

Corporate Responsibility Strauss Group - 2009 highlights



We are proud to publish Strauss Group's Corporate Social and Environmental Responsibility (CR) report, which expresses the Strauss Way, our vision as a company, and the range of activities and steps we take in this field.

The current report, which is published as the world is gradually emerging from deep economic crisis, emphasizes our robustness as a company and our deep commitment to the values of transparency, responsibility and caring. During this difficult year, we continued to invest extensive resources in the development of people, support for communities, and improvement in our environmental performance, in adherence to the principle of "Beyond Compliance" which guides us in the belief that legal requirements only serve as the bottom threshold for us.

Corporate^{at} Strauss Group Responsibility

(from the Chairperson of the
Strauss Group, **Ofra Strauss**)

We are proud of our long legacy of humanity and generosity. For us at Strauss, CR is not just an addition to what we do - it touches the very core of our business. Our activity is guided by an inner-sense of responsibility towards people and towards the environment.

Over the past year we have significantly advanced our management of CR, positioning Strauss in line with leading companies worldwide. The road ahead is long, but we are confident that together, working in partnership, we will continue to advance and find more and more substantial ways to express our caring for people, for a just society and for our planet.

Economic impacts

- As a business entity, generating capital is cardinal to our corporate responsibility, and this is even truer during a period of financial crisis and economic recession, which the entire world faced in 2009. Our activities and impact over the past year include:

- We confronted the global economic crisis by implementing cost cutting and efficiency improvement programs, whose goals were to safeguard our business results, while strengthening and preserving our most important assets – employees and brands.

- We paid a sum of 1,126 million NIS in salaries and wages to our 11,659 employees throughout the world (not including 1,412 temporary employees and contractor employees), making our employees the most substantial and largest beneficiaries of our economic added value. Out of this sum, a total of 131 million NIS was paid for social benefits and pension plans for our employees.

- During the economic crisis, we assisted our employees

in various ways to overcome this difficult period. Among other initiatives, new benefits were awarded to employees, including health insurance, improved catering services, loans with no interest, and more.

- We purchased products and services totaling a sum of about 4.46 billion NIS from 17,280 suppliers worldwide.

- We paid a total sum of 118.24 million NIS in taxes to the various governments in our regions of operation.

- We donated over 10.53 million NIS in cash and goods to various organizations, institutions and individuals, as part of our activities in the various countries. In addition, the value of the work hours of our employees who participated in volunteer activities during work hours totaled 484 thousand NIS.

- We invested more than 20 million NIS in reducing our negative environmental impacts, improving our environmental performance, and contributing to the long term sustainability of the environment and our planet's natural resources.

11,659

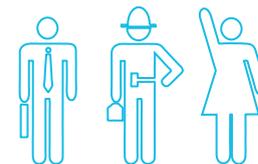
Employees worldwide

1,126 million NIS

Employee compensation

131 million NIS

Social benefits and pension plans



Social Impacts



Promoting a Healthy Lifestyle

Out of deep commitment to promoting a healthy lifestyle, Strauss Group makes constant efforts to expand product variety, consumption opportunities, and activities that support a healthy lifestyle. Among our activities in 2009:

- We developed numerous products with improved nutritional value, and improved the nutritional value of a wide range of existing products.
- We established Strauss Water, as a step towards fulfilling our vision in the area of water – creating a leading international company in the field of water purification solutions, which will enable consumers in various parts of the world to enjoy high-quality, healthy tap water.

Consumer Relations and Responsible Marketing

Our goal is to provide the best possible service, to the full satisfaction of our consumers. We work constantly to improve our service, while continuously monitoring our performance, studying our consumers and their preferences, and drawing conclusions so as to constantly improve. Among our activities:

- Handling consumer inquiries professionally and attentively, and implementing improvements to our products in response to consumer inquiries. We conduct satisfaction surveys, and invest substantial resources in analyzing and implemented conclusions accordingly.
- In 2009 we initiated a Marketing with Meaning approach, understanding that today's consumers demand that beyond the consumption experience, the brands they purchase represent a positive impact on the world, in which they can take part.

Strauss Group Employees

We wish to enrich the lives of our employees by creating an enjoyable and challenging work environment. We aspire to provide them with a safe, healthy and diverse workplace, to treat them fairly, and to help them focus on personal and occupational development. In 2009:

- We continued our efforts to promote diversity and inclusion among the Group's employees, to uphold their rights, to invest in their professional development and to be the finest employer we can possibly be.
- We launched our Ethical Hotline – a direct channel, by phone or Internet, for concerns relating to ethical issues and proper management.
- We expanded the quantity and scope of our activities in the field of occupational health and safety.
- We reduced the number of work accidents in our plants in Israel by 18%, compared to 2008, as well as the loss of work days due to work accidents and occupational conditions by 30%.

