



# THE APPETITE FOR BETTER FOOD 2019 Sustainability Report

All topics

People and communities

Protect our planet

Practice good business



A letter from the Chairperson and a letter from the CEO



About NIS 5.3 million was invested in the Strauss Israel Employees' Social Plan in 2019, and approximately NIS 37 million in total over the past four years.

# 13%

reduction of greenhouse gas emissions per ton of product since 2016





At the 7th annual FoodTechIL conference, more than 1,500 people from 45 countries with 55 startups participated in over 600 meetings with investors



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# 23%

In 2019, 23% of the employees in Strauss Israel come from the Arab society



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# 11

policy documents regarding Strauss's material subjects were launched on the Group's website



In 2019, 88% of waste was recycled



We expanded our social venture to support coffee growers, "More than a Cup," to 10 active partnerships in eight countries, including 13,300 coffee growers



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# 5.5

We brought economic value of NIS 5.5 billion to our stakeholders around the world



Among the managerial rank, 45.5% were female executives in 2019 (joint ventures in Brazil are not included)



# 10%

reduction in water consumption per ton of product since 2016



# 100

.In 2019, we reduced 100 tons of sugar from our products in Israel



In 2019, Strauss Group employees volunteered a total of 28,800 hours in the community, more than twice that of 2018



We continued supporting coffee growers and their families to improve productivity and quality. The Florada project in Brazil continued into its second year and the Tribos project to empower indigenous coffee growers from tribes in the Amazon was launched

# 246

In 2019, we launched 246 new gluten-free products in Israel.







We launched the Sustainable Farming program in order to promote the welfare of cows in the supply chain of dairy products in Yotvata.



# 5%

Reduction in water consumption per ton of product in 2019



# 14.6

In 2019, Strauss Group donated NIS 14.6 million in products, financial donations and volunteer hours



About NIS 39 million was invested in reducing our negative impact on the environment in 2019



# 3%

Reduction in greenhouse gas emissions per ton of product in 2019



In 2019, we reduced six tons of salt from our savory snacks. Over the past four years, we have reduced a total of 20 tons of salt from these products.

# 4





In 2019, we launched 136 lactose-free products and 11 low-lactose products



[Click to review our Performance Data](#)



0.3%

Reduction in greenhouse gas emissions in 2019



“

[Click to read more regarding Sustainability Management in the Strauss Group](#)

Joining 4 leading initiatives and partnerships to promote social impact, such as valuable500, Consumer Goods Forum, and others



As part of Sabra's community activities in the U.S. during 2019, approximately 3,630 kg of different products were sold in local farmers markets to Sabra employees and suppliers.





## People and communities

[Conscious Nutrition](#)
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[Creating Value for the Communities around Us](#)

246

In 2019, we launched 246 new gluten-free products in Israel.

5.3

About NIS 5.3 million was invested in the Strauss Israel Employees' Social Plan in 2019, and approximately NIS 37 million in total over the past four years.

14.6

In 2019, Strauss Group donated NIS 14.6 million in products, financial donations and volunteer hours.

100

In 2019, we reduced 100 tons of sugar from our products in Israel. Since 2011, we have reduced a total of 6,100 tons of sugar from our products.

38%

Approximately 38% of employees received performance evaluation in 2019.

136

In 2019, we launched 136 lactose-free products and 11 low-lactose products.

28,800

In 2019, Strauss Group employees volunteered a total of 28,800 hours in the community, more than twice that of 2018.

13,300

We expanded our social venture to support coffee growers, "More than a Cup", to 10 active partnerships in 8 countries, including 13,300 coffee growers.

22

Hours of training on average per employee in 2019.

41%

Promotions of women during 2019 of total promotions.

# Conscious Nutrition

## People and communities

### Conscious Nutrition ^

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## Consumers: The Appetite for Better Food

We at Strauss not only make food and love food, but we also have a commitment. A commitment to the environment, to the community, and to society. Therefore, for several years now, we have been on a journey. A journey along which we make our food better for the communities in which we live.

Our consumer community is us. Our family, our friends, our neighbors. That is why we believe in continuous improvement and the constant desire to create better food in all areas of our activities. This is through development and innovation processes, better choices for our consumers, support for our supply chain, use of the best raw materials, maintaining community and environmental wellbeing and many other ways.





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# Nutrition and Gastronomy Strategy

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# Nutrition and Gastronomy Strategy

In recent years, we have outlined a nutrition strategy for the Group. Recently, Strauss Israel has defined the nutrition and gastronomy strategy that outlines our approach to the food we prepare. Our strategy is based on nine principles designed for good nutrition, and these are the guidelines that help determine our strategic development and product development decisions. We see the implementation of this strategy as an important step in our journey and the basis for gaining consumer confidence. The strategy involves three main food-related areas: what foods we prepare and what they represent; the ingredients we use; and our preparation methods.



## The Nine Principles of Our Balanced Nutrition Strategy

01 —

### Constant Improvement

Improving the nutritional profile of existing products and offering balanced alternatives when developing new products

02 —

### Balanced Nutrition

of products offered in varied packaging sizes, and also including personalized packing in measured doses

03 —

### Clean Label

Removing components that are not a natural inherent part of the product; emphasizing our ongoing efforts to switch to only natural materials in all our products

04 —

### Strengthening the Good

Expanding the supply of products containing significant dietary benefit

05 —

### Accessible Nutrition

Developing products for consumers with unique nutritional needs due to health or personal preferences; launching products to serve such consumers, or adapting existing production lines

06 —

### Balanced Nutrition for All

Fair pricing

07 —

### Sustainability

Accepting responsibility for our impact throughout the value chain; emphasizing the source of raw materials and sharing how they are grown and processed

08 —

### Transparency

Transparent and clear presentation of information to consumers through digital accessibility, product labels, packaging and clear messages

09 —

### A Passion for Food

The realization that we are a food company whose function is to feed millions of people a day, awareness of the role of food in the various dimensions of our lives is a function that is far beyond functional.

# Nutrition Strategy Goals

In 2019 we reached a consensus and approved the goals of our nutrition and gastronomy strategy, which we began developing as early as 2018. These goals are long-term and reflect the responsibility we have undertaken to provide better food. We have worked hard to take on challenges which will lead us in the right direction. Our goals involve a comprehensive conceptual change, the investment of considerable resources in suitable machines and equipment, revisions to recipes for familiar products or the development of new products.

## Nutrition Goals

Topic	Target for 2024
Accessing products for different populations	Strauss will increase the number of the products suitable for target audiences with unique nutritional needs, such as gluten-free, lactose-free, allergy-label cleaners, etc. adding 50 items to our catalog.
Clean label	
Measured serving	Strauss products will be free of artificial food coloring and over 70% of our products will be free of artificial flavorings.
Sugar reduction in sweets	70% of Strauss products for personal consumption will be offered at a serving measuring less than 200 calories.
Reducing sugar in dairy products	At least 50% of confectionery for personal consumption will contain less than 10 grams of sugar.
Red marking	At least 70% of dairy products for personal consumption will contain less than eight grams of added sugar.
Promoting balanced nutrition in the community	We will not exceed the percentage of products marked with red stickers denoting less healthy products.
	We will be partners in initiatives promoting healthy lifestyles that, together, can potentially have an impact on the lives of a million people.

## Goals in the Field of Raw Materials' Sustainability








Topic	Target for 2024
Transparency	By 2021, full information about our products, including composition, components, etc., will be accessible to consumers via digital media.
Sustainable agriculture and raw material traceability	50% of the main agricultural raw materials used will have traceability and will come from sustainable sources.



# Clean Label

A clean label indicates that products do not have any added components that are not naturally found in the product. In addition, on a clean label, the consumer can usually recognize the component listed on the label, because it is often a familiar component of the home kitchen.

## Examples of Products Modified During 2019

						
Pro Whey Drinks	Cream Sauces	Banana Punch Drink	Pro Coffee Drink	Mocha Drink	Yogurt Bar	Chocolate Lentils
Eliminating food coloring	Replacing food additives with citrus fiber and unprocessed starch, and eliminating 4-8 E materials	Reducing food additives from four to just one	No processed starch	Reducing number of stabilizers from four to two and reducing the acidity regulator	Reducing the ingredient list, removing processed starch and replacing with milk protein	Improving the food colors of the lentils by changing to natural food coloring
			Reducing two E materials to just one			

## “30% Less Sugar” chocolate Series

As part of our effort to reduce the amount of sugar in our products we have challenged ourselves to provide a solution that will offer real improvement in the most challenging category of sweets. In 2019, we were the first in the world to launch a milk chocolate series, “Chocolate with Refined Sweetness,” containing 30% less sugar than the parallel product we sell. To preserve the sweet taste of chocolate, our team of technologists found an innovative solution and used a combination of tiger nuts, known for its root tubers whose natural flavor is sugary and which constitute about 5% of the product, and dietary fibers, constituting 14% of the product. In addition, all the products in the series are gluten free. Our refined sweet chocolate is the only chocolate bar in Israel that does not contain sugar as the most dominant ingredient.

## Improving Component Composition and Expanding Packaging Size Variety

The foundations of our approach to developing products and promoting healthy lifestyles is our commitment to enabling our consumers to make more informed choices, depending on their lifestyle, culture, needs and dietary perceptions. In our various product categories, we encourage consumer's personalized choices, offering products with fewer calories, and less sugar, salt, saturated and trans-fats, in addition to more protein, better quality oils, dietary fibers, vitamins and minerals. All this while providing transparency and enabling our consumers to make personalized decisions.



### Sugar

In 2019, we removed 100 tons of sugar from our products, making a total of 6,100 tons of sugar in aggregate removed from our products since 2011.



### Salt

In 2019, we removed six tons of salt from our savory snacks.



## Hummus in Nutrition Programs in the United States

Sabra, the leading hummus brand in the United States, continues to support and expand the inclusion of hummus and guacamole spreads in the United States Department of Agriculture's (USDA) Child Nutrition Program that oversees daily meals and snacks for children in traditional educational institutions. As part of this, we have held meetings with representatives of the United States Senate subcommittees and the United States Department of Agriculture to present the nutritional benefits of hummus and guacamole.

In addition, due to the obvious benefits of hummus and guacamole for people of all ages, Sabra promoted hummus recipes at the USDA's annual Child and Adult Care Feeding Program (CACFP) conference. As a result of our close association with these authorities, hummus is often incorporated into the meals and snacks included in the program.



# Consumption–Measured Portions

In 2019, we launched four new pastry products in a single packet format, with the goal of expanding the range of consumer options and enabling consumers to choose a measured portion whether eating at home or outside. The products include a variety of pastry categories: cookies, wafers, cakes, etc. Extending the line of individual portions improves consumers' experience and confidence by responding to prevailing consumer trends that prefer small-portioned snacks for consumption between smaller meals and ready-to-eat products that are easy and convenient to eat. In addition, individual portions allow for a balanced consumption of sweets as well as portion size control. In early 2020, we launched three more products in the candy division that are now available in individual packaging. A similar move was also made in the snack category, where we expanded the offerings of snacks sold in packages sized 15–30 grams.



Ad Hazoat Biscuits – pairs



Ad Hazoat Fingers Biscuits



Ad Hazoat Round Biscuits

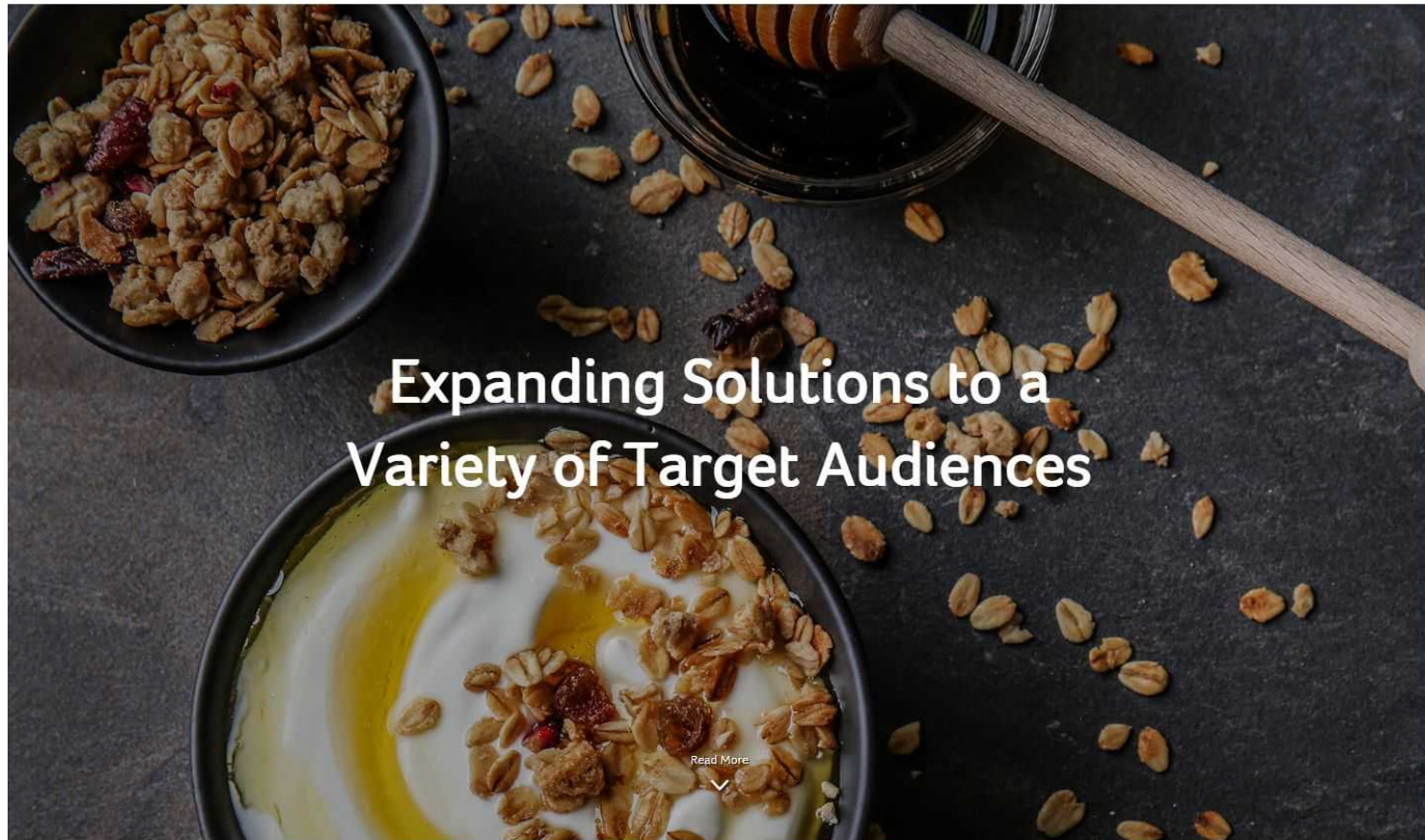


Quarter to Seven

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## Meeting Consumer Expectations and Expanding Solutions to a Variety of Target Audiences

Our goal is for everyone to enjoy our products. As food manufacturers, we have a responsibility to ensure that our food is safe not only for general consumption but also for those with unique food needs, including populations that are intolerant to various foods such as gluten, lactose and a variety of allergens. Not only the individual suffering from food sensitivities must make dietary adjustments, but that individual's entire household, as well as other social circles, such as the educational environment, must provide options for these sensitivities. As a result, there are tens of thousands of consumers looking for available and accessible solutions for their daily diets. Over the past few years, we have intensified our dialogue with consumers, as well as with nonprofits and organizations that represent populations with unique dietary needs. From this discourse, we have come to understand that we must expand the product offerings that provide solutions to a variety of consumers. We are therefore investing more resources in this area than ever before, and consider this an important focus of our business.

We believe it is important to take an inclusive approach. Even if the market for certain products is relatively small, we strive to give everyone a selection of products that are right for them.

# Expanding the Selection of Gluten-Free Products

Gluten-free product development and preparation are complex processes that require substantial investments and changes in some of our production systems. These changes include assessing and making precise adjustments at all stages of preparation of the product, from the raw material stage to its packaging. As the result of a myriad of complex manufacturing adjustments in the manufacturing plants, including the separation of raw material and production lines, dedicated training for production teams and rigorous quality testing procedures, we are now able to expand our gluten-free product line production throughout the year. Over the past eight years, we have systematically adjusted these processes to allow more gluten-sensitive or intolerant consumers to enjoy a wide variety of foods in many categories.



In 2019, we launched numerous customized products

246

246 gluten-free products

136

lactose-free products

11

low-lactose products

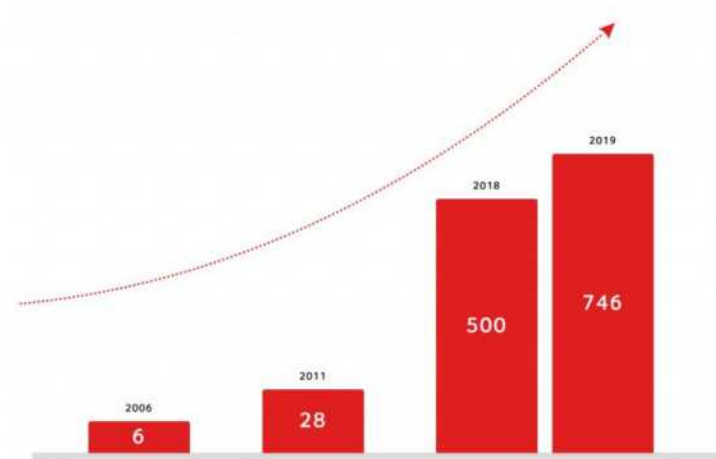
1

lactose-free milk product

Examples of some of these products are the SOOM tahini based pudding, ONLY beverages – milk-free probiotic yoghurt, alongside new flavors of yogurt, baked potato chips and protein-enriched crisps – each product is compatible with a dedicated consumer audience.

SOOM, a new product launched in 2019, is the world's first milk-free pudding based on tahini. The pudding is available in four flavors: chocolate, nougat, vanilla and *Tortit*, and is suitable for consumers who want to consume a delectable dairy-free, vegan and gluten-free pudding. The pudding caters to a wide spectrum of people: those seeking to reduce their milk intake, those looking for “parve” desserts, vegans, lactose-sensitive individuals and pudding lovers in general. We chose raw tahini due to its smooth texture that gives the product a texture similar to that of milk. Its choice as the basis of the SOOM dessert is also the result of a productive collaboration between the expertise of the Strauss Dairy Division in dairy products and that of the Strauss Salads Division in all aspects of tahini.





## Transparency and Clarity in Allergens Labeling

In the various markets in which we operate, many regulations determine the labeling of products that contain or may contain allergens. We apply the regulations rigorously, and display this information prominently on our product labels. This past year, we adopted another layer of care for our consumers. We worked with the Israeli Food Allergy Association to explain our approach, and received positive reactions. At the same time, we continue to make adjustments in the various product lines so that we can eliminate the need for allergen warnings and allow consumers affected by allergies to enjoy a wide range of products.

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# Encouraging Drinking Water: The Strauss Water Campaign

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## Encouraging Drinking Water: The Strauss Water Campaign

We at Strauss have set ourselves the goal of raising the public's awareness of drinking plenty of water and to favoring water over sugary drinks. In the summer of 2019, we launched an advertising campaign about this on leading platforms, exposing many people from a variety of populations to this message.

Strauss Water began this marketing campaign for families and children in the summer of 2019, with a message encouraging people to drink water throughout the year, but even more so during the hot summer months. Most people, adults and children, do not know how much water to drink per day. Therefore, we created a movie starring “Thirsty Sigal,” a children’s star who is encouraging to drink water. In the video, Sigal asks how much water she should drink per day and the answer directs her and the audience to Strauss Water’s [water calculator](#), where they can calculate how many glasses of water they should drink per day according to parameters of gender, age, physical activity, and the like. Over 100,000 people have used this calculator and we are pleased that we have been able to help raise interest and awareness on this important topic.



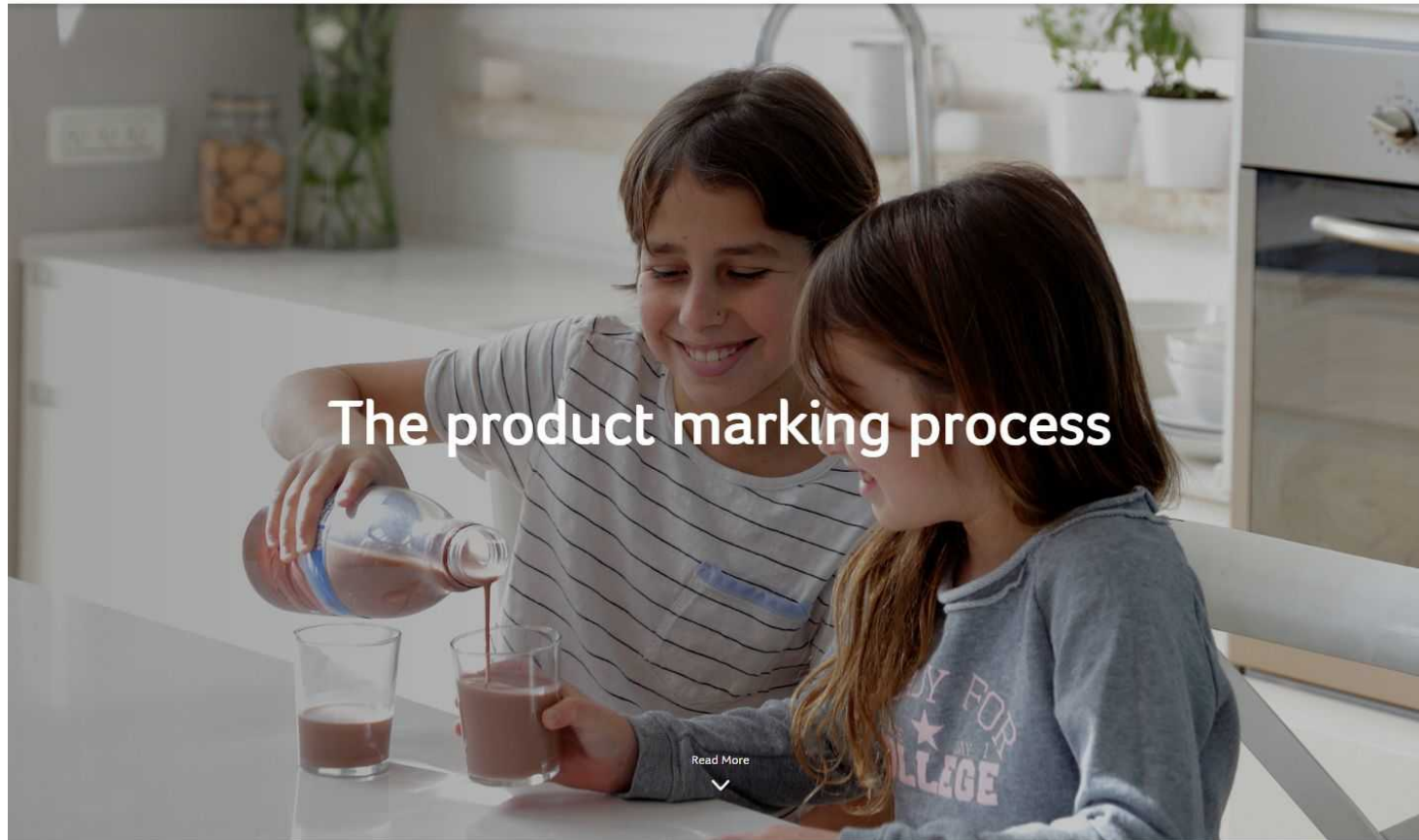
In addition, as part of the popular reality show “Ninja Israel,” we joined Channel 12 and MAKO to collaborate on all program assets. As part of the collaboration, 37 episodes were sponsored, incorporating content corners with seven alternate videos taken with the shows’s participants talking about the importance of drinking water.

Our publicity on social media ranges from monthly campaigns specifically pinpointed to promote sales, to statements that encourage drinking water, including messages appropriate for a current event, such as the Eurovision contest, holidays and even the elections. Another media platform which we have utilized is radio, where we have fixed content pieces that communicate encouraging messages about drinking water several times a day. These pieces were broadcasted over 100 days and many listeners were exposed to the importance of the subject during various times of the day,

*Read more about the benefits of drinking water, the importance of a healthy lifestyle, the effect on the body and how to maintain a desired amount of drinking on [Strauss Water blog](#).*

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## The Privilege, the Commitment and the Responsibility to Make Better Food

We have been working for many years to improve the food we prepare in order to offer better choices to consumers. Israel's recent Product Marking Law, Public Health Protection (Food) (Nutritional Marking) Regulations, 2017, not only corresponds with our ongoing endeavors, but also encourages us to expand and accelerate our ongoing improvement processes. We fully understand that making food better is our mission and responsibility.

This new regulation enacted by the Ministry of Health came into effect January 1, 2020. Its goal is to help all of us to eat better and to make wiser and more suitable choices about the food we eat. The law applies to all packaged products sold in Israel and requires manufacturers and importers to mark place a red circle on the front of all packaged food and beverage products containing over 100 grams of sodium, saturated fat or sugar content.

We consider this reform positive and beneficial. We are pleased that as a result of **the improvements we have made in the last decade, an absolute majority of our products already met the new standards by the deadline set by the new regulations.**



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91%

of the Salty snacks category are not marked

100%

of the "Ta'am Hateva" brand products are not marked

7%

of the Bakery and Sweets category are not marked

85%

of Yotvata products are not marked

91%

of the Dairy category are not marked

100%

of the "Achla" brand products are not marked

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The main challenge we face in our commitment to improving food quality is changing the nutritional composition of the product, for example, by reducing sugar, sodium, fat and more, while with maintaining the familiar and preferred taste and texture sought by our consumer audience.

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We have worked and are still working to eliminate preservatives and to reduce sugar, sodium and fat and replace them with healthier ingredients. The labels on our products are accessible and allow the consumer to understand the ingredients and know the food they are consuming. The changes and improvements we are constantly introducing and working on are made possible by the impressive and professional work of the company's development and technology personnel, who are continuously working to find healthier recipes, while maintaining excellent taste and fair pricing. We continue to improve existing recipes and to develop new technological solutions, including in our FoodTech incubator, in order to create the highest quality foundation for future development of better and healthier food.

## And what about our specialties?

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### **Strauss and Yotvata Dairies**

90% of Strauss dairy products and 85% of Yotvata products meet the standards set by the new reform and have not been marked with a red sticker. The big challenge in the dairy sector is that, according to the new law's definition, sugar is considered not only added sugar, but also sugar derived from the raw material, and milk contains natural sugar in the form of lactose. We have nonetheless achieved success in meeting the standards for sugar content by gradually reducing sugar in our dairy products since 2012. This gradual reduction over time has exposed consumers to new and less sweet tastes in stages, thus enabling them to become accustomed to and enjoy a less sweet flavor profile. We have carried out this process understanding that sugar in products not only provides sweetness, but also affects the product as a whole, including its texture, the strength and balance of its flavors, etc. We have been able to reduce sugar while retaining the overall high quality of our products by making extensive use of new tools that help reduce sugar, including: enzymes for breaking down lactose in milk in order to make use of the natural sweetness from milk sugar; finding a balance between sour and sweet; adding dietary fiber; using milk proteins, and concentrated Monk fruit; and, of course, the primary tool of a general reduction in sweetness. We believe that these efforts help consumers become accustomed to better balanced products, resulting in healthier consumption.

