items are highlighted as tweets, to facilitate promotion of different aspects of the Strauss report using social media, giving the report a modern and accessible appeal.		
Report Boundary:	All global operations including joint ventures		

Leadership Statement - Key Messages

This report is about you, our stakeholders: consumers, customers, employees, suppliers, communities, organizations, and about how Strauss Group listens to you and responds to your needs. In the past year, the global food industry, including Strauss Group, dealt with economic, political, social and environmental challenges. Nevertheless, we gained many achievements including an increase in global sales by 6.3%, consolidating new

partnerships, investing in a new global "Center for Excellence" R&D Facility for Sabra, new healthy products, eco-efficient technologies, improving environmental impacts, developing improved agricultural practices, revisiting our Code of Ethics, engaging partners and suppliers, and investing almost U.S. \$3 million in supporting communities. This helps Strauss Group serve you, all of our stakeholders, more effectively.

Ofra Strauss
Strauss Group Chairwoman

Gadi Lesin
Strauss Group President and CEO

Mike Avner
General Counsel and CR Officer



Material Issues

Our 2012 Report focuses on eight core issues we identified as being the most important to our business success and to our stakeholders. These issues were prioritized following consultations with you, our stakeholders, and review by our management, and are aligned with our business strategy.

- Social impacts of business activities
- Ethical Sourcing and supply chain
- Diversity
- Product labeling and responsible marketing
- Health and wellbeing choices for consumers
- Reducing resource consumption and waste
- Supporting people and communities
- Managing and communicating sustainability



Healthy Food Choices and Responsible Sourcing

The focus here is on healthy nutritional values of food, functional food and portion control as part of a healthy lifestyle. Strauss improved nutritional attributes of many products, launched cholesterol-reducing Danacol in 2012 in Israel and also an innovative portion-control chocolate product.

Access to Pure Water

Strauss focuses on the advantages of pure water dispensed from patented WaterBar technology as a healthy alternative to tap water, and an environmentally preferable alternative to tap or bottled water. Strauss launched a new WaterBar for Chinese consumers and partnered with Virgin in the UK to market WaterBars.

Reducing Food Waste

Food waste is a global problem and Strauss describes ways of reducing waste including: a new system to salvage chilled food waste (1,700 tons in 2012), diversion of food waste by routing items for consumption by needy groups (over 2 million food items donated in 2012).

Responsible Sourcing

As a user of agricultural produce Strauss maintains a network of 30 partner-growers in Israel, focusing on quality. In 2012, Strauss introduced a Growers Manual to help farmers align to stringent quality and safety standards.

Responsibility in Business



This section provides profile and business information about Strauss Group and describes the way we generate value and make an impact on our stakeholders. Our value chain includes six main stages: Development, sourcing, manufacturing, logistics, consumers and impact on communities. This section also reviews our stakeholder groups and how we engage with them.

Economic Impact

In 2012 we generated 2.2 billion U.S.\$ in consolidated sales, out of which 1.5 billion U.S.\$ were paid to suppliers and 0.4 billion were paid as salaries and benefits to employees.

Responsibility in Industry



This section has five main parts, covering how Strauss Group helps advance the food industry.

Changing Consumer Attitudes

Reference is made to consumer preferences for healthy lifestyles and the importance of food products which meet new needs. For example, Strauss highlights the promotion of hummus as a healthy alternative spread in the U.S. and also expansion to Mexico with local flavors.

Responsibility in Practice



This section has six main parts, covering the ways in which Strauss Group manages its own operations in a responsible and sustainable manner.

Environmental Stewardship

Strauss reports improvements in many global environmental metrics including: reducing energy consumption per ton of product by 8% in 2012, carbon emissions per ton of product by 6%, 1.3% reduction in water consumption per ton of product, alongside reduction in absolute consumption in all areas including 56% reduction in ozone depleting substances. Over 79% of solid waste was recycled or reused. In 2012, Strauss invested U.S. \$5.95 million in technology and equipment investments to improve environmental impacts through energy efficiency, wastewater treatment, lighting retrofits, recycling processes and more.



