



COLLEAGUES, CONSUMERS, CITIZENSHIP.

STRAUSS GROUP SUSTAINABILITY REPORT

2014

EXECUTIVE SUMMARY | FOR THE FULL REPORT: WWW.STRAUSS-GROUP.COM

COMPANY OVERVIEW

Name:	Strauss Group	Global turnover in \$:	2.1 billion
HQ location:	Israel	Global employees:	12,792 (Direct)
Publicly Traded:	STRS (Tel Aviv 25)	CEO:	Gadi Lesin
Key activity:	Manufacturing and sales of food and beverage products		
Reporting history:	This report is Strauss Group's eighth annual Sustainability Report		

REPORT OVERVIEW

GRI:	Yes	Period covered:	2014 calendar year
GRI standard:	G4	Format(s):	PDF and web
GRI level:	Core	Length:	82 pages
Sector supplement:	Food and Beverage	External assurance:	No
Number of performance indicators fully reported:	29	Material issues:	6
Global Compact statement:	Yes		
Key report sections:	<ul style="list-style-type: none"> • Performance against our sustainability strategy in 2014 • Impacts on our stakeholders in our three strategic areas of focus: colleagues, consumers, citizenship. • Statement to the UN Global Compact and GRI data tables. 		
Report boundary:	All global operations including joint ventures under operational control.		

LEADERSHIP MESSAGE



For us at Strauss Group, the choice to run our business on the basis of values of sustainability, ethics and transparency is a way of life, part of the way we do business and the basis for building trust with all our stakeholders. Our 8th Sustainability Report, which we are proud to present, shortly summarizes yet another step in our journey to improve the environmental, social and economic impacts of the Group and its business operations.

In 2014, Strauss Group strengthened its international position with sales of more than \$2 billion. We continue to adapt ourselves to the market's evolving needs and to operate according to consumption trends that guide much of our product development including preferences for convenience products that offer time-saving nutrition solutions to be consumed anywhere; health and wellness products including those that meet special dietary needs such as gluten-free; and fun and indulgence products that provide moments of enjoyment that, even as part of a healthy lifestyle, consumers do not want to give up.

During 2014 we expanded our stakeholders dialogue, we invested in development of direct communications channels and led intra-organizational improvements in order to integrate our stakeholders expectations in all decision making processes. Our Sustainability Strategy for 2020 sets bold targets for Strauss Group while committing us to do more as we conduct our business in a responsible and sustainable manner. We are driving resource efficiencies, investing in our people, supporting food industry innovation and engaging with our consumers and all of our stakeholders.

Ofra Strauss

Strauss Group
Chairwoman

Gadi Lesin

Strauss Group
President & CEO

Giora Bardea

Deputy CEO and Chief
Sustainability Officer

Osnat Golan

VP Communications,
Digital and Sustainability

REPORT SECTIONS



SUSTAINABILITY STRATEGY 2020 AND PERFORMANCE

This section describes the elements of our 2020 Sustainability Strategy, defines long term targets and reports progress. The strategy is based on three levels of stakeholder impact - Colleagues, Consumers and Citizenship and defines 15 global targets to be achieved by 2020. We show transparently where we are improving or on track in our first year of our strategy and where we have work in progress.

PRIORITY SUSTAINABILITY ISSUES

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



ADVANCING HEALTHY LIFESTYLES

improving quality of life for our colleagues and consumers.



DIVERSITY IN EVERYTHING WE DO

supporting innovation, creativity and inclusive opportunity.



ETHICAL SUPPLY CHAIN

managing social and environmental risk.



REDUCING RESOURCE CONSUMPTION AND WASTE

preserving the planet.



PRODUCT TRANSPARENCY & RESPONSIBLE MARKETING

helping consumers make informed choices.



ENGAGING OUR EMPLOYEES

aligning our organization to meet sustainability goals.

COLLEAGUES OUR FIRST DEGREE OF IMPACT:



THIS SECTION CONTAINS AN OVERVIEW OF HOW WE SEEK TO MAKE A POSITIVE DIFFERENCE IN THE LIVES OF OUR EMPLOYEES, SO THAT THEY WILL BE EMPOWERED TO CONTRIBUTE TO OUR SUCCESS.

EMPLOYEE ENGAGEMENT: This describes our efforts to increase women in management across the group toward our 2020 target of 50%. In 2014, our overall result slightly improved to 40% (excluding operations in Brazil where our management grading system was changed). We continue to create more opportunities for women and provide support for their career advancement. Similarly, we have been more proactive in encouraging diverse employees from the Jewish Orthodox and Arab communities in Israel. We were proud to receive the inaugural Dov Lautman Diversity Award in 2014 for our commitment to promoting workplace diversity.

EMPLOYEE DEVELOPMENT: We support the development and growth of our employees so that they can contribute

at their best and continue to find new challenges in their work. Activities in 2014 included a new nine-month leadership program for the development of 25 future Strauss leaders and the introduction of two new programs for employees that empower them to grow and develop within the organization and enhance their professional capabilities.

ENGAGING OUR EMPLOYEES: In 2014, we continued our efforts to embed safety practices across the organization and specifically focused on enhancing safety in our Sales Division in Israel. Overall, our safety performance improved in 2014 with 23% fewer injuries and 29% fewer lost days due to injury at a global level versus 2013.