Our Suppliers

We believe that ethical practices in our supply chain underpin the integrity, sustainability, quality and safety of our production processes and the resilience of our relationships with our suppliers. Among our activities in 2009:

- We formulated a Supplier Code of Ethics and distributed it to our suppliers, who were required to sign it as a condition for engaging with us. The process of examining ethical criteria has become an integral part of our supplier evaluation process.
- We increased the volume of our acquisition of Sustainable Coffee

via the 4C organization, by over 50% in 2009, totaling 1,654 tons, which constitute approximately 3% of our overall coffee bean acquisition (not including Brazil).

- Our milk suppliers are required to sign a code for proper treatment of animals, as a prerequisite for doing business with the Group, and we conduct inspections and examination of the quality of care for animals in dairy farms.
- We conducted inspections of our security service providers to prevent violation of employee rights.

The communities where we operate

Wherever Strauss Group operates, we consider ourselves an integral part of the community, and feel responsible and obligated to make a positive impact. Among our activities in 2009:

- We increased the number of employee volunteer hours by nearly 100% compared to the 2008 - from 4,516 to 8,459 in 2009.
- We significantly expanded the deployment of our community involvement activities in Israel and overseas, to such an extent that nearly all of our business units in Israel and abroad participate in activities and partnerships with the community where they operate.
- We initiated several projects in the field of diversity and inclusion – the focus issue of the Group’s social activities. Among our activities in this field: the Vocational Incubator project, aimed at integrating employees of Ethiopian descent in the employment market, ongoing collaboration with Jasmine - an association of Jewish and Arab businesswomen in Israel, continued collaboration with Be’Atzmi for inclusion of the under privileged in the workforce, and more.





Environmental Impacts

Strauss Group is committed to continually improving our environmental performance in all the Group's units, taking extensive action to reduce our negative impact on the environment, and increasing operations for the benefit of the environment. Our activities in 2009 included:

Management of our environmental performance

- Strauss Israel set strategic environmental goals for the next five years.
- Appointment of a senior manager in charge of the environmental issues in our coffee plants overseas.
- Formulating uniform procedures for major processes in our environmental management system, and putting in place control tools, enabling reporting of environmental performance, examining fulfillment of goals, handling systemic problems and more.

Water Savings

- We reduced our overall water consumption at Strauss Israel by 7.5% compared to 2008, and the water per product ton by more than 5.5%.



Energy Consumption

- We appointed a team in Israel to deal with improved energy efficiency and establish processes for reducing Strauss Israel's energy consumption, and thus cut use of resources and reduce the organization's carbon footprint.
- Strauss Israel recorded savings of 9% in energy consumption, and a reduction of 20% in the use of fuel oil in 2009, compared to 2008.
- In 2009, we completed construction of a new system, at a cost of 12 million NIS, which uses coffee waste for heating, instead of fuel oil.
- We cut fuel consumption by company trucks by 7%, as a result of optimization of travel routes, ongoing computerized tracking of fuel consumption per Km of each truck and taking corrective actions if a deviation is discovered.

Reduction of Air Pollution and Ozone-Depleting Substances

- In 2009 we began to work with a company which offers professional and international knowhow in the field of air quality and monitoring thereof, which monitors air quality in each one of our plants in Israel, processes the data and submits it to the company, with recommendations for improvement.
- We reduced the amount of ozone-depleting Freon gas used in our plants' cooling systems by 20%.

Sewage treatment to prevent pollution of soil and water reservoirs

- In 2009 we completed, at a cost of 12 million NIS, construction of an innovative pre-treatment facility at the Achihud plant,

which was constructed in order to prevent deviations in sewage quality in both organic load and salt concentrations. The biogas generated by the facility will be utilized to heat steam vats, and will replace LPG usage.

- In 2009 we constructed a unique facility for separating starch from production liquids in the Tapuchips production line. The facility significantly reduces the amount of organic matter in the sewage.

Waste Treatment, Recycling and Reuse of Waste

- 62% of the waste we produced in 2009 was designated for reuse or animal feed, and an additional 20% for recycling.
- We reduced the Kg. waste per product ton indicator by 28% in our candy plant in Nazareth in 2009 compared to 2008, as part of the process of instilling a culture of operational excellence.

Our Carbon Footprint

- Reduction of our carbon footprint was defined by the management of Strauss Israel as a strategic objective, and it set a target of 15% reduction in this indicator by 2015. The target for 2009 was a 5% reduction, and in fact, Strauss Israel reduced its carbon footprint in 2009 by 7.5%.
- We reduced Strauss Group's overall carbon footprint by 13% in 2009, compared to 2008.

-13%

carbon footprint

-9%

energy consumption



Strauss Group 2009 highlights



About Strauss Group

- The second largest food and beverage company in Israel
- A Leader in the roast and ground coffee market in Israel, Eastern Europe and Brazil, and ranked as the fifth largest coffee company in the world (in terms of green coffee procurement)
- Strategic partnerships with global giants in the field of food and beverage (Danone, Pepsico)
- Employs 13,000 employees worldwide (including temporary and contractor employees)
- 2009 net turnover: 6.37 billion NIS, approximately 47% from operations outside Israel