Product Innovation

Strauss launched Alpha Strauss –a food-tech innovation initiative for inventors, entrepreneurs, nutrition specialists and food scientists in Israel to address key food industry challenges. Alpha Strauss has already yielded over 200 unique technology ideas and ten are in advanced stages of development.

Consumer and Customer Care

Strauss's consumer call center in Israel received 138,000 calls, and consumer satisfaction with call-center responses was 81% positive based on 2012 surveys. 840 consumer home visits were conducted in Israel to address consumer concerns. Strauss advances use of social media and achieves over 500,000 interactions per month. In 2013, we initiated a direct engagement program for our small retailer customers.

Employee Engagement

47% of Strauss employees are based in Israel, 33% in Brazil and the rest in 18 other countries. 99.9% of managers are locally hired. 3,670 new employees were recruited in 2012, of which 42% were women. Women make up 43% of Strauss's total workforce and 33% of senior management. In Israel, Strauss maintained its position for 8 consecutive years as one of the top ten "the best companies to work for" and in Brazil, Três Corações was listed among the top 100 companies to work for the second year. In 2012, Strauss launched a new Leadership and Core Competency Model based on values and culture. Strauss conducted over 50,000 hours of training for almost 7,500 employees. With an emphasis on diversity and inclusion, Strauss created a new Diversity Measure for gender balance which links diversity and gender equality performance with senior management compensation. An early diversity success in 2012 includes the recruitment of 15 University Graduates from the Arab and Ethiopian communities in Israel. As a response to the Social Protest Movement in Israel that began in 2011, Strauss created a "Social Plan" with an investment of over U.S.\$4 million to advance salaries and benefits for lower-earning employees. We invested over 325,000 hours in safety training in 2012 and piloted a new safety program in the Nazareth Ilit plant in Israel. However, accident rates in Israel and Brazil were higher than anticipated and this is a priority for Strauss in 2013.

Supplier Relations

As part of a process to engage our suppliers in a commitment to responsible business standards, 30% of suppliers in Israel have signed our Social Charter. In 2012, we implemented a 360° Supplier Evaluation pilot in Israel with 35 suppliers.

Community Investment

Strauss invested U.S. \$ 2.76 million in the community globally in 2012, with a focus on efforts advancing diversity and inclusion at all levels in society. Over 3,000 employees contributed 12,300 volunteer hours in the community. A first Community Engagement Evaluation Survey was

conducted in Israel to evaluate community outreach efforts. Strauss partnered again in 2012 with the Israel Women's Network on the Catalyst's Census to provide data on women's advancement in Israel. Other community investment projects around the world included local community and disaster relief efforts.

Responsibility in Governance



This section relates to the way Strauss implements high standards of governance, compliance, risk management, ethics and sustainability management.

Governance

The Strauss Board of Directors is comprised of 11 members, of which 4 are women (36%). The Board receives regular updates on corporate responsibility issues, and guides our CR strategy.

Compliance

In 2011-2012, 64% of Strauss sites and business units worldwide were audited for compliance.

Ethics: Strauss Water developed a specific Code of Ethics applicable to the WaterBar business. Ten incidents were reported to the Strauss Group ethics hotline.

Sustainability Management

Corporate responsibility at Strauss Group is managed by a senior VP and a full-time CR manager responsible for creating CR strategy and programs. 35 Social Responsibility Trustees, representing each site and business unit, support the work of the CR manager by promoting and implementing local programs in ethics, community engagement, employee volunteering and environmental responsibility.

Responsibility to Report



This section describes the parameters and process for developing the report, and lists all the disclosures in the Global Reporting Initiative (GRI) Index, and the United Nations Global Compact Index.

About the Report

This report conforms to the GRI G3.1 Framework at Application Level A, including the Food Sector Supplement which includes sector-specific disclosures. Conformance has been checked by the GRI. There is no external assurance.

Feedback

All feedback from stakeholders is welcome and should be addressed to daniela.sion@strauss-group.com.