It is Strauss's policy not to use natural or artificial sweeteners in children's products and all our sugar reductions are consistent with this policy.

## Sweets

Research we have undertaken, as well as sales results, indicate that most consumers incorporate something sweet into their diet. We believe that consuming sweets can be part of the menu as long as they are consumed moderately. Responsible consumption is important. As a result, we have expanded our range of packaging sizes in a way that allows consumers to consume sweets in individual-sized packaging that helps them choose a measured serving. In addition, we work to reduce sugar in the challenging category of sweets and to find technological and creative solutions in order to produce delicious and indulgent sweets with healthier ingredient content.

## Salty Snacks

Of our snacks, 91% **meet the reform standards** and have not been marked with red stickers. These include well-known and familiar snacks, such as Tapuchips and Doritos. As part of the process of transparency and encouraging consumers to become better acquainted with the food they choose, we will be publishing the story behind our snack creation on a dedicated website

## Fresh Food

The recipes in our salads product line have been undergoing comprehensive improvements for several years now. Thanks to these efforts, all “good” and “natural” brand products meet the reform standards and are not marked with red stickers. All our product improvement processes were carried out with the help of a professional chef who enabled us to maintain the familiar and beloved taste of the products and the preparation processes that are as similar as possible to those of the home kitchen.

## Strauss Coffee

With the exception of our *Shokolit* product, all of our coffee products in Israel meet the government standards and are not marked with a red sticker.

For more information, visit the [Customer Service](#) website.

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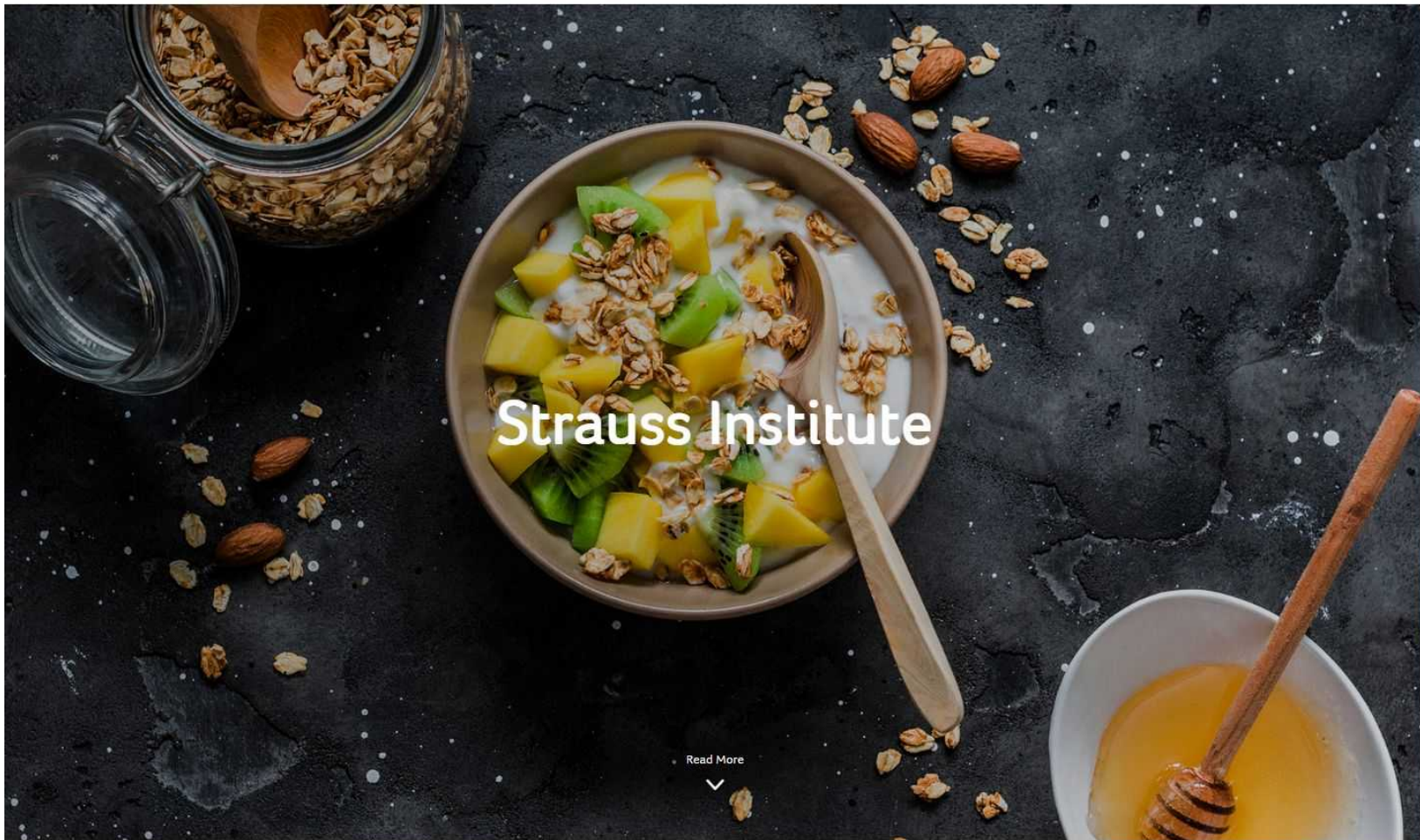


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The Strauss Institute was established in 1998, and has since focused on three main areas:



01 —

Professional promotion  
of young nutrition  
researchers

02 —

Enriching and  
empowering opinion  
leaders' communities in  
the field of public health  
and providing them with  
innovative and  
pioneering nutrition  
information

03 —

Developing tools and  
leading unique programs  
to promote a healthy  
lifestyle, furthering the  
institute's spirit of  
innovation and support  
for beginning researchers  
and in enriching public  
opinion leaders in the  
field.

## Strauss Institute Conference

In 2019, we hosted a conference entitled "An Appetite for Better Food," attended by approximately 100 nutrition professionals.

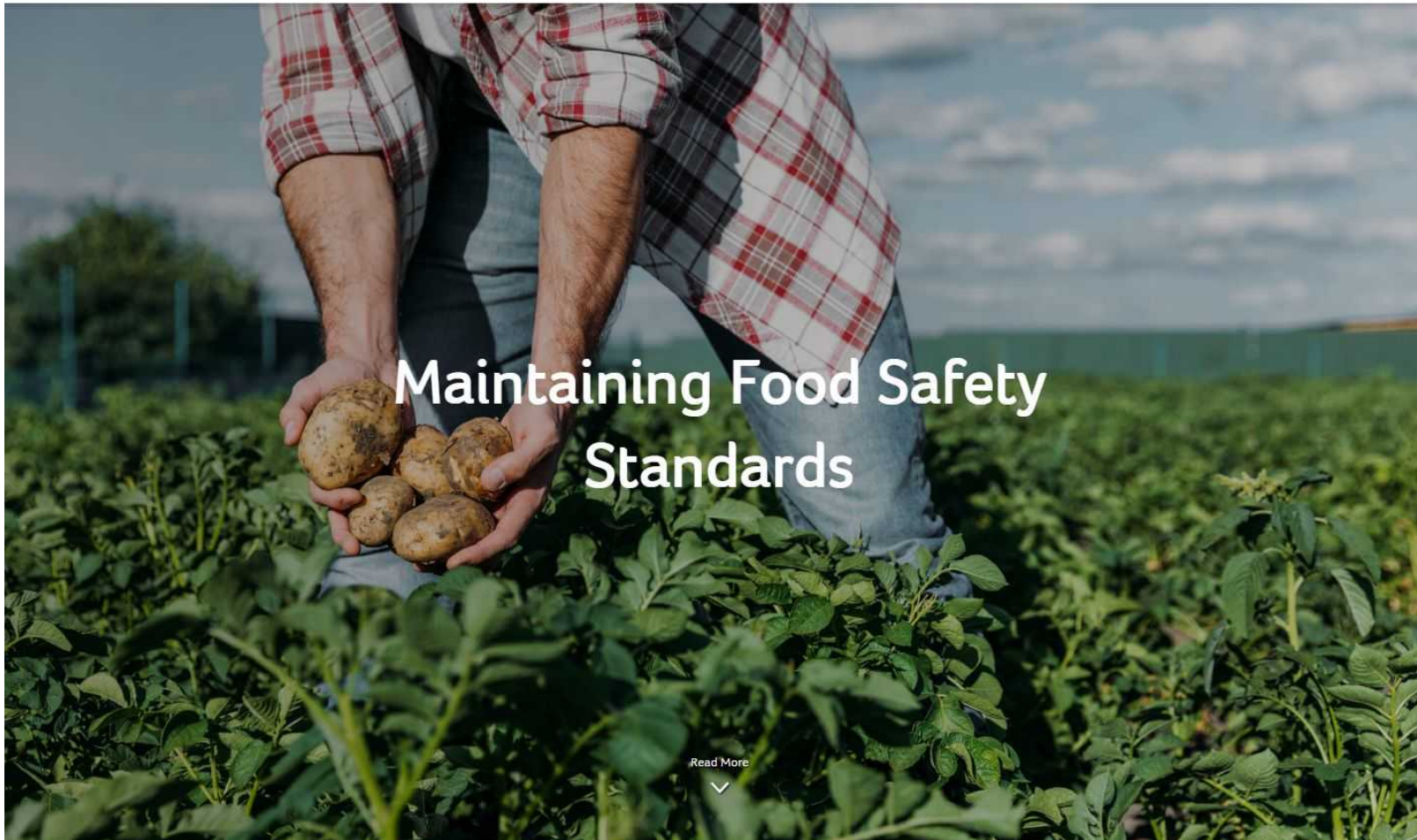
We at Strauss are proud of the food we prepare. The word "food" has a cultural dimension, and means much more than the nutritional elements of a product. Food also entails a commitment to the form of the serving, respect for the raw materials, appreciation of the taste experience and the encouragement of personal involvement. All these elements are reflected in our slogan: "An appetite for better food."

At our 2019 conference, extensive discussions were held about the cultural elements and philosophy of conscious eating and "The Dietetics of Caring." This idea is based on understanding the ecological, cultural, and social significance of the food we eat, and how better eating habits can be adopted in light of these implications.

With regard to the concept of "food," the Strauss Institute has formulated a long-term strategy aimed at influencing the years to come. Under the Strauss approach, discourse, activity and partnership will be developed to promote better and healthier nutritional awareness and behavior in Israel.

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Our ability to provide better and healthier food for consumers rests on our responsibility for the highest quality and safety. All the food we produce, distribute and market is regulated in all the countries where we operate. Strauss employs orderly work processes throughout the value chain and performs internal controls to ensure proper work processes and compliance with all requirements. In addition, Strauss adopts voluntary standards to ensure the safety of the products it manufactures and markets. In 2019, we were not involved in any non-compliance cases resulting in fines or penalty. In Strauss Israel, seven food safety audits were conducted in 2019 by an international company, which we invited voluntarily, to ensure that the company was meeting pre-determined standards. These tests involved examining operational processes, cleaning, maintenance and pest control, and helped us to make continuous improvements regarding these issues in factories.



## Examples of Advances in Food Safety in 2019

**Working with growers to improve the safety of fresh food:** In Israel, we purchase most vegetables for our fresh salads and packaged fresh produce from local farmers. We maintain strict food safety standards and quality standards by conducting tests at all stages of growing, supplying and processing the salads and vegetables. We have implemented a three-step quality assurance process: at the acceptance stage, at the processing stage and before distribution. We work closely with our growers in order to ensure that safety standards are met and all necessary practices are implemented. In 2018, for example, a pilot project for safety in the growing fields began in Israel. In collaboration with an outside company, and with the support and initiative of Strauss' quality headquarters, we have developed an applet that can perform full field supervision.

All fields are covered in the applet's segment, which can report according to each section in order to ensure a safe supply chain for plant use. The applet can monitor and supervise all growers; conduct daily, quarterly, and annual inspections and reviews; and perform vendor evaluations. At the same time, the applet provides task tracking alerts and assistance. The information managed in the applet enables the foreman and the agronomist to oversee a concentrated, clear and informative desktop that can view all growers and vegetables and ensure the safety and quality of the product. During the applet's implementation, it proved to be especially important to reduce the risk of weather, disease or soil infections. During 2019, we conducted thousands of daily reviews and audits of all suppliers in Israel in order to verify their actual working method. The reviews revealed no significant irregularities.



### Attempts to grow sesame seeds in Israel

In 2019, there were several attempts to grow sesame seeds in Israel. However, due to the high costs of water, renting land, labor and management, it was decided to halt these attempts and to switch to sesame acquisition from Sabra's company suppliers. In 2020, a multi-year plan was launched to increase the quantities of produce in accordance with a pilot which will be carried out in cooperation with the growers. The goal of this project is to reduce the supply chain, to monitor and manage it more efficiently, and to reduce the costs of growing sesame seeds in Israel. Another significant objective of the project is to reduce the risks of importing the raw material and relying on manufacturers and suppliers from third world countries, where there is political and economic instability as well as a lack of transparency in the supply chain.



## Growing eggplants in a greenhouse

Eggplant is a major raw material in our salads and it is important to us that our customers can continuously enjoy products containing it without interruptions due to seasonal availability. Therefore, in 2019 we started a greenhouse eggplant pilot program, which allows us to work with a larger pool of growers and a broader scale of farmers in order to develop diversity in the eggplant varieties with which we work. Growing in the greenhouse allows for greater flexibility over the growing season, is not affected by winter weather crises and reduces the risk of a negative impact on the product during these periods. The greenhouse system proved itself effective under the extreme conditions that existed in the winter of 2018-2019, which previously would have had a negative impact on the supply of the product to the customer. We have been able to see that the work plan of this project is successful and achieves its objectives



## Mechanical lettuce picking

Following a highly successful pilot project introducing mechanical lettuce picking with one grower in 2018, in 2019, we began sponsoring the mechanical lettuce picking process with all of our growers. The mechanical process involves picking lettuce on a conveyor belt. Its main advantage is minimizing contact with field soil during harvesting, and thereby reduces the risk of contamination that can originate in the field. The introduction of mechanical harvesting has already helped to streamline working methods, increase worker safety and reduce the risk of product contamination.

## New food safety system in Strauss Coffee

In 2018, we introduced a new food safety management framework that is supported by a cloud-based management platform. The management framework and system were developed with the help of 'Intertek', which, in addition to management tools, also provides knowledge, tests and joint work with suppliers to address hazards and safety risks. Following the implementation of this system in Israel and Poland in 2018, in 2019, we incorporated the system and management framework in our facilities in Russia, Ukraine, Romania, Serbia and Germany, while continuing to upgrade the system to address specific processes that were not optimal. In addition, we created a new version focused solely on "Green Coffee" in order to respond to the challenges of the unique characteristics of this supply chain. Overall, **we have expanded the use of this system, covering about 100 suppliers in 2018, and up to 280 suppliers by late 2019.**

In 2019, with the help of Intertek, we conducted eight reviews on production sites in Vietnam, Brazil, Poland, France, Germany, Russia and Serbia. The primary and most important finding from these reviews is that we know where events may occur on production sites and can now work to minimize and prevent them. It is clear to us that it is necessary to visit both our major and small suppliers, and that risks exist equally across all types of suppliers, regardless of size. We found that the process was also beneficial to the suppliers who underwent it together with us, which resulted in a higher quality for them, and we hope to see further improvements as a direct result of the process. By 2020, we plan to conduct about 20 reviews of the project.

This activity supports 1 of the UN Sustainable Development Goals





# The People of Strauss

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Our employees are the ones responsible for our success, the center of life and the beating heart of the company's activity. We see great importance in the well-being of our employees and their families, and strive to provide a safe, caring, inclusive and empowering workplace for our employees around the world.





# Diversity and Inclusion

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At the Strauss Group, we believe that engaging in business practices that promote inclusive employee growth is the foundation of our identity. This approach encourages innovation, builds trust-based relationships across the supply chain, and improves the company's ability to tailor the products and services the company provides to customers and consumers. Thus, we can achieve better business results in the long run and in the right way. For us, multiculturalism and inclusion represent both a business need and a core belief. They reflect a fundamental value and code of conduct that is deeply rooted in our everyday interactions and decisions. Multiculturalism and inclusion are the results of respect, appreciation of others, and caring about the lives we touch, from the thousands of people we employ to the millions of people we reach every day through our products and activities.

# A Culture of Inclusion

The mission of the Strauss Group is to improve the lives of people around the world through collaboration with all our partners. To accomplish this, we must act responsibly in every area in which we are involved. We are committed to acting responsibly, fairly and transparently, from both a business and a sustainability perspective, towards all stakeholders who come into contact with us in our business operations.

Diversity and inclusion are both elements of a key principle that we have chosen to promote and that is a significant component of sustainability management for us. Strauss' founders considered food an essential component of building a state. As a business that operates in different communities in Israel and around the world, we are convinced that the more we work with a wider range of people with diverse perceptions and capabilities, the more value-driven, fair, innovative, and ultimately successful our business and the society around us will be.

**Becoming a more diverse and inclusive company is more of a concept and way of life than a specific, targeted goal.** We must be prepared to examine ourselves, to expose ourselves, to learn the stories of the various communities, to adapt to their diverse needs, to be flexible about creating solutions to meet these needs, and, ultimately, to adopt a variety of ways of action, changing as individuals, as a society and as an organization.

From its earliest days, the Strauss Group has operated according to the basic concepts of diversity and inclusion. Over the past decade, and even earlier, we have sought to deepen and expand our impact on people's lives, mobilize more people to act according to the same principles, and realize that impact is a foundation for building trust that promotes resilience as a basis for business prosperity.

Strauss invests its many efforts to promote diversity in all our circles of influence as an organization: with our employees, with our consumers, with supply chain partners, with the community and outside organizations, and with the government in policy design partnerships.

At the Group level, we promote women and create an inclusive culture of every nature at every site according to its local populations, and encourage diverse and equitable employment.

## Strauss Israel's Focus in the Field for 2018–2020

Women <sup>12</sup>	The Arab Society	Ultra-Orthodox (Haredi) Society	Employees with Disabilities
Recruitment, promotion and development of women for managerial positions.	Recruiting and promoting Arab employees for managerial and other positions requiring a college degree.	Haredi recruitment for all the roles in the organization.	Recruitment and retention of employees with disabilities at a rate of 3% as required by law, as well as the construction of a multi-year work plan that will enable us to provide conditions beyond those required by law and adapted to the needs of the population.

Global and Israel: Creating a supportive culture, adapting processes and tools for diverse populations

<sup>12</sup>Global goal



As part of our efforts, we are investing in raising the proportion of employees from the Arab society in our company and in supporting their integration and advancement in a variety of positions and professions. In 2019, we drafted a procedure and recruitment process tailored for employees from the Arab society with a focus on jobs with high potential for advancement, we hired a recruiter from the Arab society to identify potential candidates for recruitment, we launched a Bootcamp program for training Arab employees for financial positions, and we participated in employment fairs in the Arab society throughout the year. For more on these projects, please refer to the section “[Promoting Employment Opportunities for the Arab Society](#).” In addition, we are leading a roundtable within the framework of the Social Economic Forum aimed at increasing the professional potential in the Arab society. Active at the table are representatives from the social, business and government sectors, and the joint work processes are focused on finding solutions for promoting more meaningful integration of the Arab community into the Israeli labor market. This program was launched in 2019 at the President’s House, and in parallel began engaging in teamwork on introductory meetings, mapping existing activities and moves, and examining key challenges along with solutions for implementation. During 2020, the team is expected to hold five additional meetings, and the final event will be held at the President’s House, where the results and conclusions of all the teams will be presented to begin the process of formulating a national plan and investment in selected projects.

In 2019, we also completed the process of conforming to the requirements of the Israeli law for equal rights for people with disabilities, a process that began in 2015, both within the company’s structures and with regard to providing services to customers. Looking forward, we would like to advance the company’s operations and build a multi-year work plan that will allow us to provide conditions that go beyond what is required by law and that are tailored to the actual needs of various populations in order to be as accessible as possible for the benefit of people with disabilities. For example, in order to provide a suitable work environment, we appointed a person specifically responsible for employing people with disabilities and for those employees’ ongoing relationships with the company. We strive to encourage employees with disabilities, strengthen contact with the accessibility association and conduct community activities, as well as increase employee engagement and awareness about the issue.

Adjustments made at the company’s offices and factories include, among other things, increasing accessibility by expanding entryways to establishments, installing customized drinking facilities, allocating accessible parking spaces, allocating space for accessible chairs in convention halls, and holding workshops and training for employees and managers. In addition, we have also implemented changes in coffee stations to provide full service tailored to serve all our customers: changing the height of counters, viewing of accessible menus and installation of audio systems at the points of sale.

Also, we have eliminated the background music being played with the narration for calls received to our customer service center in Israel. Subsequently, the service was designed to also receive inquiries via email, text messages and social media. Our website and our satisfaction survey have been adjusted and made accessible according to accepted standards. All of these steps have been taken in order to provide optimal, comprehensive and uncompromising service, accessible and tailored to all our stakeholder populations.

In addition, in 2019, Strauss Israel absorbed three deaf-mute workers into our production line in the south of the country. This was made possible by the effort made to adjust shifts, facilities and roles for employees with different needs. In order to enhance integration in factories, we have been using a sign language translator at recent events in our factories.

## Strauss Water Goals on Diversity and Inclusion

Population	Target	2019 Status
The Arab society	Reaching a percentage of workers that corresponds to population representation in the economy – about 20%	About 4% of the workers in Strauss Water are from the Arab society.
Employees with Disabilities	Compliance with regulations requiring that 5% of all company employees consist of people with disabilities	About 3% employees in Strauss Water are people with disabilities.



# Promoting Awareness of the Importance of Diversity and Inclusion

The Strauss Group is active in promoting awareness in the business community through infrastructure activities with partners from all sectors as well as through advertising campaigns. In this way, the company is able to reach the wide variety of people who make up the fabric of Israeli society in their PRO, Milky, and Turkish Coffee campaigns, among others.

Beyond efforts to mark a Group-wide Diversity Day around the International Women's Day, Sabra sites around the world recognize the diverse workforce by celebrating other days with significance for different populations throughout the year. These include, among others, Black History Month, Cinco de Mayo, Pride Month, Breast Cancer Awareness Month, and Hispanic Heritage Month.

It is worth mentioning the Sabra campaign that aired during the Super Bowl game in early 2020. The campaign garnered many positive responses and received an affirmative media response due to the use of a wide range of people representing diverse social communities. Among the video participants were 19 American celebrities, such as actor Jaleel White, singer Mel B and rapper T-Pain. The company also gave a historical first representation to the LGBT community by collaborating with drag artists Kim Chi and Miz Cracker. *(To watch the campaign ad broadcast in the Super Bowl, see [video](#))*

## Promoting Gender Balance

As part of the diversity and inclusion strategy, the Strauss Group determined that the issue of gender balance is a main goal, with the understanding that this is an international, cross-cultural and cross-territorial goal.

Over the past 13 years, we have been working to promote gender balance. Our commitment to promoting equal opportunities for women has also been reflected in external activities ([see details in the Communities Section](#)). In addition, over the past two years, we have expanded our investment in diversity both within the company and with our subsidiaries. In 2011, women applied for 36% of managerial positions, and in 2019, this rate increased to 45.5% (41% including joint ventures in Brazil). Therefore, we continue our efforts to achieve our target of reaching 50% of our management positions filled by women by 2024. Also, in 2019, the proportion of women on the Group's Board of Directors was 50%.

In 2019, we continued to support gender equality programs in Israel, such as the *Magshimot* (in Hebrew: "Fulfillment") program for women in the Nazareth production line, a dedicated workforce for promoting gender awareness among male workers, and the Woman-to-Woman mentoring program for women in pre-executive positions. We have also invested heavily in non-corporate efforts around the world, such as continuing to promote the More than a Cup venture to empower women coffee farmers in various territories around the world and the Florada Project to empower coffee growers in Brazil. *(For more on these ventures, see the Florada Project Section and the MTAC Section)*. Also, 2019 was the third consecutive year that we held Strauss Water's *Ishi Bishvili* (in Hebrew: "Personally, for Me") program: a development program for non-executive women's groups that provides tools for taking personal responsibility for their growth and advancement. The program focuses on the capabilities and perceptions of women's pre-management roles.

In addition, in 2019, as every year, International Women's Day was noted at all company sites in a series of events entitled "Celebrating Diversity." We see this day as an opportunity to promote the concept of diversity in the Group and encourage the involvement and awareness of the entire organization. In 2019, too, we conducted dozens of activities to strengthen our dialogue and actions.

## Examples of Gender Equality Activities on Sites around the World in 2019

**Romania:** Community activities that encourage education and empowerment of women in the coffee factory's surrounding community.

**Poland:** Mentoring initiative in the coffee factory production department, which encourages and allows women to work in jobs where the percentage of women is usually low. At the end of 2019, eight of the program's participants were employed in positions which had not been optional to them in the past.

Along with understanding the importance of the issue and current efforts, we at Strauss realize that we still have a long way to go on the journey to promote diversity and inclusion. In 2020, we will set additional organizational goals to address gender equality, to promote and support the processes and changes that are already happening and to continue to challenge ourselves to make special efforts on these issues.

## Promoting Opportunities for Employees from the Arab Society

In order to promote the social equality in Israel and to help bring together different populations, over the past three years we have been working to create a broader inclusion of employees from the Arab society in our organization.

The Arab society constitutes 21% of the population of the State of Israel and its integration into the workforce is critical to the Israeli economy, to economic productivity, and to strengthening the trust relationship between all citizens. Strauss has a 23% representation of the Arab society in its workforce, greater than their proportion of the population. Our key efforts are focused on recruiting and promoting employees for managerial and professional positions.

⋮ In 2019, we increased the number of employees from the Arab society in professional and managerial positions in Strauss Israel to 64, from 48 in 2018.