CONSUMERS OUR SECOND DEGREE OF IMPACT:



THIS SECTION DESCRIBES HOW WE SEEK TO MAKE A POSITIVE DIFFERENCE IN THE LIVES OF OUR CONSUMERS AND HELP CREATE A HEALTHIER, MORE SUSTAINABLE SOCIETY BY DELIVERING NEW AND MORE NUTRITIOUS FOOD PRODUCTS, PROVIDING DIVERSE FOOD CHOICES AND ENGAGING CONSUMERS IN GREATER NUTRITIONAL AWARENESS.

IMPROVING THE NUTRITIONAL VALUE OF FOOD PRODUCTS: In 2014, we continued to make headway in lowering sugar, fat and salt content in a wide range of products including soft cheeses, potato chips, milk beverages and hummus. In the past 3 years, we have reduced around 1,500 tons of added sugar in a wide range of dairy products, such as Activia with fruit, Danone with fruit, Actimel, chilled desserts, children's cheese desserts and products under the Daniela brand. This reduction in added sugar of between 15% and 35% is almost double the reduction of our main competitor, during the same period of time.

DELIVERING NEW, MORE NUTRITIOUS FOOD PRODUCTS: Highlights of the year include the launch of nutritious food products including our 99 calories yogurt with no artificial sweeteners and a new category of ready-to-eat legume and quinoa salads. We also launched baby kale, a new form of this highly nutritious vegetable in Israel. We expanded nutritious product ranges such as our ravioli single-portion ready-meals and bite-size rice cakes. At Strauss

Water, research we commissioned demonstrated that customers who have a Strauss WaterBar drink more water and less sweetened and carbonated beverages.

PROVIDING DIVERSE FOOD CHOICES: As a global business, one of the challenges we face is meeting the diverse needs of our consumers and their individual preferences. In 2014, through Três Corações, our Joint Venture Company in Brazil, we expanded our 3C coffee brand portfolio and product range in Brazil.

FOOD INNOVATION: We continue to pioneer innovation in the Israeli food market and established a Food Tech incubator to support and accelerate new technologies in the framework of an innovation initiative supported by the Israeli Ministry of the Economy and the Chief Scientist. Strauss Group and the State of Israel have committed to investing up to \$25 million over 8 years in approved start-ups. Strauss Group will provide around 40% of this investment that is anticipated to fund 30 Food Tech start-up initiatives.

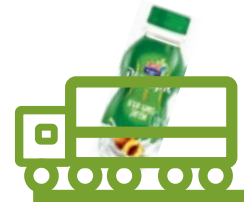
ENGAGING CONSUMERS IN GREATER NUTRITIONAL

AWARENESS: In 2014, we launched our ZUZU app in Israel to help people get connected to fellow exercisers and professional fitness trainers and develop individual training programs. More than 140,000 people downloaded the app within the first three days of launch. We continue to be the leading hummus brand in the U.S. with more than 62% market share and a strong body of more than half a million hummus fans. We continue to educate the U.S.

market in the health benefits of hummus and we created a Hummus House in Washington D.C. to provide an all-round hummus experience, hosting more than 5,000 visitors in one month and reaching almost 3 million individuals via different media channels. In Israel, we again launched an app for Ramadan to support consumers of the Muslim faith observe the requirements of this holy month of fasting. More than 50,000 consumers have downloaded the App since it was first launched.

CITIZENSHIP

OUR THIRD DEGREE
OF IMPACT:



AS PART OF OUR SUSTAINABILITY STRATEGY, CITIZENSHIP INCLUDES ENVIRONMENTAL STEWARDSHIP, MAINTAINING AN EFFICIENT AND ETHICAL SUPPLY CHAIN AND COMMUNITY INVESTMENT.

SUSTAINABLE SUPPLY BASE: We aim to increase the sustainable sourcing of key products and encourage suppliers to meet human rights, labor rights and environmental stewardship standards. In our Sustainability Strategy 2020, we established targets to improve sustainable sourcing of key ingredients and will report on progress in future years. In 2014, we increased our level of sustainably sourced coffee to more than 5,000 tons and ran a successful pilot for sourcing sesame seeds directly from growers in Ethiopia in order to make our tahini supply more stable, economic and sustainable. We also encourage small suppliers and work with them to increase volumes to allow them to meet Strauss supply demands.

ENVIRONMENTAL IMPACTS: Environmental targets incorporated in our 2020 Sustainability Strategy require us to make systematic changes in our operations around the world, take advantage of new technologies and embed a culture of sustainability at all levels in our business. Activities include conversion of our Israeli production sites to natural gas, Life Cycle Analysis of the environmental performance of our WaterBars and further incremental improvements at our factories. In 2014, we achieved:



8%

reduction in energy consumption per ton of product.



25%

reduction in greenhouse gas emissions per ton of product.



12%

reduction in water consumption per ton of product.



83%

of all waste recycled or reused.

ENVIRONMENTAL INNOVATION: In 2014, we advanced technological innovation that has environmental benefits. Highlights include a pioneering wastewater treatment method which uses zero chemicals and much less energy and a new energy efficiency technology that measures in real time the energy consumption of an individual power circuit or single motor. We expect to save up to 15% of energy consumption at key production facilities in Israel in 2015. In the U.S., we expanded our Sabra hummus production facility, attaining the globally recognized LEED Silver environmental certification.

STRAUSS IN THE COMMUNITY: In 2014, we invested a total of \$2.8 million in the community through financial donations, value of product donations and value of employee volunteering hours.

ABOUT OUR REPORTING

This section describes the parameters and process for developing the report, the scope of the report, and lists all the disclosures in the Global Reporting Initiative (GRI) G4 Index, and cross-references these to the United Nations Global Compact principles.

FEEDBACK

We welcome your feedback. Please send your comments to our global sustainability director:

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