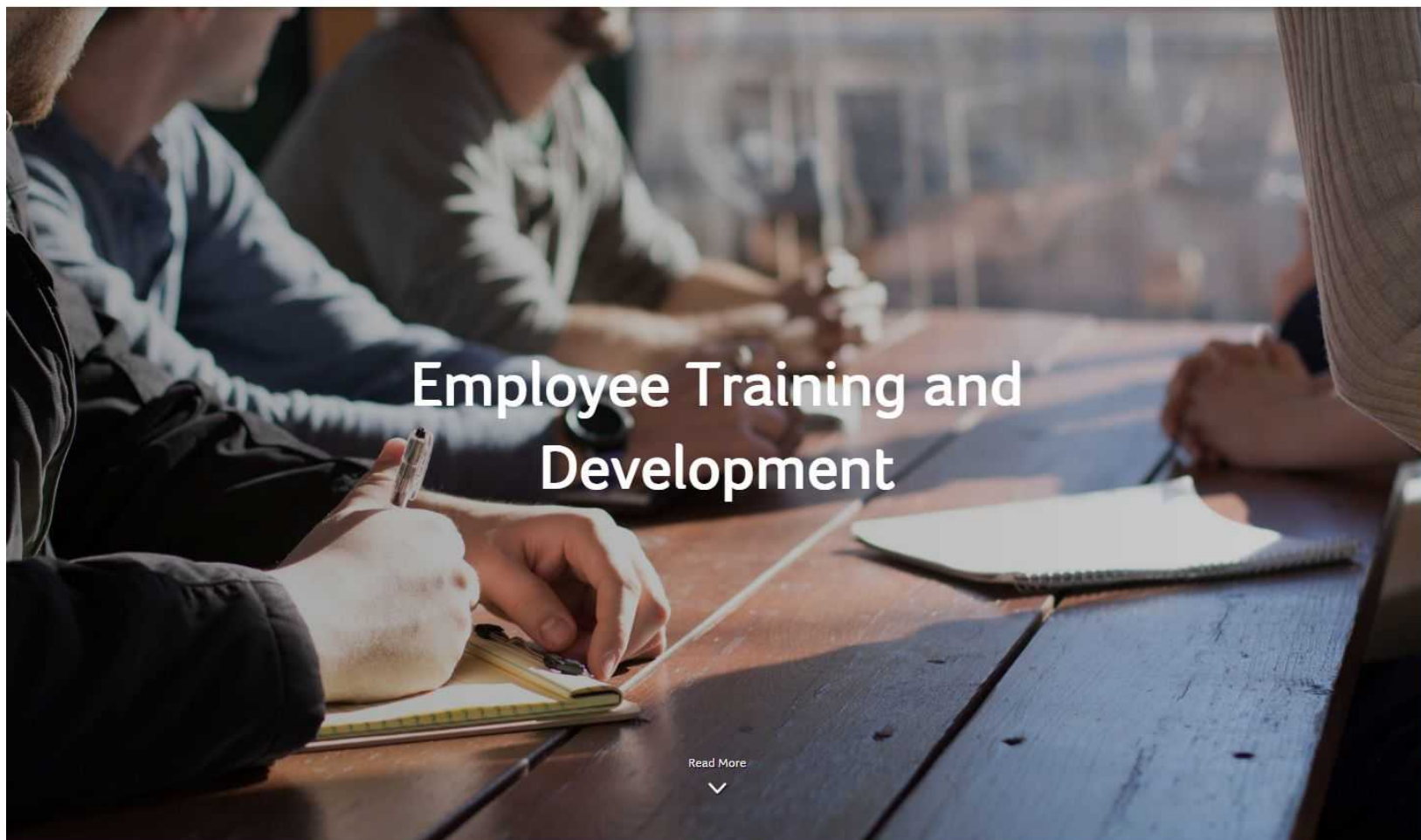
In 2019, Strauss Israel and Strauss Water continued to collaborate with the Co-Impact Initiative, a cross-sector partnership established in 2013 with the goal of achieving a breakthrough in Arab society employment in Israel and improving the local economy and social solidarity. At Strauss, we set ourselves the goal of creating new organizational perceptions about diversity, multiculturalism and inclusion, and to lead a steady process of cultural change. The initiatives we continued to advance in this area in 2019 included:

- A dedicated committee made up of factory managers, divisional leaders and other senior executives convened about three times during the year to monitor compliance with targets and discuss relevant significant issues;
- Expanding recruitment from the Israeli Arab society and providing guidance and training for suitable candidates. In 2019, a procedure and recruitment process were formulated for employees from the Israeli Arab society, with a focus on jobs where there is a high potential for success;
- Launching the Economics Bootcamp program to train candidates from the Arab sector to work in financial positions, with the aim of getting to know the candidates closely, and giving them professional tools and exposure to the corporate culture;
- Participation in designated employment fairs in the Arab society;
- Management discussions were held in all Group divisions with the aim of expanding change agents among the managers and establishing work teams to promote diversity within the divisions;
- Continuation of internal workshops for managers and employees on diversity, multiculturalism and inclusion, and highlighting diversity in internal training and communication in various languages, such as greetings for holidays and more;
- Continuing the Peer Forum for Employees from the Arab society, which in 2019 had 15 employees from the Arab society, who are committed to assisting in the sought-after transformation and in building appropriate tools. In 2019, three peer meetings were held, addressing important core processes in the organization. The Forum has two subgroups, one engaged in recruitment and the other in promotion processes;
- In 2019, as part of our recruitment efforts, we began work on developing a kit for diverse recruitment and management for executives. In addition, we began our participation in the Co-Impact Mentoring program, now involving three executives;
- The CEO of Strauss Israel is leading the working group on promoting productivity in the Arab society within the Social Economic Forum;
- The Chairman of the Strauss Group's Board of Directors hosted a delegation of senior officials from the Rothschild Foundation in order to share insights and consensuses about promoting the employment of employees from the Arab society in the entire Israeli economy.

This activity supports 1 of the UN Sustainable Development Goals








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In our dynamic work environment, it is important for our employees to have the knowledge and skills necessary to carry out their responsibilities. We provide training and development opportunities for employees across a variety of disciplines, from Operations, Engineering and Maintenance to Development and Production, Sales, Procurement and Marketing Technologies. In addition, the following areas engage in cross-organizational training and development: quality and safety, regulation, organizational orientation, and entry into a new position, as well as entry into a first managerial position. The training is carried out using a variety of educational, technological and digital methods, in addition to in-person tutorials and frontal sessions, depending on the nature of the activity.

New measures in the field implemented in 2019 included integrating innovative learning solutions, applying the use of diverse learning platforms, and using innovative training methodologies.

In addition, we aim to contribute to the personal growth and professional development of employees and to improve their ability to find employment in the future, thereby contributing to social development as a whole in our areas of activity. In all of our training programs, we focus on employee upskilling.

We have developed a detailed and methodical upskilling program, which we started implementing in 2019.

Examples of the corporate upskilling program:

Operation	Sales	Technology
From operation to technical operation: responsibility for operating and maintaining a proper and reliable equipment and work environment.	Analysis and data-based decision making.	Detection and searching for experts or knowledge, with a focus on tracking trends and tendencies in the food sector.

## Diverse Employee Training Methods for Personal and Professional Development

### Sabra

Sabra has an extensive training program with eight different types of core training courses, such as leadership, decision making, quality and safety and personnel training.

01 —

#### Leadership

In this area, employees are offered training that allows the manager or supervisor to acquire tailored tools for proper communication, employee development, performance and efficiency improvement, maintaining organizational knowledge and human capital management.

02 —

#### Decision Making

All Sabra executives were asked to participate in a program to raise awareness of the issue of having an unintentional biased opinion; from what does it arise, and how to accommodate an inclusive point of view.

03 —

#### Quality and Safety

To maintain a high level of professional knowledge among the employees, Sabra offers a series of professional training on food safety, control and treatment.

## Personnel Training

Employees are required to participate in a number of online courses on personnel issues: harassment, workplace violence, company policies and relevant laws. These issues are important to the work environment in the company and are in accordance with its values.



## Strauss Water

Strauss Water has created an Employment Guidance Plan that allows employees who are at a crossroads at any point in their careers to examine their continued employment opportunities, what their goal or challenge is, and to understand what is the most appropriate way to reach that goal with the help of a feedback conversation. In 2019, about 27 employees took part in this program.

Another program developed at Strauss Water is the internship program, which allows students or employees who are in the process of obtaining a training certificate to gain practical experience in the field they are studying. The program is held once a week for three hours, and in 2019, it helped ten interns expand their professional capabilities.



## Other measures in the field of training and development in 2019 in Strauss Water include:

- **Passion for Water:** As part of the Strauss Water strategy of transforming from a product company into a water specialist company, this year, a learning program was created across organizations in all divisions and in all positions about the worlds of water. The plan introduces employees to the aquatic environment, from a geopolitical survey of water sources in Israel, to a discussion of various pollutants that may find their way into the water. It also discusses how Strauss Water plays an active role in purifying drinking water. During these training programs, all employees and managers learned and gained personal experience in labs, escape rooms, water tasting, online learning, experiential water day, and more. As part of the process, each employee starting work in the company is invited to provide tap water samples from his or her private home. This sample is analyzed in the company's laboratories and a detailed analysis is provided in a work meeting dedicated to a thorough discussion and explanation. All these steps have been taken to enable every employee to generate and engage in an in-depth and meaningful discourse on water, whether with a client or in a private conversation with family and friends.
- **Executive Development:** Team Managers as Professional Leaders and Leaders of Change –In today's era, with the high rate of change and knowledge required from company representatives, managers must be able to support their representatives on the ground and, even more importantly, prepare their employees for change. With the help of executive development processes focused on messaging, change management skills, enhancement of presentation skills and training capabilities, we have transformed them from team managers who, rather than merely undertaking training with their employees, assume the role of mentors who lead change.
- **Staff Development:** A wide range of enrichment training sessions were held this year as part of "The Catalog" program offered to all staff, such as Excel, PPT, Effective Presentation, Negotiation Management, Networking and more.
- **Ways of Learning:** Understanding that representative's training cannot be completed as part of the entry-level training course, we have created ways of learning for a variety of skills needed by representatives, mentors and senior executives. This initiative is intended to generate continued learning, improve skills, develop employees and produce upskilling with the aim of improving service and customer experience. In the first year, the employees receive between two to three additional training sessions beyond the initial training, in accordance with the skills and needs required for their job. From the second year onwards, they undergo training sessions according to their needs and desires.
- **Creating Individual Training Platforms in a Variety of Skills:** One of the many benefits of this kind of training is that it allows for immediate recruiting flexibility, without the need for taking a special course. We have created a platform that combines online learning, practice, work with a mentor in an on-the-job training (OJT) setting, and work with a mentor and direct manager to acquire the tools and skills required regardless of the course. We recruited around 20 employees this year whose integration into the organization was made possible by this platform.
- **Innovation in Learning:** In the age of the Y Generation, a complex generation looking for work excitement in general and learning in particular, we must adapt ourselves. That is why every year we innovate and integrate more learning technologies. In 2019, we created a video for new employees with VR glasses, "gamed" some of the content in the tutorials, integrated escape rooms, experiential, visual and tangible learning, online learning and more.
- **Increased Course Effectiveness:** We have shortened some of the courses and adjusted them according to the organization's changing focus.

# Trust and Practical Listening

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Our ongoing journey to become a company worthy of trust is based on the understanding that trust is at the heart of any successful business strategy. Often, trust is seen as a predictor of the underlying socioeconomic strength of countries, which is the basis for growth.

The 2019 Edelman Trust Barometer Research, conducted among 700 companies and over 34,000 employees, reveals significant data about the important sense of trust between the company, its executives and its employees. The approach in the study results relates to changes in the average employee's ethics concept, with three times the number of participants indicating that it is important for them to trust the company's ethical capabilities in comparison to the research results of previous years. It is important for employees to clearly be aware of the CEO's views on significant topical issues, such as climate change, employment diversity and fair wages. Organizations must adapt to the process of supporting these values as a basic condition of interacting with other organizations.



Subsequent to the Edelman research, many studies and discussions led us to develop the view that trust is based on three main dimensions: leadership, culture and corporate governance. We are committed to addressing these three dimensions, one at a time, to ensure that Strauss works and continues to act in a manner that encourages confidence in all levels of the organization.

The Strauss Group is working to maintain and strengthen the trust of all stakeholders in the company. In 2018, a rapid systematic process was initiated to understand what behaviors encourage trust, focusing on the food sector. Among other steps, we listened to our stakeholders in formal and informal settings.

We have developed a diverse corporate culture, channels, and tools to help us listen, as well as refine the meaning of a company that enjoys its stakeholders' trust so that we can work to find ways to meet stakeholders' expectations. Through the Strauss Trust Survey conducted in 2018, we received in-depth insights from a variety of stakeholder groups and continue to work to ensure that its conclusions are embedded in the core of our operations.

We understand that this is an ongoing journey that we must re-examine every step of the way. Consequently, we are committed to continuing to formulate processes that will help us work for constant improvement in providing greater value to our consumers, our employees and our communities. We believe that as a company that gains the trust of its stakeholders, we can expand and enjoy sustainable business growth.

## Learning about our employees' views

Strauss Group companies regularly strive to receive feedback from employees, through both formal and informal channels, as part of ongoing communication and performance management processes, and through structured surveys. Organizational communication and a culture of openness are key components of building trust. For example, in 2019, Strauss Israel conducted a survey of employees to measure their perception of employers and food manufacturers and attitudes towards them. 88% of employees chose to participate in the survey, indicating a high level of involvement and motivation to make an impact. The results of the survey indicate a high level of trust among employees in the company, with regard to Strauss's social and business responsibility, the products that the company offers and the company as an employer. In addition, some of Strauss's employees in Israel took part in working groups for implementing trust in our different companies, helping us gain deeper insights into the causes of trust among our employees.





## Strauss's Social Plan in Israel: Eight Years of Consistent Activity to Benefit Our Employees' Economic Welfare

Since 2012, Strauss Israel has been systematically updating and improving the compensation packages and social benefits it offers to employees, especially low-income workers, with the aim of improving their quality of life and helping them save for the future. We call this "The Social Plan." The plan is based on a number of principles, including: avoiding the employment of minimum-wage employees in the company and setting a "Strauss Minimum Wage" that is NIS 300 per month higher than the minimum wage in Israel; improvement and construction of incentives; and participation in dormitory expenses and long-term savings plans. All of these measures come in addition to the basic package of social benefits provided to employees.

In 2019, we further evaluated progress, and followed up with changes to encourage employees to optimize their benefits, especially with respect to long-term savings, as well as enhancing and expanding their existing health insurance coverage. In addition, we reviewed base salaries against our goals and awarded raises where applicable, as well as a special bonus for 2019 as a grant for permanent employees.

**In 2019, 74 of our employees' children received a higher education scholarship in return for volunteer work in the community.**

In the 2019 employee survey, 80% of employees agreed with the statement that "Strauss treats employees fairly," which represents a 5% increase over the previous survey. In 2019, Strauss Israel invested approximately NIS 5.3 million in benefits under the Employee Social Plan, and over the last four years, its cumulative investment in benefits amounted to approximately NIS 37 million. *(For more information, see Strauss's [Human Rights Charter](#)).*

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## Occupational Safety and Health

The Strauss Group is committed to ensuring a safe work environment and promoting a work culture that encourages safe working conditions, by adhering to all relevant safety laws and regulations, and through creating a culture of safety, including addressing ongoing safety and training hazards, as well as a variety of additional tools for creating awareness, safe practices, and preventative actions.

## Safety as a Way of Life

Maintaining a culture of safety and supportive work practices is a primary goal across all our operations worldwide, including manufacturing plants, logistics centers and offices. Among other things, we take proactive measures, such as the “near-miss” incident program, the appointment of a safety supervisor and the implementation of safety standards. We strive to at least comply with applicable law and all relevant safety standards, and we conduct a comprehensive training program for all employees. We also conduct risk assessments, minimize hazards processes and run communication programs.



## Examples of Advances in Safety in 2019:

### Continued Implementation of GEHSMS Methodology:

Since 2015, the savory snacks factory has been in the process of implementing PepsiCo's Global Environmental Health Safety and Management System (GEHSMS). PepsiCo is our partner in the savory snack division and in Sabra and Obela salads. The system is based on maintaining leading international safety standards and is a system for managing all aspects of the most up-to-date safety practices. Since we adopted the system, the number of safety incidents at our savory snacks factory has been at the lowest level ever recorded. During 2019, the savory snacks factory passed a high-grade external check and actively participated in the implementation of the methodology among other units in Strauss Israel.

In 2019, we began implementing the methodology in all units in Strauss Israel (not including Strauss Water), progressing according to the work plan for further implementation of the GEHSMS system in all establishments (with the exception of Yad Mordechai, where implementation is planned for 2020), logistics warehouses and sales sites. This year, we focused the work plan on employee engagement in three other aspects:

- (1) Developing Management Commitment: Site Managers are the ones leading standards; Board Members operate on leading sites; we have started a Safety Committee in each division; and more;
- (2) Implementing six standards on sites, including leadership, slipping and tripping, transporting vehicle operation, use and handling of hazardous materials, use of protective equipment, and training;
- (3) Preparation and execution of an internal review at nine sites, including Yotvata, Achihud, Lod and Safed.



## Improving safety in sales operations:

Strauss Israel's sales division employs over 950 merchants and sales representatives, whose work is carried out on customer sites throughout the country. The division is faced with complexity and challenges in managing safety, because the workplaces are not under our control. Consequently, we are unable to make periodic risk assessments, and the number of branches and the differences among them do not allow for a uniform and comprehensive solution. Therefore, we have developed alternative ways to monitor safety issues. For example: through a dedicated mobile application we have instructed merchants to report in-app on "near-miss" incidents, reported by representatives or viewed by the manager, including the upload of pictures and track tasks. It is the managers' responsibility to initiate training and other actions with the store management, in order to remove the safety risk.

In 2019, the application reported more than 130 "near-miss" incidents, higher than the target we set, indicating increased employee awareness and success in expanding safety mechanisms. One of the cases reported this year that was handled severely was the use of lifting tools in contravention of safety guidelines, creating life-threatening conditions. The handling of the incident included a hearing and a warning letter to the employee and the issuing of communications where the severity of the case was highlighted.

In addition to the annual safety training, we conduct further activities throughout the year to raise employee awareness of safety issues. Twice a year, safety procedures are refreshed, and once a month, a message is sent to employees' mobile phones about a safety-focused issue. We issue guideline updates following accidents of the same nature and reports of a serious "near-miss" incidents or accidents. Finally, a safety message appears in each and every sales message newsletter.

In addition, every two years, a concentrated purchase of new safety kits is made for the users and sales representatives. The process in 2019 was carried out through the establishment of a dedicated website, a virtual shop that allows employees to see and choose the model and size of the safety kit for themselves. It is yet another step in connecting with the field workers and meeting their needs, while also increasing the sense of belonging and caring.

In 2019, all employees in the sales operations underwent annual safety training. For the employees who were absent from the training, a safety software program was transferred into an app that includes a knowledge test.

## Improving Safety in Sabra:

The safety procedures in Sabra have been updated and intensified through a series of actions to improve and update the company's safety infrastructure. First, there is a daily safety check in all departments, which focuses on cleaning stations, maintenance of machines and addressing visible risks. In addition, a refresher training course is provided once a year for employees who are licensed to use the forklift, who are also required to renew their forklift licenses once every three years. Another innovation is that work-related risks can be reported anonymously by completing and submitting the "See Something - Say Something" form, which is forwarded to the company's safety coordinator. After receiving the information, the safety coordinator determines the appropriate response. When a safety incident is opened, an investigation of the incident is conducted, in which witnesses are asked to simulate the incident in order to determine precisely what occurred. The investigation must be closed within a week's time from the moment when the incident was reported. In cases where employees feel that their issue has not been adequately addressed, the company encourages them to seek anonymous reporting on Sabra's hotline operated by an independent outside company.

The rate of injuries per 100 employees	2.51
Loss of workdays per 100 employees	40.2
Fatalities	0

As a result of these actions, we were able to reduce the number of work accidents at the Strauss Group in 2019 by 6%.

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# Committed to our Employees

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Employee Training and Development

Trust and Practical Listening

Occupational Safety and Health

Committed to our Employees

Responsible Marketing

Strauss employees are the most significant partners in the Group's journey, decision-making and results.

Recruitment, development and retention of employees with the necessary skills, abilities and motivation are critical to our continued success and business growth.

We understand the current competition for employees in the market. We strive to give our employees around the world a workplace with meaning and values, one in which they are an active and integral part of its design. It is important for us to offer development and growth opportunities and challenges that promote excellence. Our philosophy is one of true respect and caring for all our employees and a commitment to creating a respectful, empowering, diverse and inclusive work environment.



In 2019, approximately 4,065 new employees joined us, of which 42% were women, 78 employees trained for their first managerial position.

This is the eighth consecutive year in which we are operating a social program to improve employee conditions in Israel, and we aim to continue to improve their benefits basket.

## Partners for the Journey

Strengthening and retaining the confidence of Strauss employees employed by the company is a fundamental condition for our success. Trust is built based on actions. We strive to work with all of our stakeholders in accordance with our values, and believe that trust is created and maintained when employees see that a company cares about them and the rest of its stakeholders, and that the decisions and actions that the organization makes reflect values of caring and responsibility.

In order to strengthen that trust, the company launches dozens of improvement programs, makes efforts to maintain and nurture a safe work environment, invests in reducing earning gaps and promoting opportunities that enable each and every employee to realize his or her abilities, and maintains a dialogue with our people during the year through a variety of channels. We are proud of the fact that the entire Strauss team is committed to the company, involved and highly motivated. Creating a culture of continuous improvement requires employees who share and promote goals, and our employees certainly share the advancing of our company mission: "Improving People's Lives."

## 2019 Employee Survey

A comprehensive employee survey is held once every two years in order to listen, receive feedback, examine the company's improvement and growth in employee relations, as well as produce a comprehensive cross-organizational cultural picture of the company. In 2019, 88% of all Strauss employees participated in the survey. The survey found that 87% of employees agree that our workspace is safe for them. In addition, a high proportion of Strauss people believe that we take responsibility for local communities (89%), consumers (88%) and the environment (86%), and take them into consideration in every field in which we operate.

Every activity carried out by our employees and managers should reflect the values that the company advocates. The annual survey shows that employees believe that Strauss is acting ethically, with 85% of employees seeing this as our regular operating procedure, and 82% of employees saying that their managers act in a way that represents a personal example of company values. We are proud to be a company in which 92% of its employees recommend our products, and 84% recommend joining our ranks.

Another key issue that has risen in importance among employees is the satisfaction of and the need to expand personal and professional development opportunities. We are committed to our employees and, recognizing the need to encourage their goals of attaining prosperity and personal and professional advancement, we have expanded training, development and challenges in new areas. ([For more information on employee development options, see the Employee Training and Development Section.](#))

Further findings showed that Strauss employees and managers sought more communication and dialogue and wanted the company to create more learning and contribution development opportunities.

We are pleased and proud to share that **we were ranked fifth in the “Best Companies to Work In”** rating in the Best Workplaces Index in Israel, according to the information company BDlcode. We were cited as an attractive and groundbreaking workplace in Israel, and were the only employer in the sector to appear on the long and distinguished list of employers.

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As a global food company, the Strauss Group is committed to respecting our consumers and striving to win their trust in all our activities and products. We update our consumers about new or improved products in advertising and marketing tools across a variety of electronic, digital, written and voice channels.

Our products are comprehensively and clearly labeled, even going beyond the legal requirements when applicable, and always present accurate information about the nutritional value of the product so that consumers can make informed choices. In case of a change in the composition of the product, we include clear information about the changes on the product. We comply with product marking laws in all the markets in which we operate, and increase the size and content of our product packaging, wherever possible, to make essential information more accessible to consumers.

## Promoting a Responsible Marketing Approach

The way we market our products affects the way people eat. As part of our responsibility to encourage conscious nutrition, we have set up a voluntary policy for our marketing in Israel that includes a commitment on several issues:



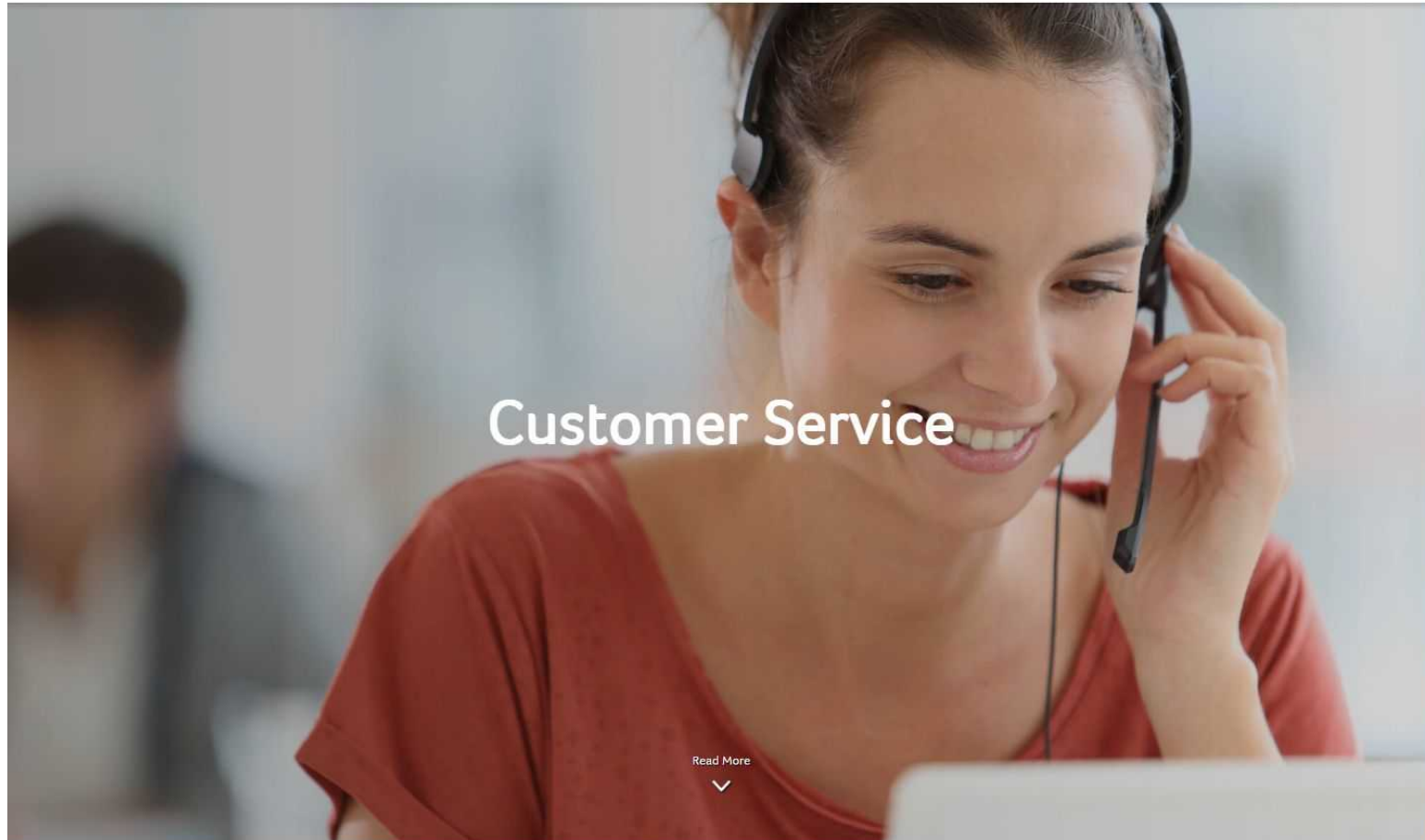
- Encouraging positive messages and promoting beneficial social impact through our brands;
- Avoiding marketing and advertising aimed at children under 16 across all communication channels;
- Avoiding distribution of marketing materials in or near schools;
- Discontinuing the use of in-box promotional gifts aimed at children;
- Respecting inclusion by avoiding gender stereotypes in our products;
- Avoiding hiring children under 16 to participate in our advertising campaigns.

In addition, our Responsible Marketing Charter requires us to promote transparent products and to engage in ethical, genuine and responsible communications with regard to our products and to the protection of the privacy of our consumers. Since we started implementing the new approach, we have discontinued the inclusion of promotional TV characters in our products and the use of gender-specific packaging (such as princesses and male superheroes in Actimel products). We have also provided key nutritional markup data on the packaging of products for children, such as the Gamadim products. Equally important, we have included the new guidelines in the marketing and advertising processes, so that our responsibility to the consumer is always at the forefront already at the planning stage. *(For more information, see Strauss's [Responsible Marketing Charter](#))*

In addition, Strauss Israel and Strauss Water are signatories on the Marketing Charter of the Food Industry Association and the Israeli Marketing Association Charter regarding the principles of responsible marketing.

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# Customer Service

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## Ongoing Improvement in Customer Service

Reliable and accessible customer service is an important part of building and maintaining customer trust. The various companies in the Group work with a very wide range of customers, from large wholesalers, local and international retailers, to small stores. We also serve customers directly in some areas, such as our booths and coffee shops in Israel or around the world and in Strauss Water, which provides products and services directly to customers. In addition, we provide comprehensive service to customers at our service centers, where we handle their inquiries and respond to their complaints and concerns. We always strive to provide the highest quality service to all our customers and consumers. In 2019, 1,505,407 inquiries were received at our customer service centers.

# Examples of Advances in Customer Service in 2019:

**Improving Customer Service at the Strauss Israel Center:** Over the years, we have striven to enable our consumers to reach us with every question, concern or complaint, with the utmost ease in a variety of ways: phone, email, direct chat or text message to representatives and social media. We continue to measure consumer satisfaction with contact service centers through the Satisfaction Survey. Notable results for 2019:

- 84% of consumers were very satisfied with the service they received (1% higher compared to 2018);
- 92% of consumers stated that they continued to purchase the product about which they had complained (percentage retention compared to 2018)
- 87% of consumers stated that their opinion of Strauss was very positive or positive (1% lower compared to 2018.)

**Establishing a Customer Service Complex within the Strauss Israel Site:** As part of the improvements we have made to our customers service over the years, in 2019 we established a dedicated website just for customer service. The site contains a lot of meaningful content for consumers and allows them to receive information conveniently and simply, including:

- Over 500 questions and answers that we wrote and reviewed throughout the year to provide as comprehensive information as possible about our products and activities;
- Special landing pages for immediate and available information on important topics, such as: product labeling, allergens, sugar-free, gluten, low lactose, kosher, vegan, etc.;
- A product search area at sales points, a feature that saves the consumer the trouble of calling us to find out where a particular product can be obtained, enabling consumers to search freely and conveniently for a product and the desired area;
- Accessible and user-friendly contact forms that allow one-stop-shop contact.

For further information, please view the website: <https://www.strauss-group.co.il/service/>

**Closure of Treatment Cycle at Strauss Israel:** During 2019, we developed a process of closing the treatment cycle as an added value for the consumer. As part of the new process, if there is an update after a significant consumer-related process, we inform the consumer personally, in addition to the closure following the treatment carried out during the initial inquiry.

For example, we received a request to return a Blondie product to the market. After a few months we were able to return the product to the market and at the same time informed the consumers that we had received and listened to their request. Another example is a complaint about unrefined cereals. After improving the texture of the cereals, we notified the consumers about the actions we had taken and even sent them a voucher enabling them to receive the improved product.

In 2019, we also began maintaining contact with our customers through a consumer service newsletter on specific topics of interest, such as veganism, gluten, the benefits of yogurt, and the like. This is a proactive communication that gives the customer relevant and focused content on topics he or she finds relevant.

**Improving Customer Experience in Strauss Water:** In 2019 Strauss Water continued to improve the level of service to its customers by meeting its commitments that included providing a technician's service within 48 hours, improving delivery times for the water cooler equipment components and prompting customer feedback after each service was received. We have also set a target for 2020 of providing service for 80% of the leads in the call center within two minutes.



Service Indices, Strauss Water	2016	2017	2018	2019
Customer Satisfaction (Survey Data)	6.8	8.5	9	9.2
Average Waiting Time at Service Center (minutes)	4.02	1.49	1.56	1.49
Technician Service within 48 Hours <sup>9</sup>	51%	79%	74%	77%

<sup>9</sup>Percentage of customer inquiries that received technical service within 48 hours of contact

## Kol Yakhol and Beresheet Call Centers

It is important for us at Strauss to provide our services as holistically as possible, by creating collaborations and hiring companies with a representative and unique employee blend. That is why we have joined two special companies that are part of our customer service focus:

### Kol Yakhol (Omnipotent)

In 2012, we started working with the Kol Yakhol NGO as the service provider at the Strauss Technical Customer Service Center. The company, which has 54 employees, is committed to the principle of inclusiveness and employs employees from all corners of the country and from all populations, all with fascinating personal stories. Kol Yakhol was founded not for profit, but to look after the welfare of workers who have experienced difficulties in the labor market and with integrating into society due to their confrontations with various disabilities.

### Beresheet (Genesis)

The Beresheet center provides service for Strauss water customers, and consists entirely of 414 women workers, all of them from the ultra-Orthodox population. In 2019, it was decided that the service center would open the possibility to integrate workers from a wide range of populations. It then engaged in a proactive initiative to hire workers from the ultra-Orthodox and secular Jewish sectors, as well as workers from Israel's Christian and Muslim Arab sectors. This diverse employee composition facilitates easy contact with representatives and access to all our clientele.

## Total Number of References to Strauss Water Service Centers by Type of Interface

Phone	Answered by IVR <sup>10</sup>	Chat / SMS	Email	Total
942,709	132,486	156,374	38,838	1,270,407

<sup>10</sup>Inquiries answered by IVR mean calls that have been disconnected after hearing the information we provide via the voice router.



# Creating Value for the Communities around Us

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### Creating Value for the Communities around Us

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We ascribe great importance to promoting and maintaining the resilience of our communities. These communities, that are made up of our employees, business partners and consumers, form the basis of all the organization's activities. Furthermore, this activity is based on principles of consideration of others and of the environment, demonstrating caring for people, and paying attention to the needs of all our stakeholders. We believe that strong communities foster strong business. Our mission is to improve the lives of people, a goal that includes all the communities where we do business.

We strive to keep in close contact with local communities, both in the way we operate and through the initiatives we promote. All our activities involve investing or engaging in the local community, through donations, volunteer work, or strategic social collaborations.



## Investing in Our Communities

Building trust with communities involves demonstrating caring and concern for their social and economic development, beyond meeting their food and nutritional needs with our products. We strive to keep in close contact with the local communities in which we operate by working in a way that helps improve their lives, maintain their economic resilience, and promote initiatives accordingly. We create community engagement using a variety of approaches, from immediate response to specific demand and to supporting long-term projects that will increase the quality of life.

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# Donations and Volunteering

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We encourage our employees to volunteer in social programs they care about. We run a wide range of local volunteer initiatives with partners in communities in different countries, and are involved in hundreds of social programs throughout the year and in all countries where we are present. We donate money and food where relevant, and provide our employees with free time to engage in volunteer work. Our investment in the community focuses primarily on food-saving and hunger-reducing activities, improving conscious nutrition, promoting a healthy lifestyle, and fostering diverse communities. We reach more than 50 non-profit organizations through our ongoing donation programs.

	2016	2017	2018	2019
Community Investment (NIS million)				
Monetary donations	3.4	4.9	4.5	4.8
Product Donations (retail value)	6.7	6.7	6	7.7
Value of employee volunteering time and community relations	1.7	1.7	1.5	2.1
Total	11.8	13.3	12	14.6

In 2019, the Strauss Group employees donated approximately 28,800 volunteer hours in our communities around the world, more than double their volunteer hours in 2018. We believe that this year's significant increase in volunteer hours is due largely to Social Responsibility Week and Corporate Responsibility Week, which we held in June.

## Corporate Responsibility Week: Strauss Care

Corporate Responsibility Week was held in mid-June 2019 and included all Strauss Group employees in the Global Deployment. This week enabled Strauss employees to access, connect and contribute to various communities. Corporate Responsibility Week this year dealt with two main issues: a healthy lifestyle and a balanced diet in diverse communities. As part of the annual volunteer activity, volunteers received a lesson plan written by *Shiur Acher* organization (in Hebrew: "A Different Lesson") for children, teens and adults. All the tutorials touched on the benefits of balanced nutrition, balanced lifestyle tips and experiential activity.

### Examples of Social Engagement in Communities around the World

- **Sabra USA:** Involvement in a number of projects throughout the year, including distributing food and clothing to those in need and participating in sporting events for social organizations. For example, volunteering at the Farmstrong Project, which supports the local community in growing and distributing fresh food;

- **3corações Brazil:** Supports national sports competitions with the goal of encouraging a healthy lifestyle;
- **Strauss Coffee Poland:** Involved in a number of social projects for kindergarten children and schools in neighborhoods in need, including providing external nurture, equipment assistance, transfer of social and experiential activities, or giving factory tours;
- **Strauss Coffee Russia and Ukraine:** Support frameworks for children at risk with diverse activities;
- **Strauss Coffee Serbia:** Focus on community activities for the elderly, organizing dedicated activities for them and providing assistance to a wide range of needs for the elderly;
- **Strauss Commodities Switzerland:** Continuing activities for the environment and for the elderly.

## Social Responsibility Week (SRW): Israel

This year, SRW focused on the business core of Strauss and our key themes: a balanced diet and a healthy lifestyle for diverse communities. The week had four main goals:

- (A) Promoting Strauss values and business strategy, focusing on core activities to promote conscious nutrition and healthy living among diverse communities, along with connecting employees and executives to Corporate Social Responsibility (CSR);
- (B) Providing opportunities for dialogue with diverse communities and familiarity with different needs, characteristics and expectations;
- (C) Promoting social impact in the communities in which we operate;
- (D) Empowering employees along with formulating and providing a sense of satisfaction and mission.

This year's SRW also included a variety of activities based on structured training kits with many community partners and diverse populations, such as children and youth, women, people with disabilities, people from the Arab society, and more. At the same time, we held enrichment activities and workshops at a variety of Strauss sites to expand our familiarity with the world of sustainability. Activities included recycling workshops, food waste and collaborative economics lectures, and more.

### Examples of Activities during the SRW 2019

- Group Headquarters: Training activities to promote conscious nutrition and a healthy lifestyle at the Gan Ve'Nof Youth Village, along with a Ninja-style sporting activity;
- Strauss Coffee Israel: On-the-ground activities with the children from the Etgarim (in Hebrew: "Challenges") organization;
- Strauss Water: Seaside activities with at-risk youth;
- Karmiel Culinary Center: Hospitality and instruction for 33 Bedouin women and men from the Bedouin society's Elderly Day Center;
- Factories in Shoham and Sivim: Accessibility stations in Israel have been set up to experiment with movement, vision and hearing limitations for people with disabilities.





People and communities

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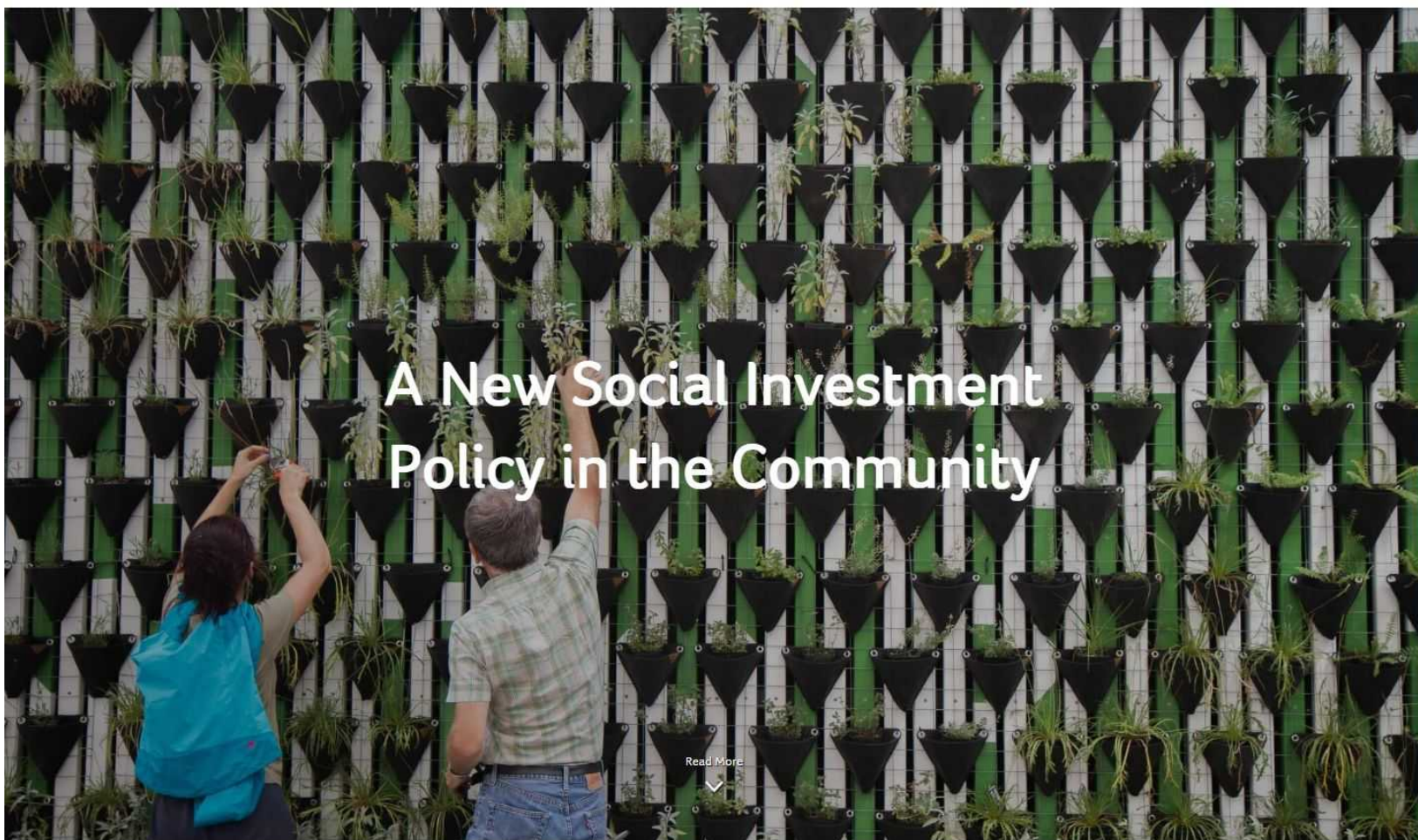
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# A New Social Investment Policy in the Community

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Over the years, we have been supporting local communities through our investment of resources in advancing social goals that are of utmost importance to us. We focus our social impact on two main issues: balanced nutrition and conscious eating; and diversity and inclusion, reflecting our goal of helping the social leadership of diverse populations. Our social investment is made through financial donations, product donations and volunteer work.

In 2019, a clear definition of social investment policy was made in Strauss Israel, and accordingly, the work procedures in the field were updated. Up-to-date and clear guiding principles have been defined for managing the areas of donation and volunteering in the community to ensure compliance with high corporate governance standards along with increasing the value of our activities. In addition, in 2019, a social investment strategy was formulated for the area of the Israeli community, for which there are four pillars of focus:

- Education for balanced nutrition and conscious eating
- Entrepreneurship to promote a healthy lifestyle
- Developing an ecosystem to promote a healthy lifestyle
- Sustainable growing and preparing of food / local culinary

These pillars help diverse populations adopt the habits of a healthy lifestyle and a conscious diet, thus enabling us, as a company in general and employees in particular, to develop and create innovative solutions while connecting communities and broad partnerships with various organizations nationwide.

With this program, we were able to focus the resources we invest in the community. Approximately 90% of the volunteer activity is directed at advancing this four-pillars strategy, according to predefined volunteer guidelines and in coordination with community needs. In addition, we will insist that our existing partners adhere to the social investment policy based on the relevant issues, as well as recruit new partners and volunteers to act in accordance with the targeted strategy areas.

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As one of the world's largest green coffee buyers, Strauss is investing in strengthening its entire value chain, including supporting coffee growers' communities in Africa, Asia and Latin America. By enhancing the capabilities of coffee growers' communities, especially local women coffee growers, we help develop women's skills and contribute to local prosperity, project by project. Strauss Coffee launched the More than a Cup (MTAC) initiative in 2016 as a strategic commitment. The initiative represents a collaboration between employees and managers of Strauss Coffee and professional aid organizations for the purpose of maintaining close contact with the women of the coffee farms. The aim of the project is to support coffee growers by improving farm infrastructure, investing in dedicated equipment and providing professional, managerial and financial training to farmers.



The local partnerships are created directly with local coffee growers and cooperatives. We communicate with each group individually in order to provide tailored support for the local need. By the end of 2019, MTAC already had 10 active partnerships in eight countries, reaching approximately 13,300 coffee growers and their families, helping them to earn a decent living in order to support their families and communities.



In 2019, we established two new partnerships. The first is a partnership in Tanzania comprising 400 households and members of the coffee growers cooperative. The second is a partnership in Ethiopia comprising 1,500 households in two communities of coffee growers in the south. These two programs work to empower women: in Ethiopia by facilitating their daily tasks and in Tanzania, by addressing and assisting with gender issues. In Uganda, we have been able to offer agricultural training, equipment, materials, and funding for a gender equality program for 8,500 women.

Our initiatives in the various countries are based on local partnerships made directly with local coffee growers and cooperatives. We communicate with each group individually in order to provide the needed support. Often, not just funding is needed locally. In fact, in most cases, these partnerships involve agricultural training, acquisition of managerial and business skills, technical advice and supply of coffee processing equipment, with a constant focus on empowering women through the value chain of coffee.

## Partnerships in the More than a Cup Project in 2019

Country	Households/Farms	Women who run farms or gender activities	Activity Details
Honduras	500	500	Support for the construction and installation of coffee drying machine, training and technical support
Colombia	300	1,200	Supply of equipment, training and financial education
El Salvador	50	50	Support for the treatment of infected coffee trees and the distribution of 10,000 disease-resistant coffee plants, agro-technical support and collection facilities
Uganda (Mount Elgon and the West Nile)	1,580	2,800	Supply of agricultural equipment and materials and funding of a gender equality program
Uganda (Rwenzori Mountains)	20	5,700	Providing agricultural training and funding a gender equality program
Ethiopia (Sidamo)	200	500	Training for optimal agricultural practice and installation of clay ovens
Ethiopia (YIRGACHFFE)	1,500	1,500	Implementing collective water infrastructure and training communities on hygiene and sanitation issues, and holding coffee instructions and coffee seedlings planting
Rwanda	283	380	Providing training and building a flour-washing station
Tanzania	400	400	Implementing VOLCAFE's Gender Action Learning System (GALS), and helping improve quality and coffee production
Vietnam	327	327	Assistance in organizing programs and providing funding for new equipment

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# Project Florada

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## Project Florada

Project Florada was launched in 2018 by the Brazilian coffee company “3corações” (a partnership between Strauss Coffee and Sao Miguel Holdings) to benefit both local women who grow coffee and their supportive communities. The aim of the program is to enrich the knowledge of coffee growers in Brazil and to enable them to expand their employment opportunities by utilizing the best practices in the field.



The project has several elements:

- **Educational Platform:** Includes training videos that introduce the best practices and business management in coffee growing;
- **Training and Development:** Lectures and special activities for enriching and sharing with other coffee growers;



- **Financial Grant:** A cash prize and recognition, in collaboration with the Brazil Specialty Coffee Association (BSCA);
- **Marketing Plan:** An inspiring marketing campaign to encourage the purchase of the project's coffee beans by retailers and online stores, highlighting the unique features of coffee and the social benefits inherent in the project. All profits are returned to coffee growers so they can continue to invest in developing their capabilities.

Due to the substantial success of the project since its launch in 2018, and the interest of new participants, the project continued into its second year. In 2019, too, tools for expanding knowledge were offered free of charge. Also, the competition for the best coffee growers in Brazil, in collaboration with BSCA, took place again, with approximately 600 growers participating. 3corações was able to offer bigger prizes and grants compared to the previous year, with over 100 of the participants winning awards of varying amounts, while the best business won a training package for two in Costa Rica.

Project Florada won the 2019 Brazil ODS Award, which aims to identify businesses that are influential and contributing to the country. The project was selected from among 800 Brazilian companies, and was later presented to the United Nations in recognition of the program's significant impact on local women.

The coffee of Project Florada is available for purchase, giving consumers a unique shopping experience and the power to make a positive impact and promote a sustainable supply chain in which consumers can trace the coffee production process they purchase.

*For more on Project Florada, you can watch those videos in Portuguese:*



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# Amazon Communities: Tribos

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In 2019, 3corações launched another project: The Tribos Project, which focuses on the indigenous tribes of the Amazon Reserve in Brazil. Due to the difficulties of living in the Amazon, whether as a result of urbanization or because of environmental degradation and changes in their living areas, local tribes find it difficult to earn a living and to support themselves. As a result, the Amazon native population is turning to new employment solutions. The aim of the project is to provide these tribes with livelihoods by specializing in growing coffee beans.

The Tribos project rests on the three principles to which we are committed: helping the community, protecting the environment, and producing a quality product holistically. The project enables the tribal populations of the Amazon to acquire new tools, equipment and knowledge in order to grow high-quality coffee professionally. The program currently focuses on the tribes of the State of Rondônia in Brazil and dominates over 200 acres in the Amazon forests. To express confidence in the quality and the positive impact, 3corações announced earlier this year that all the coffee it will buy in 2019 will come from crops sourced from the project.





Through this project, we were able to reach 130 indigenous families in the State of Rondônia in 2019, and provided a great deal of value by giving about 30 face-to-face training sessions on coffee growing.

In September 2019, there was a competition between the coffee makers, in which more than 400 indigenous farmers and their families participated. The competition was held in collaboration with social organizations, technology companies, government representatives, government companies and local authorities. The competition presented 64 high-quality coffee samples and awarded significant cash prizes totaling about USD 12,000 to the winners, with the first three places winning prizes and the purchase of sacks of their produce. In addition to the traditional first three places, and due to the high-quality of produce presented, the fourth and fifth places greatly impressed the judges which on the day of the competition decided that they would also receive a cash prize worth about USD1,000 each.



## ECONOMIC BENEFIT

Increase production of high-quality sustainable coffee purchased by 3corações at twice the market price

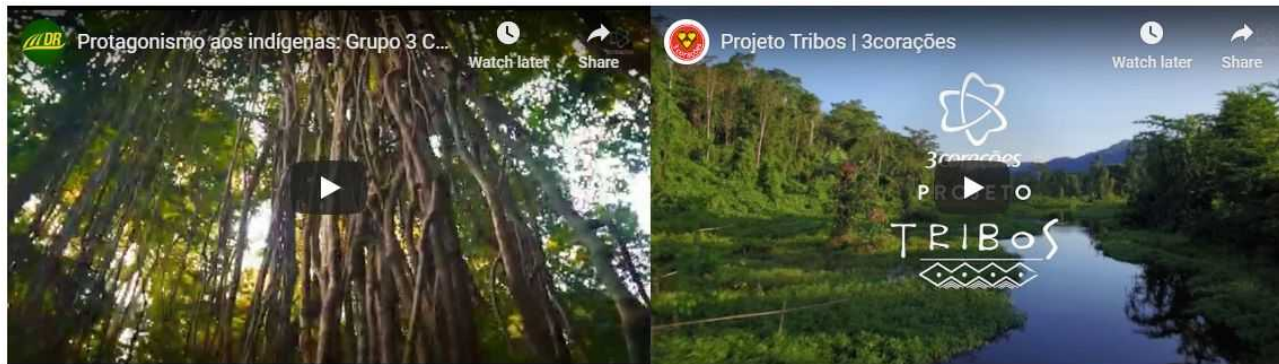
## ENVIRONMENTAL BENEFIT

Ensuring that the cultivation of sustainable coffee takes place in harmony with the protection of the forest

## SOCIAL BENEFIT

Improvement in the quality of life of the indigenous tribes and communication of the native culture to coffee consumers

*For more on the Tribos project, you can watch these videos in Portuguese:*



← Project Florada

Amazon Communities: Tribos

Plants with a purpose →



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Donations and Volunteering

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Creating Long-Term Value for Coffee Growers

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## Innovations for the Plants with a Purpose Project

2019 is the third year of the Plants with a Purpose Initiative, Sabra's community project in a long-standing collaboration with Renew Richmond, a nonprofit organization that promotes healthy nutrition and food growing through urban agriculture. The project seeks to help U.S. residents manage a healthier, more conscientious approach towards food by offering a set of learning tools about how to grow fresh and high-quality food independently. The project's goal is to establish vegetable gardens in major urban centers, campuses and kindergartens, in order to strengthen the connections in local communities and offer products that are the result of communal activity.



Since May 2019, we have held 22 events for this project, involving 66 volunteers for a total of 460 hours. Events included lectures on quality of life, community volunteering events and proper gardening training. In addition, this year we partnered with the Lewis Ginter Botanical Garden in the United States and donated money to schools in Richmond, Virginia and New South Wales, Australia.

As part of Sabra's community activities in the US during 2019 approximately 3,630 kg of various products were sold in local farmer's markets, where market visitors and Sabra workers and suppliers came to buy fresh food, and after the sale we donated the remaining products. In total, approximately 78.4 kg of local fresh produce were donated to the Chesterfield Food Bank. In Australia \$23,000 AUD were invested in the project, 780 seeds planted 780 and 940 students participated in the project.

## Building Credibility through Scientific Research

Since 2013, Sabra has been working with and directing educational resources advancing healthy and nutritious food. Throughout 2019, Sabra continued its commitment to sponsor relevant and reliable nutritional research to identify the unique nutritional and health benefits of hummus consumption. The study examines the effect of eating hummus between meals as an afternoon snack. Sabra also supported the presentation of the study at two professional health conferences.

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## Collaboration with ORT

In 2019, we partnered with the ORT Network to formulate a program to promote conscious eating among students from the Arab and Jewish societies in Israel, with the aim of instilling in students good habits of nutrition, exercise, and sleep. The project includes weekly activities aimed at the seventh and eighth grades in the selected schools. We have built a comprehensive plan that includes lesson plans detailing, among other things, healthy body metrics and healthy nutrition. The program works to encourage learning through student action by formulating an entrepreneurial idea to share with the local community around the school.

As part of the student learning process, workshops will be conducted that teach campaign building to raise awareness of a healthy lifestyle. Student ideas and initiatives will receive support and guidance from Strauss's expert team to help them with their important mission. In addition, the project will be accompanied by a website (mobile-optimized) for integrated learning.

The program is currently piloting four selected schools in the Arab and Jewish societies.

## Tene Briut: Support for the Ethiopian Community

Another project we started in 2019 is a collaboration with the *Tene Briut* (in Hebrew: "Health Services") association. Established in 2016, the association aims to help Ethiopian populations learn about and adopt a healthy lifestyle and thus prevent morbidity resulting from physical inactivity or poor nutrition. In December 2019, Amharic-language lectures began on health, intelligent nutrition and a healthy and active lifestyle, tailored specifically for the Ethiopian community. With Strauss's donation, 33 lectures and six workshops have been held to date, reaching 225 residents in a variety of communities. Many more lectures and workshops are planned for later in 2020.

## Entrepreneurial Women in the Field of Food

Encouraging local female entrepreneurship is as important to the resilience of communities as is promoting good health, so in 2019, we supported another venture of the Jasmine Association, a nonprofit organization providing support and guidance for local entrepreneurs. This year we focused on healthy food entrepreneurship, as Jasmine chose to accompany and develop three start-up businesses run by women of different backgrounds, all sharing a common affinity for healthy food. To date, 25 participants from the Jewish and Arab societies have continued with the program, with 15 of them graduating and choosing to start their own business, which they are now in the process of setting up.

## Raising Awareness of a Healthy Lifestyle in Schools

The *Yadid LaChinuch* (in Hebrew: “Friend of Education”) association connects between senior citizens volunteers and the Israeli educational system. As part of the association’s activities, retirees provide sessions and training for a variety of age groups in different schools. In December 2019, Strauss contributed to this program by introducing a new subject to the curriculum: “Health Training.” About 100 volunteers from the association will undergo a series of lectures on healthy nutrition, exercise and the optimal way to make a lifestyle change, based on advice provided by doctors from the leading hospitals in the country. Volunteer training is scheduled for early 2020, and integration of “Health training” into school activities will enter the curriculum with the start of the upcoming school year.

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# Social Regional Culinary Center

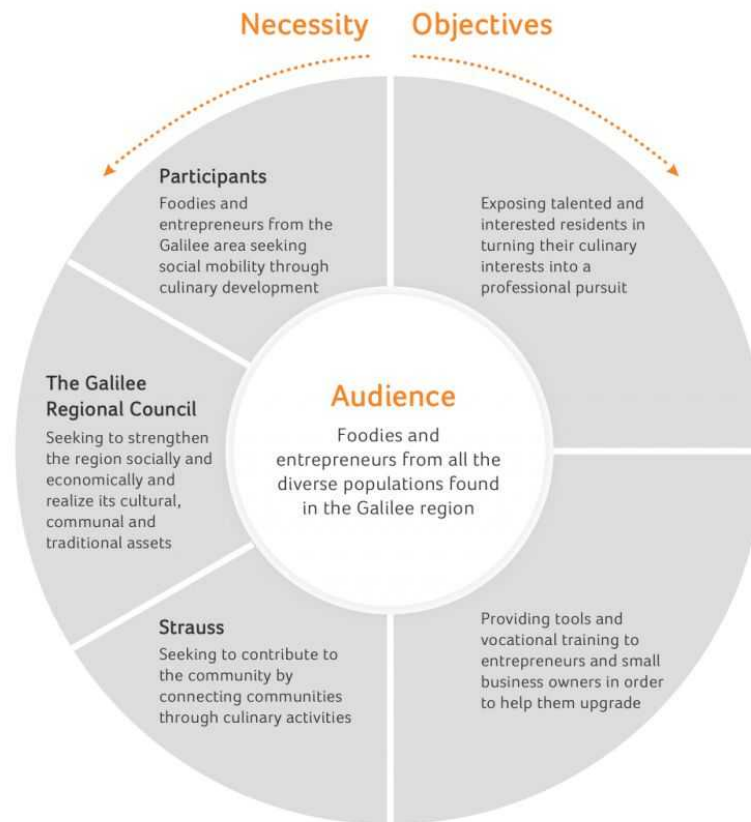
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During 2018, we invested significant efforts in designing an innovative culinary center in Karmiel in Israel. The Culinary Center was launched in April 2019 with the goal of “opening our kitchen” to the general public, to enable the public to get to know our story more closely, to learn about the processes of preparing salads and, finally, to enjoy a hummus-making workshop. In 2019, and later in early 2020, we worked on planning, recruiting partners and making adjustments to the Center, in order to promote it and turn it into an innovative center that reflects our vision for the future. The Center will host the Cook4Good program: a social culinary skills-learning and business management program, with its first class scheduled to begin in the second quarter of 2020. The program will provide initial tools for professional entry into the field, including cooking skills, and knowledge about food safety, balanced nutrition, digital branding and conduct in the business world.

The vision of the program is to serve as a unique culinary center for the residents of the Galilee. We hope that it will operate as an incentive in the regional socio-economic landscape in which the innovative training program will take place and expose its participants to the culinary world, along with providing professional and professional tools in the field.





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## Collaboration to Reduce Hunger

*Latet* (in Hebrew: "To Give") is a non-profit organization aimed at reducing poverty in Israel.

Among the main activities of the organization is an extensive food rescue and distribution program. The organization assists in distributing food packages to 60,000 families each month.

Strauss Israel partnered with *Latet* over a decade ago, providing food products and helping the organization sort and distribute food packages. In 2019, Strauss donated about 400 tons of food to *Latet*, with the goal of reducing hunger in Israel.

## Food Waste Reduction Day

We are striving to raise awareness among employees about a variety of environmental issues in general, and, in particular, about reducing food waste. As part of this effort, in March 2019 we held an event to mark the National Food Waste Reduction Day. The event was held in collaboration with Strauss's FoodTech Incubator – *The Kitchen* – and The Natural Step Israel (TNS), a social business working to implement strategic sustainability in the Israeli society. The opening remarks were presented by the Strauss Group's VP of Growth and Innovation. Individual and group exercises were held at the conference, and three companies presented solutions to address the challenge of food waste:

## 01 — SILO

A company that manufactures smart storage tools that use a vacuum to help extend the shelf life of food. These tools are patented and are compatible with Alexa, Amazon's personal assistant;

## 02 — PLW3

A company that manufactures consumables from a common material - food waste. This technology allows industrial, commercial and domestic waste to be used as a circular economy solution, rather than corn and sugarcane production. The new use of this technology lowers bioplastic production costs, making the final product competitive in the plastic packaging market;

## 03 — TIPA

A company that sells a variety of perishable and multi-purpose packaging solutions.

In addition to our efforts to reduce food waste, we regularly work to encourage the use of organic waste from plants, by transferring the waste to farmers for animal feed. These waste products come from factory's byproducts or raw materials that are considered unsuitable for use, and can usually be shipped without special treatment. This cooperation is usually carried out with the help of dedicated suppliers. For example, the byproduct of whey is transferred from the dairy to feed cows, while potatoes and starch waste from the salt factory undergo drying and are then transferred for animal feed.

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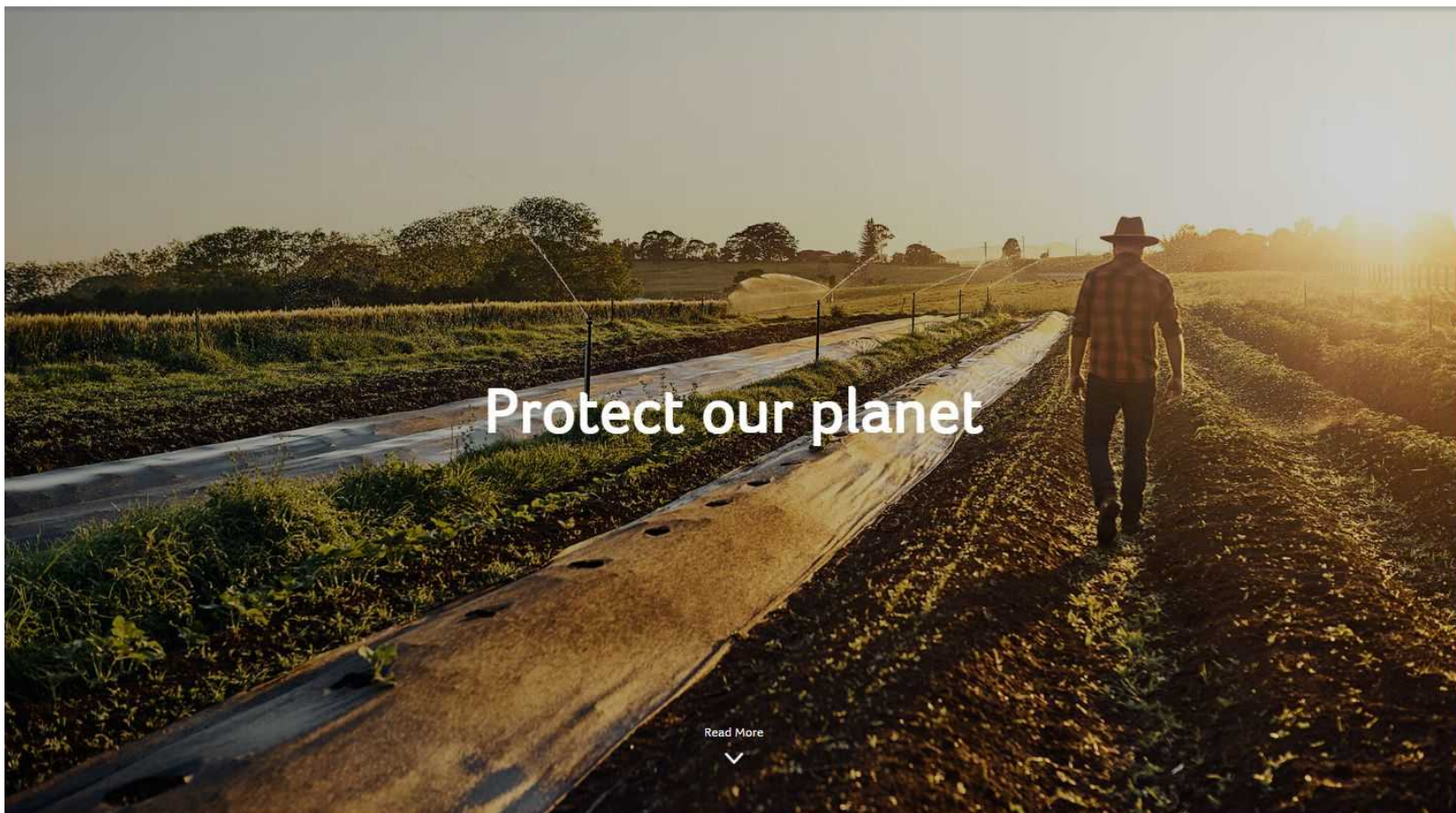




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13%

reduction of greenhouse  
gas emissions per ton of  
product since 2016

88%

of waste recycled in 2019

10%

reduction in water  
consumption per ton of  
product since 2016

5%

reduction in energy  
consumption per ton of  
product since 2016

39

About NIS 39 million was invested  
in reducing our negative impact on  
the environment in 2019

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← Reducing Food Waste

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# Committed to Protecting the Environment

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As a responsible food and beverage manufacturer with a global footprint, we respect our natural environment and strive to minimize our effects on climate change and global resource consumption. We believe that we can continue to expand our business and meet our consumers' needs for healthy and nutritious products while controlling and supervising our environmental impacts. Our consumers, our employees and other stakeholders expect us, as a responsible corporate organization, to care for our planet so that future generations can continue to thrive. For over a decade we have demonstrated that we take responsibility for our environmental activities, and we will continue to do so. We undertake these commitment while engaging in comprehensive environmental management of all our activities, including:



- Complying with all environmental laws and regulations in all markets in which we operate;
- Operating our facilities in accordance with an Environmental Management System (EMS), which requires careful attention to all our practices and control of our environmental impacts. A number of sites adhere to ISO14001 environmental quality standards, and are subject to periodic re-approval to ensure they are meeting the standards. Even at non-approved sites, we strive to work according to the same environmental management standards as at approved sites. We strive for continuous improvement in all aspects of environmental practices.
- Taking a cautious approach towards climate change, believing that the risks to humanity are palpable without achieving improvements in global warming and climate change impacts. Therefore, emphasize reducing our energy consumption in all areas of activity, adopting environmentally efficient practices and investing in energy-efficient equipment. We are also constantly exploring more options for enhancement and impact on other areas of influence;
- Striving to minimize our water consumption and recycle water as much as possible in our operations;
- Engaging in recycling, reduction and reuse methods across all our facilities, and regularly evaluating sites to explore new options for reducing waste production;
- Providing dedicated trainings to employees whose jobs have an impact on our environmental performance. This training helps them fulfill their duties while learning to conserve resources and minimize waste;
- Placing responsibility for ensuring the implementation of environmental policies and practices, and for monitoring progress and performance on the issue, on environmental engineers and, sometimes, on plant managers, who are to report to the Strauss Group's relevant operations and management.

3%	13%	5%	88%
Increase in energy consumption per ton of product in 2019	Reduction of greenhouse gas emissions per ton of product since 2016	Reduction in water consumption per ton of product in 2019	In 2019, 88% of waste was recycled
0.3%	5%	3%	About NIS 39 million
Reduction in greenhouse gas emissions in 2019	Reduction in energy consumption per ton of product since 2016	Reduction in greenhouse gas emissions per ton of product in 2019	About NIS 39 million was invested in reducing our negative impact on the environment in 2019

## Examples of Improvements in Resource Consumption and Reduced Waste Production in 2019 in Romania

- In February 2019, a system of photovoltaic panels was first installed and successfully provided about 8% of the plant's overall energy consumption;
- Continuous recycling of the coffee peels created during the coffee roasting process;
- Full implementation of the reduction of the vacuum packaging of coffee by 7%, without changing the content of the coffee in the packaging, with the result being a reduction in the amount of materials used and the total waste generated after the customer's coffee consumption;
- Examining the possibility of reducing the use of plastic packaging. As the first step, we reduced the thickness of the plastic sheeting wrapping the packaging of instant coffee products from 50 microns to 40 microns. The thickness is expected to continue to drop to 35 microns, with the ultimate goal being to develop a system that completely eliminates the need to use plastic sheeting.

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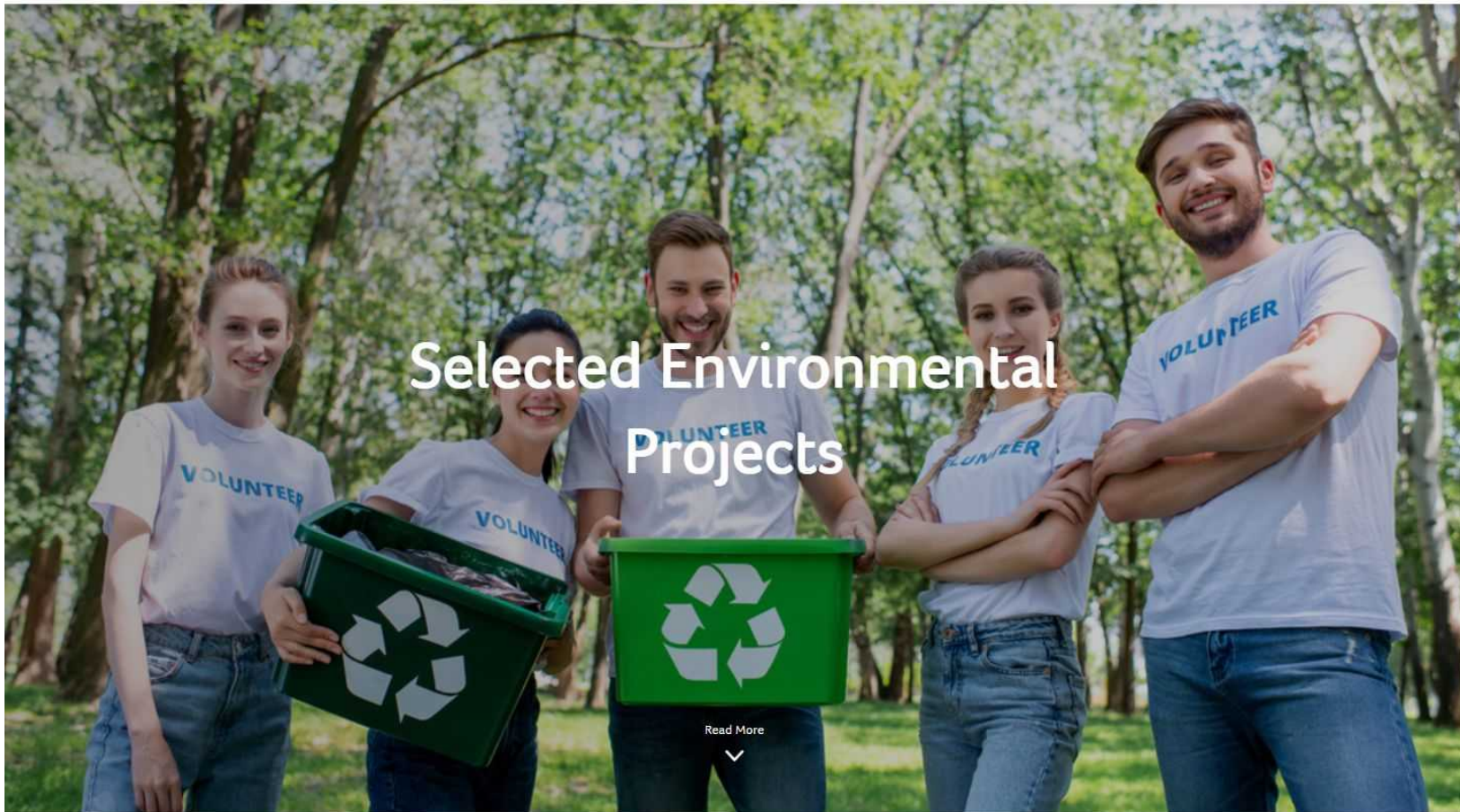
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## Environmental Efficiency in the Dairy

The dairy's compressed air system is the largest consumer of electricity and accounts for about 20% of the total electricity consumption in the dairy. The system is made up of six compressors of different sizes and technologies to enable flexibility in the air supply provided to the line according to the production requirements. Because maintaining air pressure of at least six bar at the end of the line is critical to prevent machine operation stoppage and significant damage, the various compressors come in and out of operation in accordance with priority and measured line pressure.



Ecoplant, an Israeli startup company, uses IOT & IA technologies to monitor plant needs, air compressor activity, and plant behavior prediction. The Ecoplant controllers are installed on the various compressors at the dairy and dynamically change the working point of each compressor and the order of operation between the compressors in order to maximize the efficiency of the dairy.

Thanks to this system, there was a 13% reduction in energy consumption at the dairy, which translates into approximately 400 MWh per year. The system became fully operational at the end of 2019, and began being deployed throughout all areas of the dairy from that time. We therefore expect even more significant reductions in energy consumption in the near future.



## Transporting More Products while Reducing Greenhouse Gas Emissions

Reducing greenhouse gas emissions is a significant issue in our environmental management. We have taken on the task of examining how to significantly reduce greenhouse gas emissions. We identified a source of emissions at the time when our products are sent to their destinations. The solution we found is to add height to our delivery trucks. This solution manages to reduce emissions while maintaining the quality and quantity of the product shipped. This allows us to load a larger amount of transfer crates in one shipment. As a result of this move, we were able to reduce the number of snack shipments sent from the factories, achieving an annual savings of about 10,000 liters of diesel fuel, which means a reduction of about 27 tons of greenhouse gases.

## Upgrading the Gum and Pastry Energy Centers in the Sweets Division

The candy factory has three energy centers that provide cooling water at different temperatures according to the process needs: 2, 8 and 16 degrees. The Gum Energy Center provided cooling water at 2 and 8 degrees Celsius. In 2019, we connected the Pastry Energy Center (providing cooling water at 8 degrees Celsius) to relevant consumers at the Gum Energy Center, so the Gum Energy Center continues to only produce water at 2 degrees. By doing this we save the “excess cooling” of water in the Gum Energy Center. Later, we will further upgrade the cooling and distribution system at the gum plant, thus completing the program and achieving a high level of energy efficiency. Based on the execution of the program steps in 2018–2019, we were able to save about 1,200 KWh per year.



## Salad Wastewater Facility

Drawing on a long-term design of the salad plant, which includes increasing production volumes and entering new categories, we have installed an innovative wastewater treatment system, the first of its kind in Israel, based on CWT's Gas Energy Mixing Technology (GEM). The system enables the treatment of double the amount of wastewater, reduces the use of chemicals and eliminates 90% of the non-wastewater dissolved materials.

## Steam in Dairies

Strauss Dairy, located in the Bar Lev industrial area of Ahihud, uses biogas extracted from the local wastewater treatment plant. The old burner could work on biogas or liquefied petroleum gas (LPG) only. Therefore, in many cases where there was not enough biogas available to feed the boiler, the burner switched to LPG use while the biogas was burned in a torch. In 2019, as compressed natural gas (CNG) became available for use, with the goal of increasing biogas use and reducing the use of biofuels, the dairy moved to use a new burner capable of combining three different types of gas: biogas, CNG and LPG. Depending on the concentration of pollutants in the chimney, the burner controller modifies the operating metrics to ensure optimum fuel mix efficiency, while saving energy and meeting air emissions standards.



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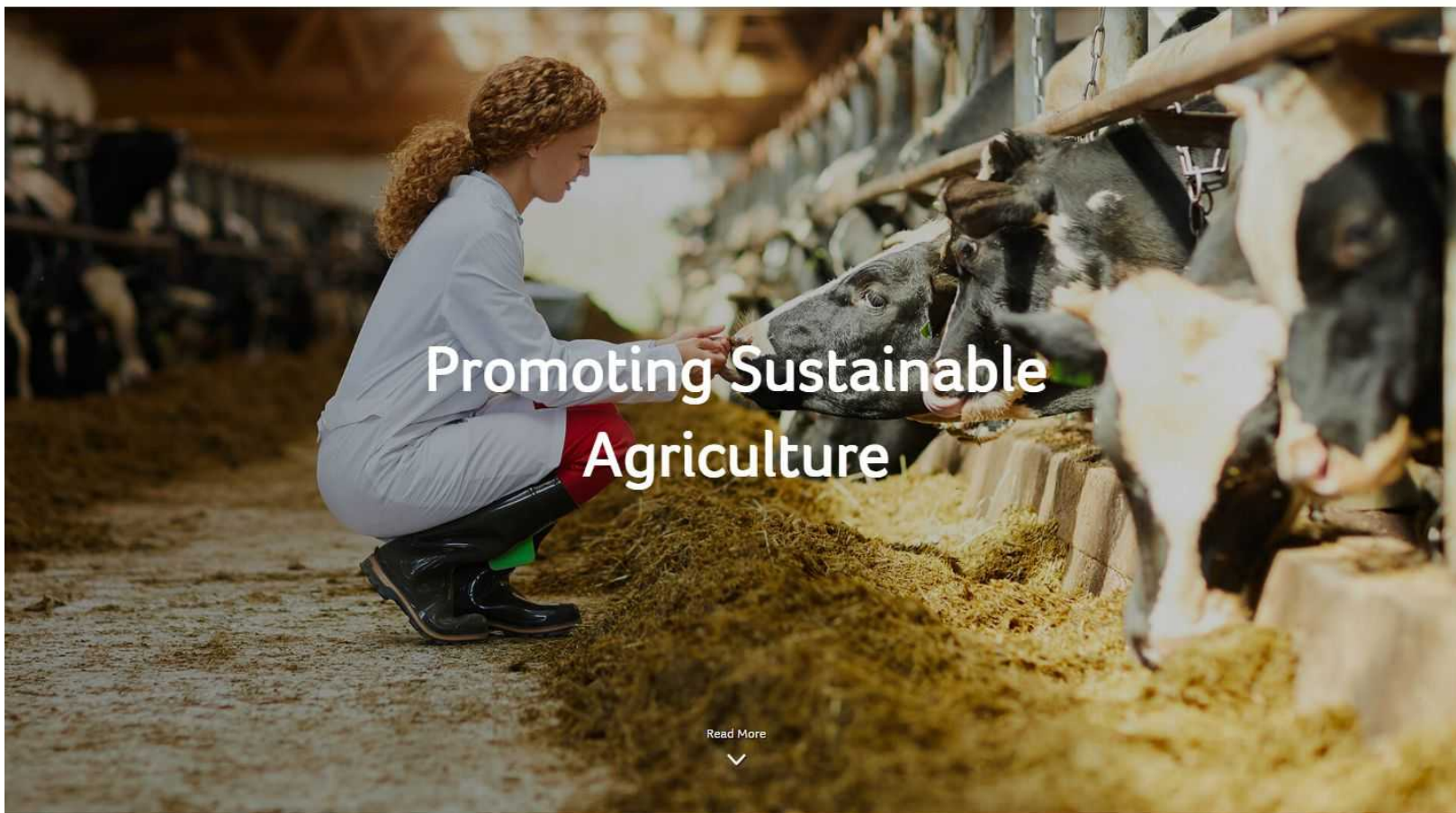
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## Promoting Sustainable Agriculture

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## Innovations for Sustainable Activity in the Dairies

It is important for our consumers to know that we act responsibly and morally while producing their favorite products that are a part of their daily diet.

We at Strauss take responsibility for what happens in our cowsheds. In 2017, we mapped out the processes in our dairy supply chain and built the Sustainable Farming program aimed at improving the living conditions for cows and reducing the environmental impact of cowshed activity among partner dairy farmers.

This plan included parameters that were gradually implemented in more than 50 farms supplying milk to Strauss Dairy in the north, and over 20 farms supplying milk to the Yotvata Dairy in the south. The program stems from the Dairy's 360 Responsibility for what happens in its milk suppliers' cowsheds and according to which the farms are required to meet a number of new and international standards. The primary requirement is establishing improved living conditions for the cows and treating them in such a way as to achieve their maximum well-being in an industrial setting.

In 2019, we invested over NIS 1 million in improving infrastructure and training for dairy farmers, with an emphasis on expanding the scope of Yotvata milk suppliers. We are pleased to have succeeded in implementing over 90% of criteria, including the most complex ones, in all Yotvata's dairy farmers' cowsheds. In addition, most of the cowsheds have installed solar roofs that generate energy for the use of cowsheds, which will later apply to all cowsheds.

This year, we have decided to engage with consumers extensively about our Sustainable Farming Program. We have set up a dedicated website that transparently presents the parameters of our program and their rate of application, while also setting goals for future follow-up. In addition, we have invited consumers to come and visit Yotvata's open cowshed to experience what is happening on the ground.



#### Among the parameters of the Sustainable Farming program are:

##### 01

Acquisition of day-to-day routine management tools according to the norms of "Conscious Dairy Farming," based on professional guidance from Dr. Sivan Lacker, founder of *Ra'fatnut Muda'at* (Conscious Dairy Farming Company), which included a series of training sessions and a monthly visit to all 22 dairies. Conscious Dairy Farming gives breeders applied methods to improve the welfare of cows and calves based on principles of animal behavior and physiology;

##### 02

Increasing the frequency of treatment of cows' deposits (the act of cultivation) in order to produce a dry and hygienic surface, which reduces the greenhouse gas emissions and improves the health of the cow;

##### 03

Shifting from the practice of the freeze burn technique on cows to that of wearing smart collars that monitor a variety of data on the health of the cow as well as the extent of milk yield, in a way that provides personalized treatment;

##### 04

Reducing calf isolation time after litter;

##### 05

Increasing the frequency of a cow's cooling by giving it cold showers eight times a day, depending on the season and the body temperature of the cow in a customized fashion;

##### 06

Providing individualized hoof trimming (nail grinding operation) for each cow as needed, as opposed to twice per year for all;

##### 07

Drying milk yields gradually during periods when the cow is not being milked in order to relieve congestion;

##### 08

Feeding cows and calves with food derived from dates, which strengthens a circular economy and maximizes the unused raw material which, until now, has been discarded;

##### 09

Upgrading the cows' medical treatment infrastructure, including the "hospital;"

Treating wastewater and greenhouse gases in the cowshed by dedicated facilities and switching to solar energy;

Reducing antibiotic use by providing selective antibiotics rather than across-the-board as was customary.

All parameters are based on international research, UN-recommended norms and ongoing changes in industrial cowsheds led by international milk producer unions. When applying the new standards, we realized that the change not only enables us to meet our moral responsibility for comprehensive action for the benefit of cow welfare and the reduction of environmental impact, but also provides business benefits to dairy farmers, as cows are healthier and may even yield more milk as a result of the new standards.

We see the Sustainable Farming program as a process that needs continuous improvement. We have shown exceptional process improvement since the beginning of operations, and we are committed to enhancing and activating some of our future plans:

- **Cow Welfare:** In 2021, we are planning to start a pilot in one cowshed involving the separation of calves from the cow, and allowing the cow and calf to live together until the weaning phase;
- **Environment:** By the end of 2020, we will pilot electricity generation and energy production independently from our treatment of agricultural waste and cowshed waste in order to maintain environmental protection;
- **Transparency:** By the end of 2020, we are expected to start a pilot for transparent public activities in dairies by placing online cameras in the cowsheds which will provide real-time photography and broadcasting.


Depending on the results of the pilots, new goals may be set, and the activities may be expanded on these issues.

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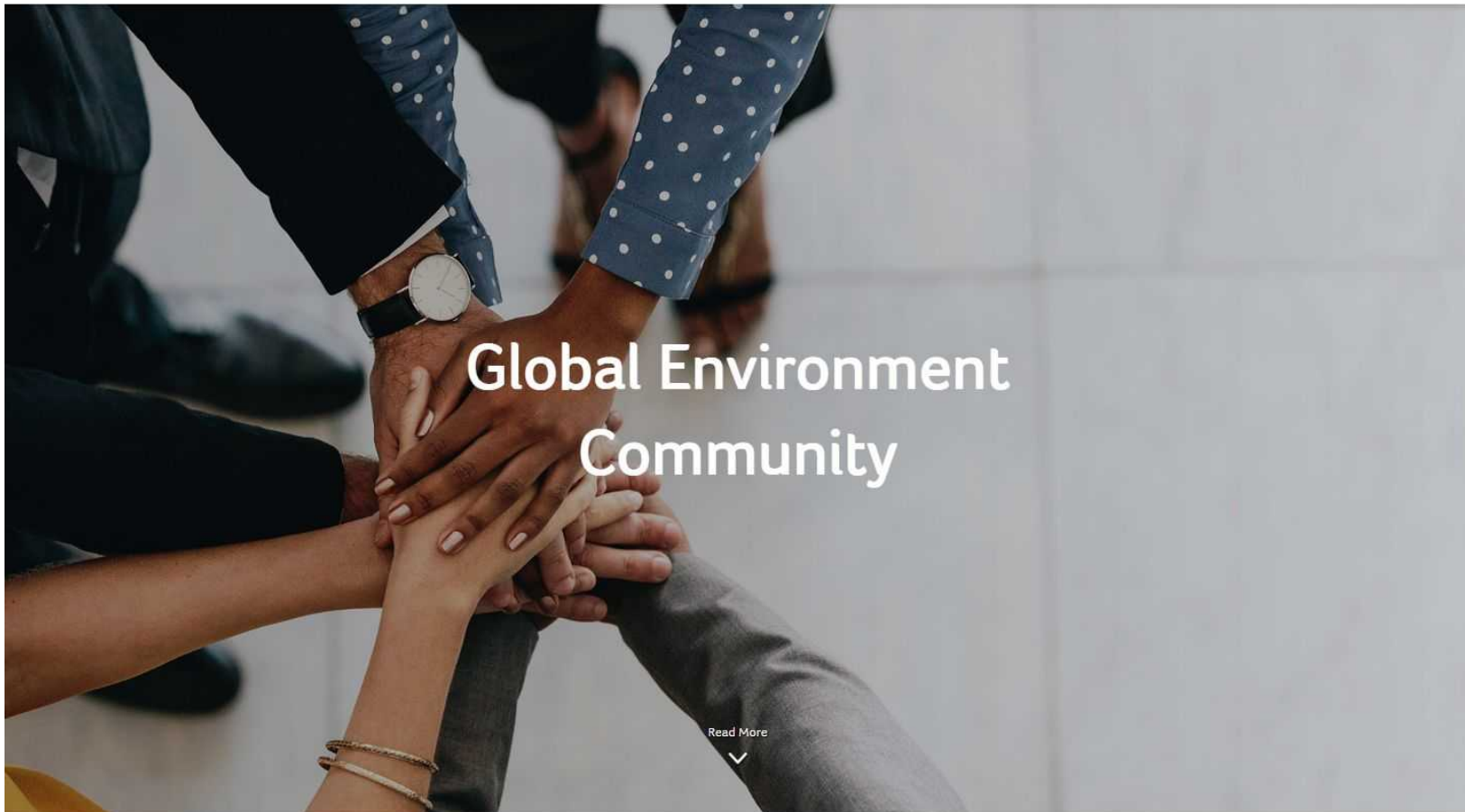



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## Establishing a Global Environment Community

As part of the company's efforts to significantly improve its environmental impacts and activities, we have examined the internal processes that can be improved in order to achieve significant results in organizational culture, alongside the unification of all companies that can result in a great a leap forward. It was found that establishing a global environment community among company employees would assist in sharing knowledge and advancing the goals that the companies seek to undertake.

In 2019, we began planning for the Strauss environmental community, with the aim of unifying the sustainability representatives responsible for environmental aspects of all Strauss companies in order to achieve uniform intersecting activity. Planning of the program began in July 2019, and its ongoing activities are expected to begin in 2020. Among other things, the program will include virtual activities of working groups addressing subjects such as packaging, energy, water and wastewater. The teams will work collaboratively, sharing accumulated knowledge in order to formulate an organizational map to help achieve the Group's goals. In addition to the activities of the professional and dedicated environment community, other management members involved with environmental issues receive a monthly newsletter and hold meetings to generate a vigorous discussion about advancing the company in the areas of sustainability, knowledge sharing, mutual growth and joint work to achieve the company's goals.

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At Strauss, we want to set an example for our employees by introducing a sustainable work culture within our daily activities. In 2019, we made some changes to work practices for the favor of employee and environment welfare, such as switching to reusable mugs, a move that resulted in savings of approximately 245,000 disposable cups for hot drinks in the headquarters building alone, adopting recycled printer and copy paper, which reduced the use of one million pages. In addition, we adopted a Meatless Monday menu, which involves a reduction in meat consumption in the company on every Monday of the week, along with enriching the menu with vegetarian dishes.





From the corporate mitigation perspective, we expanded the layout of recycling facilities for packaging, plastics, glass, paper and batteries, as well as the maintenance of existing facilities. In order to reduce plastic use, we are piloting placing waste collection points in central bins, along with reducing the number of waste disposal personal points in small bins.

In terms of organizational culture, renewed efforts have been made to refresh the company's procedures regarding lights and air conditioning when leaving offices and conference rooms. In addition, our employees have been commissioned to digitize pay slips, potentially saving about 24,000 pages a year.

In addition, Strauss Coffee is working to establish a culture of sustainability among coffee company employees in Israel by deepening their knowledge in the field in order to create a foundation for making and implementing green solutions in the work environment. In 2019, the implementation of a learning program for staff and management began with The Natural Step (TNS) program, with three additional workshops scheduled for 2020. Among the topics discussed are sustainability challenges, waste management, and the opportunities created by these challenges.

## *And what about the customers?*

### Examples of Measures Taken in Strauss Coffee Israel:

Elite Coffee Network customers are currently switching to using a unique coffee cover that eliminates the need to use straws.

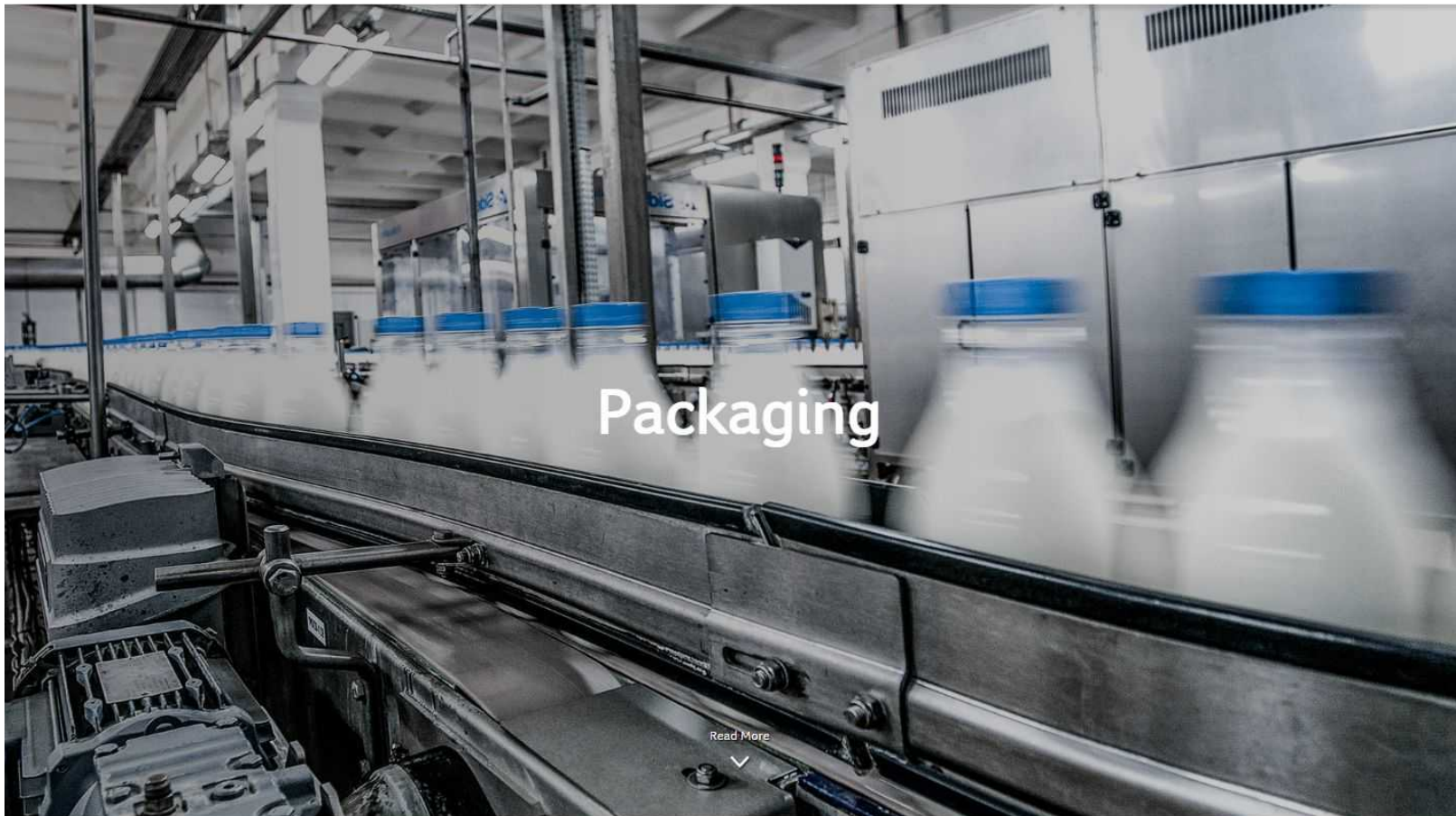
As part of the changes done at the Banz Café brand, packaging has been reduced (saving seven grams of cardboard per unit), eco-accessories products have been introduced and the number of CuPZ magazine hard copies has been reduced.

In addition, Strauss Coffee's online customers have the option of receiving a green invoice via email rather than receiving printed invoices. The green invoices will also be used for purchases for the Banz Café brand.

However, the activity does not end here and there are many plans that will be implemented in the coming years.

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Strauss acknowledges its responsibility for handling and reducing the packaging waste it produces. Recognizing the importance of the issue, we are working and keeping current with international forums, local conferences and within Strauss on methods that can help us streamline and further reduce our impact. We are aware of all the benefits and challenges that packaging handling presents. An important aspect of packaging is the recycling infrastructure issue in the countries in which we operate. We are focusing our efforts on the issue and are in the process of setting long-term improvement goals. During 2020, we will share progress in these areas on the Group's sustainability website.

Another challenge we face is maintaining the ratio of packing size to the optimal amount of consumption. Increasing the packaging size will reduce packaging waste, but it can increase food waste. Rising consumer awareness enables us to collaborate with the public and work together with consumers to develop a packaging cycle at the consumer level. Also in 2019, a dedicated action team was established to design a strategy to reduce Strauss's packaging waste impact. This team is working to explore ways to reduce the Strauss packaging's' environmental impact by reducing the amount of packaging, moving beyond recyclable and environmentally friendly materials, and also improving post-use packaging.

## Some Examples of Related Activities in 2019

### Streamlining the Use of Bottles at Yotvata

Our products reach consumers either in packages or in bottles. To date, we have purchased the empty plastic bottles for filling from an external supplier as part of our supply chain. In 2019, we continued a process of change and moved to inflate the bottles ourselves with a filling machine located in the factory. In doing so, we avoid the environmental impact of transporting and cleaning the bottles before using the product by the consumer.



### Reducing the Use of Scotch Tape

In 2019, we began considering all the packaging and shipping activities of our snacks, in particular, focusing on ways in which we can reduce the waste we produce when sending our products to their destinations. We formulated new and creative solutions and discovered that with the help of a new type of cardboard we developed, which needs no additional Scotch Tape, we were able to reduce the consumption of Scotch Tape at the factory by about 34%. This leads to an average reduction of about 2.9 million meters of Scotch Tape per year.

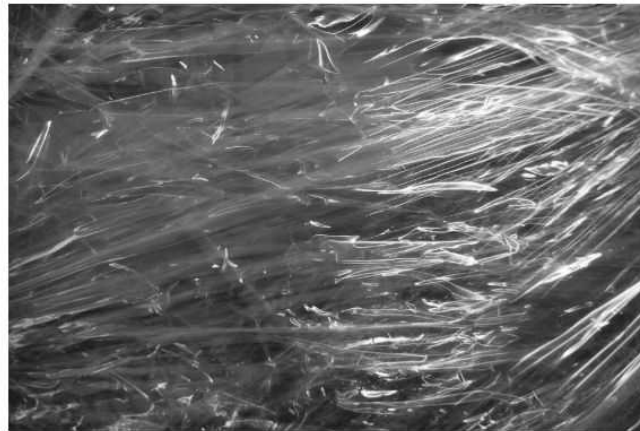


In addition, we encourage business owners and buyers to return the cartons in which we ship products so we can clean and reuse them.



## Romania: Reducing the Use of Plastic Packaging

For more information on reducing waste in Romania, see the section on [Committed to Protecting the Environment](#).



We will continue to update the working group's activities of our various companies and on how we intend to make significant progress in treatment of packaging and reducing our environmental impact.

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11

policy documents regarding Strauss's material subjects were launched on the Group's website

1,500

At the 7th annual FoodTechIL conference, more than 1,500 people from 45 countries with 55 startups participated in over 600 meetings with investors

4

Joining 4 leading initiatives and partnerships to promote social impact, such as valuable500, Consumer Goods Forum, and others



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It is through innovation that we are able to deliver diverse food and beverage solutions that provide real value to the consumer and the industry, while adhering to the principles of protecting the environment and conserving natural resources. In addition, innovation is the basis for maintaining the Strauss Group as a dynamic and vibrant food company that continues to expand and reach new audiences around the world. Innovation is also one of the significant engines for business growth.

There are various aspects of innovation that are evident at different stages of the product development cycle. We maintain a systematic approach that allows us to examine all e possible needs and gaps and to develop solutions to promote continuous improvement of our existing products portfolio together with new product development, always taking into account the environmental impact of the entire value chain and our commitment to produce better products.



## Our innovation framework consists of three key innovation channels:

1. **Brand Innovation:** Developing new products to expand and diversify product supply. Product innovation is a result of concepts presented by our R&D experts, employees, consumers or suppliers, taking into account the changing technology and trends in the world of food. These ideas are presented in a dedicated innovation promotion path, leading to the launch of over 200 products a year.
2. **Target Audience Innovation:** This channel focuses on addressing consumer needs, such as improving nutritional composition and adapting products to unique target populations by using emerging technologies, new raw materials, and new production methods.
3. **Open Innovation in a New Model:** Strauss has established and led the FoodTech sector in Israel since 2011. Under an initiative called Alpha Strauss, we have created an extensive relationship with scientists, entrepreneurs and start-ups in the FoodTech community with three main directions:
  - Operative cooperation between entrepreneurs and group companies: joint development of technologies to solve operational problems and/or advance product ideas, such as new sesame varieties, energy saving solutions, salt and sugar reduction, etc.;
  - Business collaboration between Strauss's innovation arm and entrepreneurs: an entrepreneur develops a technological idea which is then marketed by the Group's innovation arm, with the entrepreneur getting paid royalties;
  - Establishing start-ups within *The Kitchen* Incubator: training, investing in and accompanying startups from the FoodTech field under the auspices of the FoodTech incubator founded by the Strauss Group in collaboration with the Chief Scientist of Israel five years ago. The Kitchen's incubator team, together with experts in various areas of Strauss, accompany the companies in the process of product development, scaling-up (shifting to commercial scale), conducting pilot experiments, adopting the new technologies in the Group's plants, connecting investors and knowledge experts based on the company's international collaborations, and providing the company's expert team to accompany the startups' professional and business activities. The companies are generating innovation that brings value along various stages in the value chain.

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# The Kitchen

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## The Kitchen

Our incubator, *The Kitchen*, was founded in 2015 in collaboration with the Chief Scientist of Israel, and since then has been a hospitable and productive home for a wide range of FoodTech projects, from healthy food substitutes to innovative ingredients that maintain the quality of food we consume. One of the benefits Strauss's incubator companies enjoy is the international connections Strauss helps them generate with the Group's international partnerships, along with a wide range of opportunities for partners and investors from all over the world. The incubator graduates end their period in The Kitchen with substantial achievements in recruiting investors, each in its own field, and each one of them, itself, is a local and groundbreaking success story.

## Food Safety

The issue of food safety that comes to the consumer is hugely important. There are two companies providing innovative solutions for improving and streamlining food safety in the kitchen, each in its own fields:

### Bactusense

Bactusense is a company that has developed technology for the rapid detection of bacteria in food. The company improves the testing process and reduces the waiting times for its results, saving the need for shipping, cooling and storing the product or raw material until the results are received. In 2019, the technology was successfully tested as part of a pilot program at Strauss Dairy. The experiment has demonstrated that similar, and even identical, results can be achieved as with the traditional methods used in dairy (use of Petri dishes), but in a much shorter period of time: 5 hours instead of 72.



### Inspecto

Inspecto has developed a mobile device for the immediate detection of toxins in food or raw materials. The testing is simple, and can be done independently by the manufacturer, without a third party. The device can, for example, detect the acrylamide toxin in processed food products, and perform the test by analyzing the selected specimen and in compliance with all regulatory requirements. The company will begin product marketing in 2020.



## Less Sugar – Great Taste

### Better Juice

Better Juice completed the incubator accompanying period in 2019 with impressive achievements. As part of the incubator program, success has been achieved with exceptional technology that, using natural processes, removes sugar from fruit products (they are currently concentrating on orange juice) and enables the sugar to be converted into low calorie dietary fiber. With the collaborations created during the company's inaugural period, Better Juice has begun the process of increasing its volume of operations in partnership with Citrosuco, the world's largest orange juice maker, and is set to launch a pilot in Citrosuco's plants in Brazil in 2020.



### Amai Proteins

Amai Proteins began its incubator initiation period in 2016 after producing a sweet protein that has the highest sweetness in the world: 15,000 times more than sugar. The protein is stable at any temperature and does not have any of the health disadvantages of white sugar. The technology developed by the company, by means of biotechnologies, mimics proteins found in tropical fruits and produces a sweet protein without compromising the quality of the taste. Unlike sugar, this sweetener breaks down in the body as amino acids, so it is healthier and does not affect glycemic levels. Due to the high levels of sweetness it produces, the protein replaces high levels of sugar, thus lowering the calories in the product. The company markets the product to beverage and dairy producers, and collaborates with leading companies in the market. During August 2019, the company expanded its development lab and is currently raising \$10 million.



## The Future of Food: Animal Food Substitutes

### Zero Egg

In late 2019, we bade farewell to Zero Egg in the incubator, after they launched a product that has achieved great success. Zero Egg's product is a liquid that is a quality substitute for all egg use and is suitable for baked goods, omelets, patties, sauces or any other use of classic eggs. The product is suitable for vegans and people with egg allergies. During 2019, Zero Egg signed a collaboration under which the product is sold in an Israeli coffee chain. By 2020, Zero Egg's product will begin to be manufactured in U.S. factories after the company piloted its product in a large U.S. fast food network, through which it raised investments. In the future, it plans to market to the European audience.



### Rilbite

Rilbite produces a vegetarian, tasty and nutritious substitute that can be used in many recipes instead of the familiar ground beef. The product boasts a Clean Label and is made of only eight natural components, low in sodium and without preservatives, sugar or added oil. The product allows to provide healthy and delicious plant-based food, without harm to animals or negative impact on the environment. Furthermore, the plant-based substitute complies with the Israeli standards of the Director General of the Ministry of Health and correspond to the recommended diet for children in educational institutions. In 2019, a production plant was built in Israel and commercial marketing of the product began.

## AlephFarms

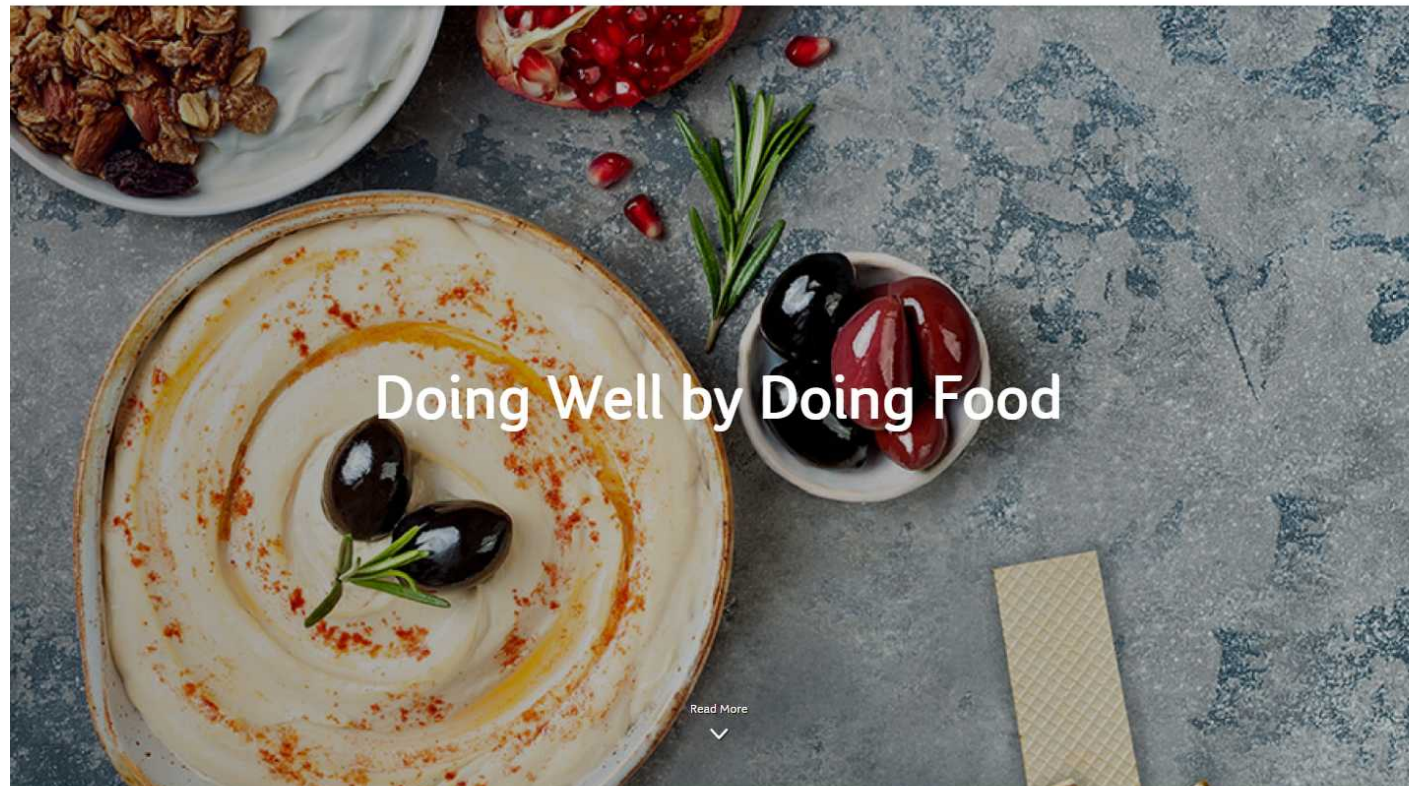
Aleph Farms is a promising young company in the field of innovative food source development. The company produces the world's first cultured steak by growing a single beef cell in a laboratory without harming the animals, and allowing that cell to develop into a product with the same texture as meat from a slaughtered animal. Aleph Farms ended its initiation period in our incubator in June 2019, after raising \$11.7 million to bring the product to market in three years. We at Strauss also invested in this project.



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# Doing Well by Doing Food

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In 2019, the seventh annual FoodTech IL conference for the global innovation community was entitled "Doing Well by Doing Food." The conference involved more than 1500 people from 45 countries: entrepreneurs, businesspeople, academics, public figures, researchers and many more.

This is one of the largest and most significant FoodTech events in the world, with 55 startups participating. During the conference, more than 600 meetings were held between investors and startups, leading to significant exposure of groundbreaking Israeli technologies to the international community.

For further information visit the [conference website](#)

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# Innovation at Strauss Water

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In the past year, Strauss Water has established an advisory committee with leading academics and business professionals to advise on water quality and accompany the company's product development process. Among the members of the committee are Prof. Uri Shani, an Israeli Water Researcher who served as the first Director of the Israel Water Authority and who works with many startups in the field of water and environment, Dr. Michael Zvi'eli, an international expert on flavors and smells, and Mrs. Madonna Hovel, former CEO of Maccabi Care.

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Our broad supply chain, which includes tens of thousands of suppliers that provide us with products and services in the various markets, is an integral part of our ability to offer delicious and nutritious food and beverage products that meet our consumer needs every day. To us, our suppliers are partners in our mission. As such, we expect them to adhere to the same standards of ethical, responsible and sustainable business activity that we uphold in the Strauss Group. We ensure that we act honestly toward our suppliers, and that we work with suppliers who share our values, thereby increasing trust in all levels of our operations, and enabling consumers and all our other stakeholders to trust in our company and its products.



## Responsible Procurement and Human Rights

Our global supply chain includes more than 14,000 suppliers of materials, products and services, with a total annual value of about \$1 billion. It is an integral part of our ability to offer delicious, nutritious foods and beverages that meet our consumer expectations every day. Most of our manufacturing is carried out at our 26 factories around the world and is supported by an operational network of warehouses, logistics and distribution to supply our products to our consumers.

We expect our suppliers to adhere to the same standards of ethical, responsible and sustainable business activity by which the Strauss Group operates. Transparent partnering and integrity with our suppliers, as well as working with suppliers who share our values, enables us to gain the trust of consumers and other stakeholders. In addition, we are committed to respecting human rights throughout our value chain and the communities in which we operate. We comply with human rights laws in the countries in which we operate and conduct our business operations with respect for human rights, even beyond the requirements of the law (when necessary). Our approach has been supported by the Strauss Group's Ethical Charter for Suppliers and our membership in the United Nations Global Compact Initiative since 2008. *(For more information, see Strauss's [Procurement Charter](#))*

As part of the group's new sustainability strategy, Strauss's acquisition division aims to emphasize transparency and accountability in the supply chain. During the upcoming year, we will update here about new ventures in the field.

## Encouraging Suppliers with Sustainability

We understand that we are responsible for ethical conduct throughout our supply chain, so we are pleased to support the Israeli initiative of *Ma'ala*, a non-profit that promotes businesses demonstrating social responsibility, in order to promote sustainability in smaller businesses. We have mapped out all relevant suppliers in our supply chain and encouraged eligible suppliers to join the program. In 2019, 86 small and medium enterprises were upgraded, with 37, or 43%, being Strauss suppliers. Ten Strauss business partners joined the ranking in 2019.

# Screening New Suppliers According to Social Criteria

All Strauss Israel and Sabra and Obela suppliers are carefully screened according to social criteria, based on the Ethics Charter for suppliers or a Code of Conduct. At Strauss Coffee and Strauss Water all suppliers are obliged to sign the Ethics Charter for suppliers. During 2019, great efforts were made to sign Strauss Coffee's suppliers on the Ethics Charter to suppliers. At Strauss Water, the suppliers who enter into agreements with the company were signed on the Ethics Charter in advance.

*(For more information, see the [Strauss Group's Ethics Charter](#))*

Strauss Israel favor purchasing from women-owned businesses. In 2019, procurement from women-owned suppliers in Strauss Israel was NIS 127 million. We also invest heavily in developing and expanding our projects with women's communities around the world. *(For more information, see [Project Florida](#), [the Tribos Project](#), or [the MTAC Initiative](#)).*

## Vendors Conference

In December 2019, we held a conference for Strauss Israel suppliers, with an emphasis on small companies owned by women. The conference was attended by about 90 local entrepreneurs who are engaged in the spirit of sustainability, invited by Strauss or with the help of the Jasmine Association, which provides support for local entrepreneurs. In the opening remarks, the VP of Operations and Supply Chain of Strauss Israel addressed the importance of creating a channel for open dialogue, obtaining opinions, ideas and ways to improve collaborative work and providing additional value to any organization. Ways to promote business on social networks were also discussed in a lecture delivered by the Vice President of Marketing at the College of Management. In addition, a sustainability lecture focused on the ability of small businesses to differentiate their activities while focusing on the area of social networks. In light of ongoing innovations and advancements, it was announced that in the future, an online platform would be developed that would enhance the direct relationship between Strauss and its suppliers.

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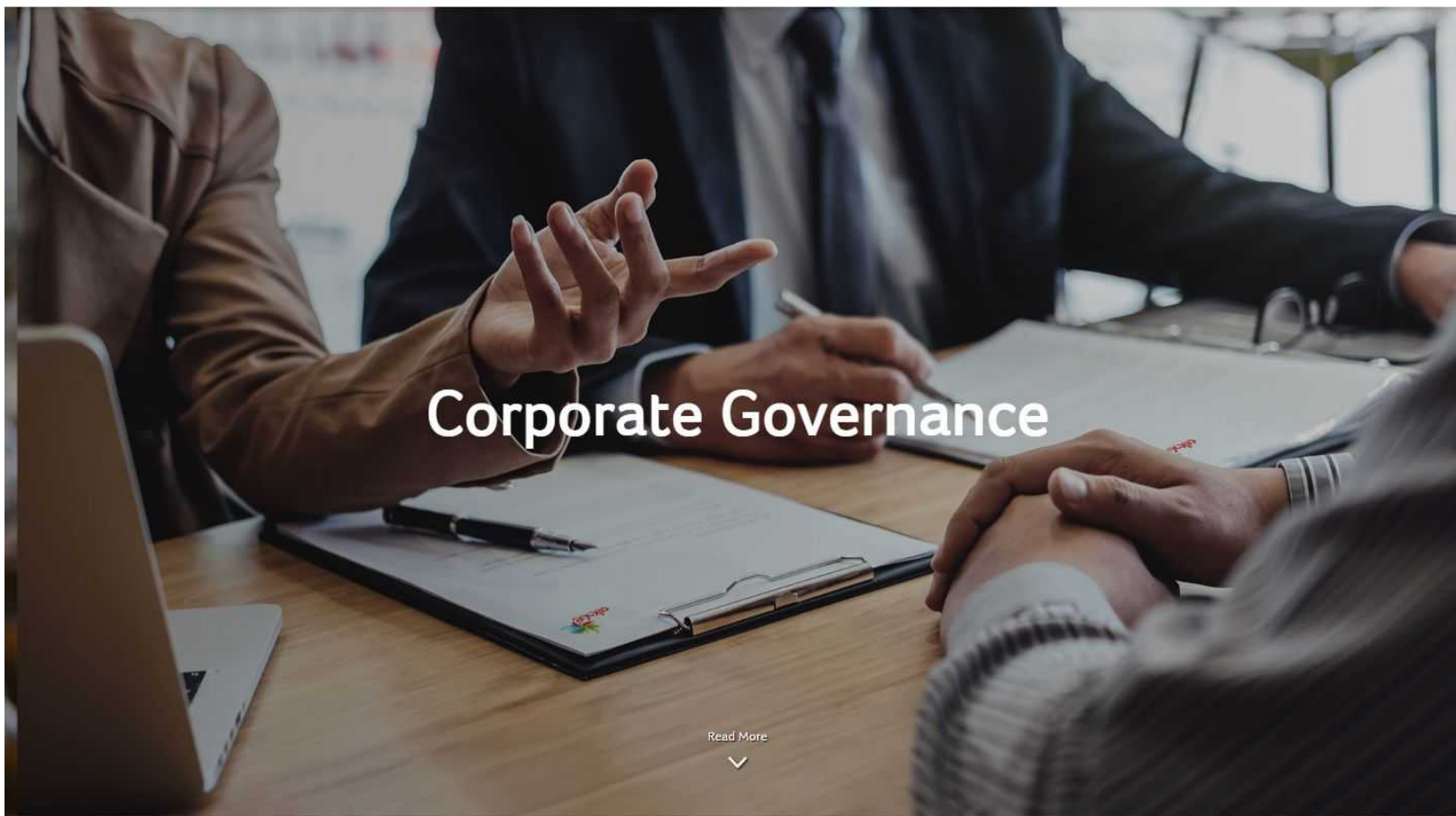




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# Corporate Governance

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At the end of 2019, the Strauss Group's Board of Directors had 12 members, of whom six, or 50%, are women. None of the members of the board served as an active director of the Strauss Group. Apart from the Chairman of the Board, eight directors have been classified by the Company as directors with accounting and financial expertise in accordance with Israel's Companies Regulations.



During 2019, one external director retired, and two female external directors were appointed to the Group's Board of Directors, so that the number of incumbents currently serving in the company has risen from two to three. In addition, the Company has another independent director, so that the number of independent directors serving in the company is now four. The need to recruit board members creates an opportunity to combine new skills and create the best composition and diversity on the board. The task of selecting and appointing directors is an ongoing process, focusing not only on hiring a single director, but also examining the composition of the entire board. The purpose of this process is to ensure that at all times, the Board of Directors includes people with diverse capabilities and skills who will effectively address the business and strategic opportunities and challenges facing the Strauss Group. The two new female board members appointed in 2019 bring with them in-depth experience in accounting, finance and risk management.

To learn more about our new Board of Directors' members, visit our website: [https://www.strauss-group.co.il/aboutus/board\\_of\\_directors/](https://www.strauss-group.co.il/aboutus/board_of_directors/)

For information on the committees of the Board of Directors, visit our website: <https://www.strauss-group.co.il/management-2/board-committees-rules/>

The members of the Board of Directors are constantly updated on the Group's activities and are well-versed in our operations and business situation, so that they can effectively contribute to value creation for the Group and its long-term stakeholders. In 2019, members of the group's Board of Directors met with senior executives in the organization, toured various Strauss Group sites, and met with business unit managers. In addition, they participated in the Group's events and conferences, including social engagement activities, met with the Group's business partners and subsidiaries and directors, and received regular updates and reports on the Group's activities and financial results, as well as regular updates on trends and changes in the external environment and the food market. Continuing training for the directors in 2019 also included a focus on the role they hold on the Board of Directors, primarily by referring to relevant study programs, reviews and preparation discussions on issues related to the activities of the board committees and meetings with relevant executives in the group.

## Involvement in External Bodies (Memberships)

### External Initiatives

- UN Global Compact Initiative: Strauss Group has been a member since 2008;
- *Ma'ala* organization: Strauss is a member of *Ma'ala*, an organization that promotes corporate responsibility activities in Israel, and participates in the annual corporate responsibility rating for public companies since 2006. In the last seven years, Strauss has received the highest rating: Platinum+;
- The Israel-American Chamber of Commerce's Outsight Venture. Strauss has joined this venture which aims to help Israel's residents adapt to the rapidly changing job market. This is part of its membership in the Chamber's CSR forum;

- The Economic-Social Forum: The Forum is spearheading an initiative led by Eyal Dror, CEO of Strauss Israel to promote employment in the Arab society. The purpose of the team is to formulate national and multi-sectoral solutions to reduce socio-economic gaps between the Arab society and to increase their participation in the labor market, in order to contribute to increasing productivity in the Israeli economy;
- Valuable500: This World Economic Forum partnership brings together CEOs of leading companies in the world to serve as a catalyst for promoting the impact of international corporations on reducing inequality for people with disabilities through their business operations. The move was launched in Davos and the partnership consists of 250 CEOs from 26 countries;
- Consumer Goods Forum membership: This is a global organization that supports collaborations between manufacturers and retailers to ensure consumer confidence and drive positive change.

### Membership in Organizations

- DSF: Sustainability framework in the dairy industry
- Food Industry Association in Israel
- The Israeli Marketing Association
- Strauss Coffee: Global Coffee Platform (GCP)
- Co-Impact Initiative: Established in 2013 to bring breakthroughs in employment in the Arab society.

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# Ethical Infrastructure Update

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## Policy Documents on Material Issues

Our ethical infrastructure addresses the major issues and changes in business, social and environmental issues. It is a key factor in promoting increased transparency and the primary building block of trust with our employees, consumers, investors and community partners.

Accordingly, we perform periodic checks and updates of our Code of Ethics to reflect the company's principles. To that end, in 2019, we promoted the process of writing a series of policy documents as well as an update of supporting work procedures and the Ethics Hotline mechanism.

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The series of policy documents developed extends the company's commitment to key issues for our stakeholders. The company's new policy documents present our position statements and principles on several core issues, including human rights, diversity and inclusion, product safety, environmental sustainability, responsible marketing, sustainability raw materials, employee health and safety, community investment, animal welfare and updated policies, prevention of bribery and corruption, and protection of privacy.

(For more information on the new policy documents, see [Strauss Policy Statements](#))

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## Procedures Refreshment

In 2019, after formulating the new policy documents, we thought it appropriate to update and formulate a series of supportive procedures on issues such as the Policy for Whistleblower Protection in the Organization, which complements our update of the hotline reporting mechanism. In addition, procedures for employee behavior on social media were defined, and donation and volunteer policies as Strauss Israel were updated.



# Preventing Corruption

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## Preventing Corruption

As a global company operating in more than 20 countries and employing 16,281 employees, the Strauss Group has a broad deployment. Therefore, we are committed to ensuring that our business activities around the world are conducted in accordance with the highest moral standards and avoid all possible risks related to corruption. The Strauss Group complies with all anti-corruption and anti-bribery laws and regulations, including the U.S. Foreign Corrupt Practices Act (FCPA, 1977) and the U.K. Anti-Bribery Act (2010), as well as national laws and regulations in the countries in which we operate. Violation or apparent violation of anti-corruption laws may damage the reputation of the Strauss Group and its employees, and result in punishment provided by law, including fines or imprisonment. Violation of the anti-corruption laws will lead to disciplinary action against employees, which may include dismissal.

(For more information, see the [Bribery Prevention and Corruption Convention](#))

## Ethics, Compliance and Prevention of Corruption

We make sure to comply with all applicable laws and regulations that apply to our operations, as well as our organization's internal standards, in all countries where we operate. Executives in the Strauss Group are responsible for adhering to enforcement programs and reporting to directors and the Board of Directors or the Executive Committee. The Strauss Group's internal auditor performs regular reviews to assess the extent of implementation of the company's enforcement programs.

We work according to our Code of Ethics, which is accessible in 11 languages and guides all employees about their expected behavior as part of the Strauss Group. All new employees undergo training in the Ethics Code, and all employees undergo bi-annual refresher training. Each business unit has ethics trustees, who are the contacts for employee questions and report suspected ethics violations. The ethics trustees conduct local ethics training and ensure work is done according to the procedures. We conduct our business with integrity, without taking bribes. Accordingly, we will not accept or give to any person, directly or indirectly, anything of value for the purpose of obtaining or conferring an advantage obtained through misconduct or any other unfair advantage.

In 2019, two corruption cases were recorded. The first was in Strauss Israel, where a worker was found to be improperly managing the cash cycle. The case was handled, and the individual's employment was terminated. The second case occurred in Strauss Water, where an employee who was employed as an external contractor admitted to stealing "Tami 4" casings and selling them on the market. As a result, the contract with him was terminated.

The hotline for reporting violations of the Code of Ethics and/or laws subject to the Group was established in 2009 and has been managed by the Company's internal auditor since January 2011. We encourage employees of the Strauss Group worldwide to report to the hotline, without fear of actions being taken against them. As part of the ethical infrastructure refreshment carried out in 2019, the hotline platform has also been renewed. The update included making the site easy and convenient to use and available to all employees in multiple languages, with a supportive internal procedure. In 2019, no hotline reports were received.

We report transparently on the impact of our operations through this Sustainability Report, which also serves as an annual report on our progress to the United Nations Global Compact initiative. We believe in providing information to our stakeholders to help them make informed decisions about the Strauss Group. From time to time, we publish additional reports or local reports. For example, Obela has been publishing a corporate responsibility summary for Australia and New Zealand for two years now.



## Protecting Personal Information

With the entry into force of various data protection laws, including the General Data Protection Regulation (GDPR) in Europe and privacy regulations in Israel, which set strict rules and limits for the collection and use of personal information, we analyze our activities to identify the changes that will be required to ensure full compliance. In 2018, we defined contractual and administrative frameworks to ensure compliance with information privacy requirements. In 2019, the implementation process, including writing procedures and policies on the subject, was completed, while comprehensive training for hundreds of employees in positions affected by the information protection law requirements was implemented. In addition, we strictly apply the Strauss Group Information Privacy Charter, which sets out the basic goals, expectations and principles that reflect Strauss's approach to information protection and privacy. *(For more information, see the Strauss [Information and Privacy Charter](#))*





## A Letter from the Chairperson of the Board

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## Letter of Chairperson of the Board, Strauss Group

Today, we are publishing our annual sustainability report, reviewing our social, economic, and environmental impact and efforts for 2019. Over the past 12 years, we traditionally published these reports in March. However, this year, seeing a world rattled by a pandemic creating far-reaching changes in the way humans interact and companies are run, we decided to postpone the release.

Like millions around the globe, I am currently in self-isolation, writing to you from my improvised home office.

While the future implications of COVID-19 are still to be seen, we are now fully aware of Strauss' critical role in the process of creating a better future. As a food company, the trust and loyalty we are granted from the public depend, among other things, on the decisions we are making in these very moments.

Today, the link between the food industry and the public health sector is clearer than ever. Our behavior, our chain of production, our products and the way we supply them to the public are directly related to the public's health. The rush to the supermarkets at the beginning of the coronavirus crisis, and the public's unprecedented stockpiling of basic consumer goods, highlight the connection between food and our physical health, and especially our mental well-being. Food is the most basic human need – in conventional times but even more so in times of crisis. Our ability to continue delivering our products and brands allows us to gain the public's trust and provides people with a sense of security and stability.

Alongside increased consumer expectations following the pandemic, we are also met with new standards from investors. Corporate conduct during a crisis – the way we engage with colleagues and customers, as well as the way we influence society and meet its needs – has long-term consequences, for better or worse. Together with the improvement goals we have taken upon ourselves, we understand that the business sector now plays an important role in restoring the economy and strengthening communities that were significantly impacted by the outbreak.

The current crisis has imposed another task upon us – we must ensure that we do whatever we can to assist unemployed communities that were left behind, create new jobs and allow them to continue make a living. At this time, more than ever, big companies must make decisions that contribute to the rebuilding of the economies of which they are a part. We have no simple answers to the question of balancing the needs of employees, customers, shareholders and all further stakeholders. The future depends on many variables, and we need to be alert and attentive so that we are ready and able to make the right decisions at the right time.

For a long time, investors have been looking at companies through an environmental, social and governance (ESG) lens; but now, more than ever, we have the responsibility to look around us, see the other and act in a way that helps strengthen our entire ecosystem. At the last FoodTech IL conference, I talked about the importance of moving “from Ego to Eco” – our need to understand how interdependent we are, and how we must all work as one community for the common good. The coronavirus pandemic has emphasized that the “butterfly effect” is real – how an incident that begins in one point in the world quickly evolves to reach every corner of the world and touch us all. In recent years, the main emphasis of the ESG lens has been on the environment. Today we can sense that the coronavirus crisis is spotlighting the importance of the social aspect of the equation – the social decisions we make today will shape our tomorrow.

We at Strauss Group understand the company's significant and profound role in bringing value and security to the communities in which we operate, and we are committed to succeeding in the task ahead. Even in turbulent times, we must continue to expand our investment in the scientific aspect of food, in order to provide better food solutions for both the public and the environment.



I am hopeful that we will triumph over this crisis, and that any of its deleterious economic and social impacts will be short-lived. All of us in Strauss Group are committed to taking an active role in aiding with the crisis's recovery processes and creating the reality that will follow. Last September, millions of people took to the streets calling for policy changes in the fight against climate crisis – we will not forget their protest even in times of crisis. We will continue to act with transparency and meet the goals we set for ourselves. Sustainability is an indicator of quality and we will continue to examine ourselves, learn and improve – as we have always done and always will do.

As I often say, gaining the public's trust depends on meeting its expectations, but more importantly, it is imperative that we live up to our own.

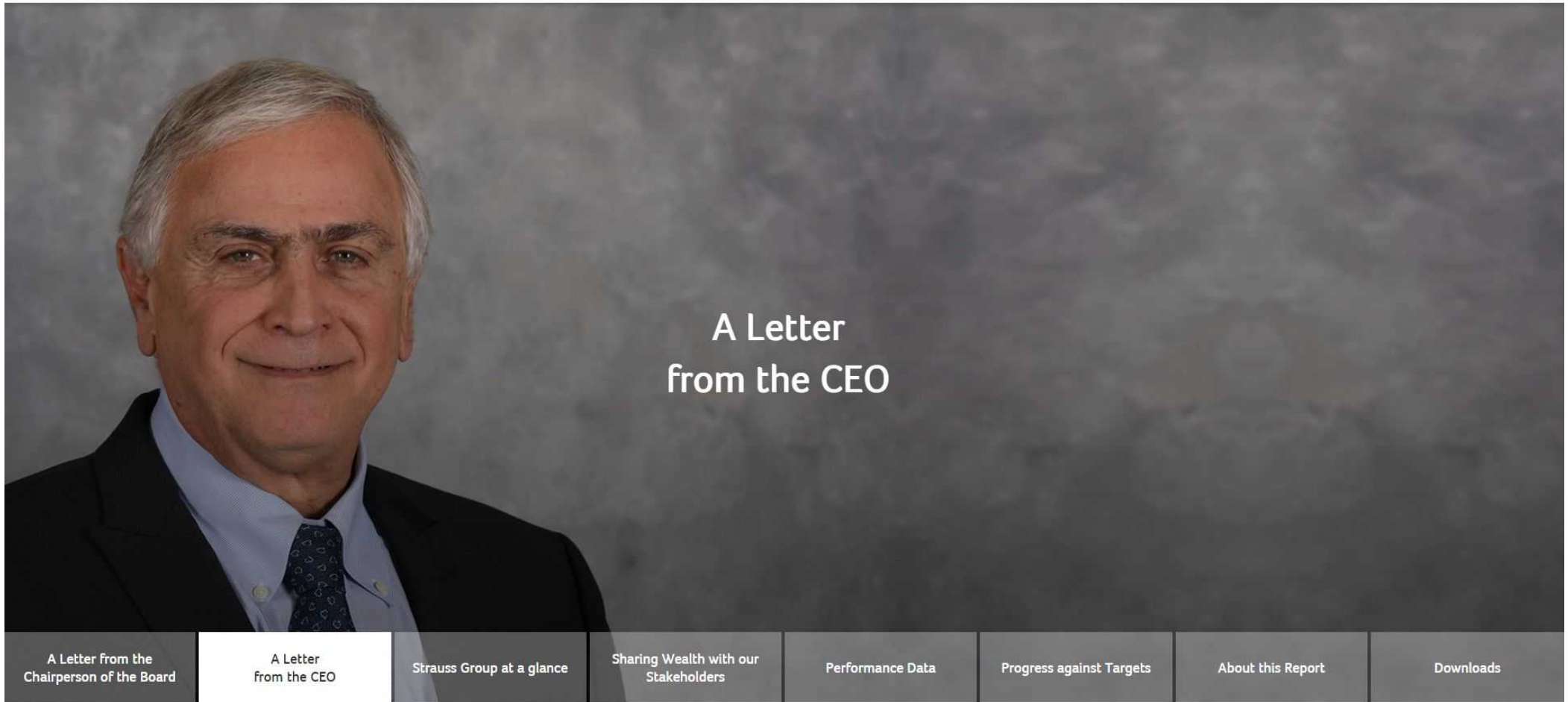
Our customers are the reason we exist, and we must be united in our mission to support and protect the public's health. We will do this while making sure to strengthen our capabilities and preparedness to face future challenges placed before us.

I would like to convey our deepest gratitude and appreciation to the company's team members, who are placed at the frontline of the battle, aware of their essential role in ensuring the public's health. Thank you for your remarkable efforts and uncompromising dedication you all demonstrated in these difficult times. Strauss Group and I wish for health and prosperity to our people, our customers and the general public. We will know better days than these, and we will be ready for them.

Sincerely,

Ofra Strauss





## A Letter from the CEO

We at Strauss have always been committed to creating an impact.

We operate from the deep conviction that it is our responsibility to improve people's lives and offer them better choices. Over the years, this conviction has been reflected in the quality of the food we produce. This success is certainly the basis for the trust of all our stakeholders in us. But that is not enough. The public's needs and expectations continue to increase, and people and communities expect us to have an impact beyond the food we produce. They expect us to advance solutions to the complex challenges that the world is facing, to address socio-economic issues, to contribute to problem-solving, and to advance an agenda that will provide value to various stakeholders.

We are making an impact in several key areas:

- In the products sector, we are developing platforms that allow our food to be adapted to diverse needs while continuously improving its nutritional composition
- As a company that employs thousands of employees around the world, we emphasize maintaining a diverse and inclusive work environment that encourages people to grow and develop.
- In the environmental field, we work to reduce harmful environmental impacts, and invest in developing FoodTech resources for generating new solutions that will enable us to produce food in a more sustainable way.
- In the financial aspect, we strive to maintain high standards of governance and creating economical prosperity for all our stakeholders

In today's world, businesses in general, and leading companies, in particular, do not have the privilege of looking only at financial metrics as a compass. Having a comprehensive perspective and understanding that our activities have a social, economic, environmental and business impact is critical to gaining the trust and social license needed to operate. The global market is changing, dynamically and frequently. As the public's expectations rise, so do the challenges for the business sector and on top of those, our world is experiencing a turmoil amidst the corona virus pandemic that affects the health of people and the strength of countries, economies and business as an event that changes everyone's reality.

This sustainability report was supposed to be published in conjunction with our financial annual report, however the corona virus has led us to postpone publication. We are now publishing it together with our financial Q1 report. Sustainability is a significant and integral part of our business strategy. It constitutes a major part of our business's core and determines how we operate. Sustainability is also our way of examining our environment, understanding what is expected of us, and changing accordingly. It is about producing better food, creating better employment opportunities, and being part of a movement to create a better future.



The world is coping today with a severe crisis. It is a test time for us as a business, and as human beings. This is our moment to realize that we have a collective responsibility that extends far beyond our business. The crisis is global, but its impact is local and comprehensive – from the individual to the entire world. Now is the time to look at all our circles of influence – our employees, consumers, suppliers, customers, investors, communities and other stakeholders – and reach out and collaborate. Now is our time to be human, to look at people, reach out and lead social awareness.

Since the outbreak to this pandemic Strauss group dedicates resources to communities in the forefront of this crisis. The report is dealing with 2019 but we have found it appropriate to [share our elaborate social plan that we are promoting since the pandemic started.](#)

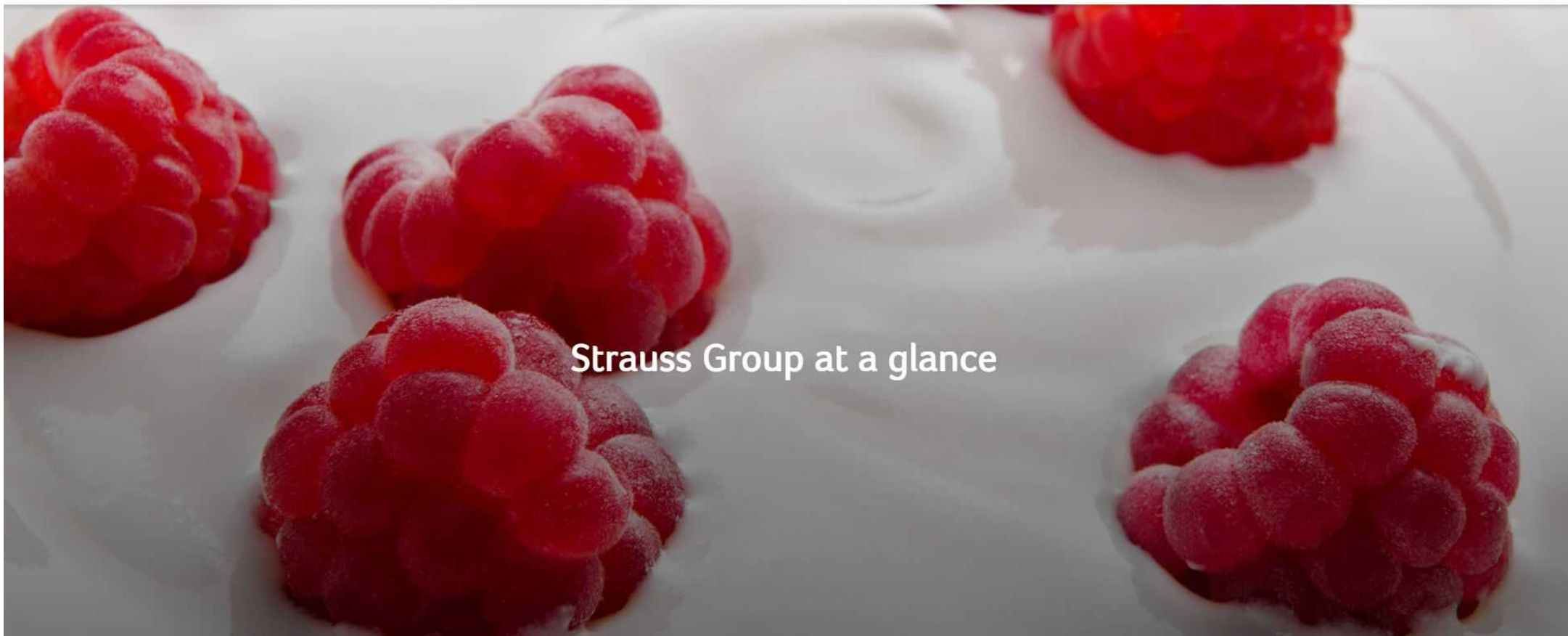
The sustainability report is our way of telling the story from the perspective of suppliers, consumers, customers, employees, shareholders and other stakeholders. The steps we are taking today to build a cross-organizational sustainability strategy and creating tools for implementing the values we set will expand our capacity to become leaders in areas where we still need to improve. We are committed to making significant advances in the field of sustainability, and we are confident that the coming years will lead us to continued improvement as a key foundation for developing and managing a company worthy of your trust.

Enjoy your reading,

Giora Bardea,

CEO& President, Strauss Group





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The Strauss Group is an international food and beverage company, which aims to improve people's lives by providing fresh, tasty, nutritious and innovative products. The Strauss Group headquarters are located in Israel and we manufacture, market and sell products in 22 countries. In 2019, our consolidated sales turnover amounted to NIS 8.6 billion. We employ over 16,000 direct-hire employees, and indirectly provide employment to contractor employees, franchisees, independent distributors, suppliers, and thousands of business partners around the world. The group trades on the Tel Aviv Stock Exchange as part of the TA 35, an index that tracks the largest public companies in Israel. The group is rated IIAA+ stable by Ma'alot, a subsidiary of Standard & Poor's.

### Strauss Group sales by region, 2019:

Israel	55.8%
	NIS 4,766 million
Americas	29%
	NIS 2,478 million

We at Strauss ascribe great importance to our strategic partnerships, believing that they create opportunities to expand our supply for the benefit of consumers around the world. We work in partnerships with leading and valued multinational companies, including Danone, PepsiCo, Virgin and Haier, as well as leading local players such as Sao Miguel in Brazil, and Yotvata, and Yad Mordechai in Israel. Our partners help us bring high quality and innovative products that contribute to a healthy lifestyle.

Rest of world

15.2%  
NIS 1,292 million

## The Strauss Group comprises Four Companies



### Strauss Israel

The second largest food and beverage company in Israel in terms of sales cycle, and which operates in the field of milk and dairy products, fresh dips and spreads, savory and confectionary snacks, coffee, olive oil, honey and more.



### Strauss Coffee

A company operating in ten countries with 16 brands. The company leads the coffee markets in Israel and Brazil and is among the top ten coffee companies in the world in terms of market share.





## Strauss Water

A company that specializes in filtered water solutions and offers hot and cold water coolers for home and business use. Strauss Water is leading the market in Israel, operating in China through a partnership with Haier and in the U.K. through a partnership with Virgin



## Sabra and Obela

These are Strauss and PepsiCo co-owned companies in the fresh dips and spreads sector: Sabra in North America (United States and Canada), and Obela in Mexico, Australia, New Zealand, the Netherlands and Germany

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## Our Vision

Make wonders out of the most basic things



---

## Our Values

Caring and Daring | Fervor and Responsibility | Teamwork

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## Our Mission

Improve people's lives through movement and improvement





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Most of the financial value we generate as a group is distributed back to our stakeholders. Most, about 63% is used to pay for products and services we receive to support our operations, and 23% is paid to our employees as a reward for their activities. About 0.2% of our revenue represents direct investment in our communities, in the form of employee donations and volunteer hours




In NIS millions	2016	2017	2018	2019
Direct economic value generated (revenues, interest on assets and investments)	5,294	5,488	5,635	5,700
<b>Economic value distributed</b>				
Operating costs (payments to suppliers)	3,442	3,604	3,578	3,541
Employee wages and benefits	1,151	1,212	1,277	1,273
Payments to providers of capital	200	449	418	364
Payments to shareholders	470	228	204	254
Payments to governments	213	100	85	84
Community investments	11.8	13.3	12	14.6
<b>Total economic value distributed</b>	<b>5,488</b>	<b>5,606</b>	<b>5,574</b>	<b>5,536</b>
<b>Economic value retained</b>	<b>-194</b>	<b>-119</b>	<b>61</b>	<b>170</b>





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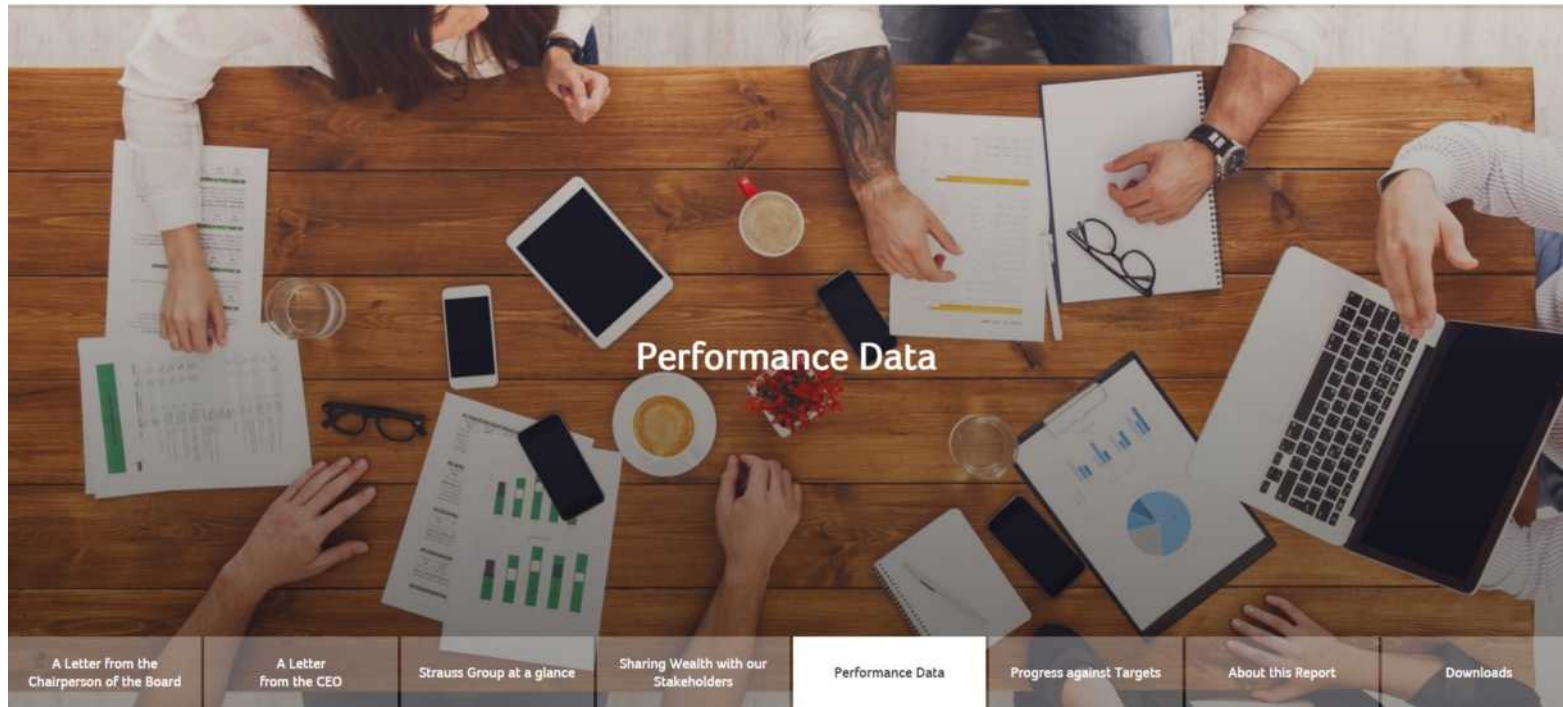
People

Safety

Environment

People	Unit of Measure	2016	2017	2018	2019	Change in 2019
Total employees at year end	#	13,359	14,131	14,657	16,281	11%
Employees on permanent contracts	%	99%	99%	99%	99%	0%
Women in management (joint ventures in Brazil are not included)	%	43%	43%	43%	45.50%	2.50%
Women in global workforce	%	41%	42%	41%	41%	0%
New employees	%	24%	30%	32%	25%	7%
Employee turnover	%	19%	23%	23%	25%	2%
Employees who received performance review	%	20%	19%	38%	38%	0%
Unionized employees	%	52%	60%	62%	63%	1%
Employees above age 50	%	17%	15%	14%	14%	0%




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## People Safety Environment

100	14.6	NIS 5.3 million	246
In 2019, we reduced 100 tons of sugar from our products in Israel. Since 2011, we have reduced a total of 6,100 tons of sugar from our products.	In 2019, Strauss Group donated NIS 14.6 million in products, financial donations and volunteer hours.	About NIS 5.3 million was invested in the Strauss Israel Employees' Social Plan in 2019, and approximately NIS 37 million in total over the past four years.	In 2019, we launched 246 new gluten-free products in Israel.
13,300	28,800	136	38%
We expanded our social venture to support coffee growers, "More than a Cup", to 10 active partnerships in 8 countries, including 13,300 coffee growers	In 2019, Strauss Group employees volunteered a total of 28,800 hours in the community, more than twice that of 2018.	In 2019, we launched 136 lactose-free products and 11 low-lactose products	Approximately 38% of employees received performance evaluation in 2019
41%	22		
Promotions of women during 2019 of total promotions	Hours of training on average per employee in 2019		



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Environment	Unit of Measure	2016	2017	2018	2019	Change in 2019
Direct energy consumption	GJ	1,269,042	1,308,407	1,337,000	1,439,943	8%
Indirect energy consumption	GJ	603,608	594,496	629,036	630,652	0.30%
Total energy consumption	GJ	1,872,650	1,902,903	1,966,036	2,070,594	5%
Energy intensity	GJ / Ton	3.26	3.16	3.02	3.1	3%
Scope 1 GHG emissions	CO <sub>2</sub> e tons	84,526	85,697	84,222	86,402	3%
Scope 2 GHG emissions	CO <sub>2</sub> e tons	66,136	66,012	68,143	65,480	-4%
Total GHG emissions	CO <sub>2</sub> e tons	150,662	151,709	152,365	151,882	-0.30%
GHG emissions intensity	CO <sub>2</sub> e tons / ton	0.263	0.252	0.234	0.228	-3%
Water consumption	M <sup>3</sup>	1,868,063	1,945,363	2,002,620	1,957,605	2%
Water intensity	M <sup>3</sup> / ton	3.26	3.23	3.08	2.94	5%
Waste to recycle and reuse	Tons	64,653	78,202	82,704	78,985	-4%
waste to landfill	Tons	11,243	11,640	10,439	11,075	6%
Total waste	Tons	75,896	89,842	93,143	90,060	-3%
Waste recycled/ reused	%	85%	87%	89%	88%	-1%
Waste intensity	Tons / Ton	0.13	0.15	0.14	0.14	-6%





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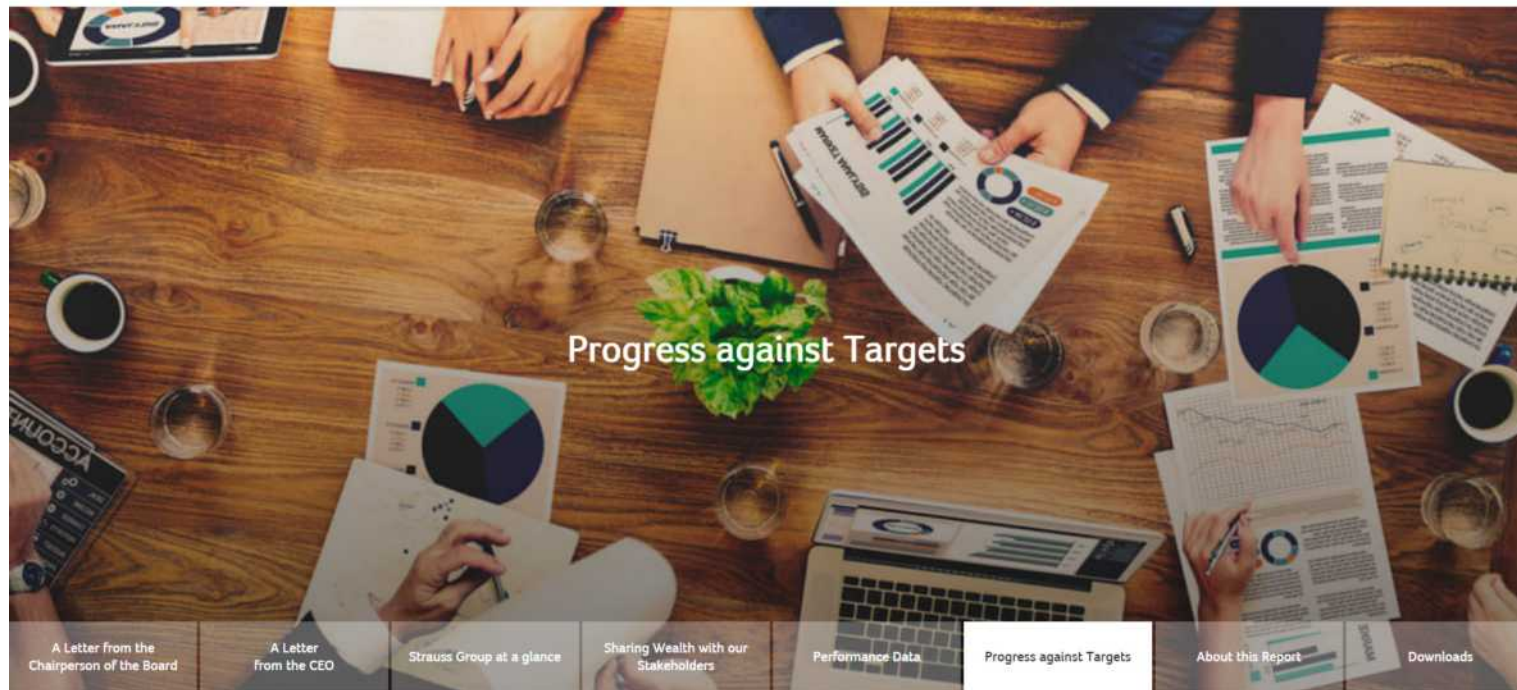
[Strauss Water](#)

[Sabra Obela](#)

Goals for 2019	Execution for 2019	Goals for 2020
Promote healthy lifestyle awareness	<ul style="list-style-type: none"> <li>Reducing six tons of sodium in the savory snacks</li> </ul>	<ul style="list-style-type: none"> <li>Promote healthy lifestyle awareness</li> </ul>
<ul style="list-style-type: none"> <li>Improve nutritional profiles of products (salt, sugar, fat)</li> </ul>	<ul style="list-style-type: none"> <li>Reducing 100 tons of sugar</li> </ul>	<ul style="list-style-type: none"> <li>Improve nutritional profiles of products (salt, sugar, fat)</li> </ul>
<ul style="list-style-type: none"> <li>Improve product affordability</li> </ul>	<ul style="list-style-type: none"> <li>Improving employee benefits</li> </ul>	<ul style="list-style-type: none"> <li>Improve product affordability</li> </ul>
<ul style="list-style-type: none"> <li>Improving the financial well-being of employees</li> </ul>	<ul style="list-style-type: none"> <li>New Products Launch: 246 gluten-free products, 136 lactose free products, 11 low-lactose products and one lactose-free milk product</li> </ul>	<ul style="list-style-type: none"> <li>Improving the financial well-being of employees</li> </ul>
	<ul style="list-style-type: none"> <li>For the eighth consecutive year, Strauss Israel is launching the Social Plan to improve employee conditions and improve employee benefit packages</li> </ul>	
Reduce environmental performance per ton of product (versus to 2018):		Reduce environmental performance per ton of product (versus to 2019):
> Energy: -2.8% *	> Energy: -1.5%	> Energy: -2.2%
> CO <sub>2</sub> e: -2.8% *	> CO <sub>2</sub> e: -3.7%	> CO <sub>2</sub> e: -2.5%
> Water: -2%	> Water: -1%	> Water: -2%
> Waste to landfill: -2%		> Waste to landfill: -2%

\* Due to improvement of internal information, the company's goals on this issue have been updated.




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#### Goals for 2019

#### Execution for 2019

#### Goals for 2020

Maintain / expand "More than a Cup"

> Establishing two new partnerships in 2019: Tanzania and Ethiopia

> The project already includes 10 partnerships in eight countries and reaches 13,300 coffee growers and their families

Reduce environmental performance per ton of product (versus to 2018):

Expected reduction of 2019 targets vs. 2020 targets:

> Energy: -8.3%

> Energy: -3%

> Energy: -4.9%

> CO<sub>2</sub>e: -8.2%

> CO<sub>2</sub>e: -3.1%

> CO<sub>2</sub>e: -4.3%

> Water: -9.7%

> Water: -11.5%

> Water: -4.2%

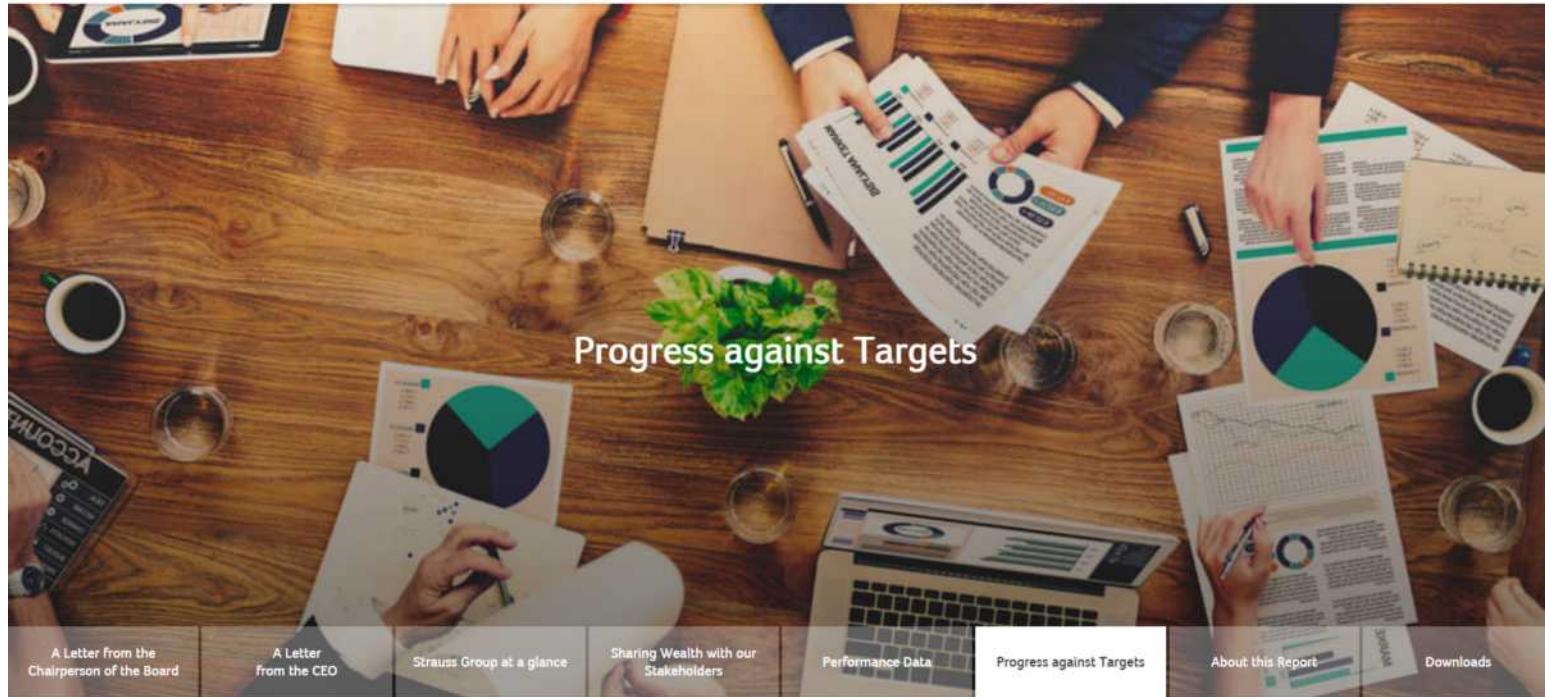
> Waste to landfill: -1.2%

> Waste to landfill: -49.9%

> Waste to landfill: -6%

*\* Due to improvement of internal information, the company's goals on this issue have been updated.*





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Goals for 2019	Execution for 2019	Goals for 2020
<ul style="list-style-type: none"> <li>Promote healthy lifestyle awareness</li> </ul>	<ul style="list-style-type: none"> <li>Launching a Drinking Water Promotion Campaign in Summer of 2019</li> </ul>	<ul style="list-style-type: none"> <li>Continuing promoting healthy lifestyle awareness</li> </ul>
<ul style="list-style-type: none"> <li>Maintain or improve customer service</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in three quality metrics: customer satisfaction, average waiting time at service center, technician service within 48 hours</li> </ul>	<ul style="list-style-type: none"> <li>Continuing improving customer service and satisfaction</li> </ul>
<ul style="list-style-type: none"> <li>Replace filters with Maze technology for all customers in Israel at no extra charge</li> </ul>	<ul style="list-style-type: none"> <li>Completion of all customers (domestic water) to Maze technology</li> </ul>	<ul style="list-style-type: none"> <li>Launching a mechanism / platform that enables and encourages customers to recycle the water purifier / UV bulb by returning it to the Tami 4 courier</li> </ul>
<ul style="list-style-type: none"> <li>Introduce consumables collection platform for recycling</li> </ul>	<ul style="list-style-type: none"> <li>Making a filter / bulb return platform available for recycling posts</li> </ul>	<ul style="list-style-type: none"> <li>Implementing environmental sustainability initiatives within the organization</li> </ul>
		<ul style="list-style-type: none"> <li>Answering 80% of service requests within 2 minutes</li> </ul>

*"Due to improvement of internal information, the company's goals on this issue have been updated."*



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Goals for 2019	Execution for 2019	Goals for 2020
Promote healthy lifestyle awareness	<ul style="list-style-type: none"> <li>• Continue activity with lunch programs in U.S. schools</li> <li>• Continuing sponsoring relevant, reliable nutrition research on hummus consumption</li> </ul>	Continuing promoting healthy lifestyle awareness
Improving nutritional profiles of products	Sodium reduction in all of the company's hummus products	Managing nutritional profile of products
Advance local sourcing of key raw materials	Focus on establishing a sesame growth strategy for Tahini the U.S.	Contact sesame farmers in the U.S.
Establish baseline metrics for waste to landfill and utilities	<ul style="list-style-type: none"> <li>• Determining baseline measures for landfill waste and energy consumption</li> <li>• Launching a broader sustainability strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Developing targets for landfill waste and energy consumption</li> <li>• Completing the company's broad sustainability strategy</li> </ul>
Establish environmental "Green Team" at Virginia plant	Achieved	

*" Due to improvement of internal information, the company's goals on this issue have been updated.*





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This is the Strauss Group's 12th Sustainability Report, and it describes the impact of our business operations on stakeholders in 2019. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. In addition, the report represents our annual communication for the UN Global Compact, of which we are signatories.

The information in this report relates to calendar year 2019. Our last full sustainability report was published in 2019 and related to 2018. We intend to continue publishing sustainability reports annually.

In this report, we retained the framework established in 2014, which is still relevant today, even following internal review and criticism. The boundaries of this report remain unchanged, encompassing all of the companies in the Strauss Group under its operational control, including joint ventures reporting as full entities. No material restatement was performed. Minor adjustments made are stated near the data as they are shown.

The 2019 Sustainability Report is not part of the Strauss Group Financial, immediate, or periodic statements. In the event of a discrepancy between what is stated in this report and the aforementioned reports, the financial statements are the binding one.

Thank you for your interest in this report and we would be pleased to hear from you.

Please contact:

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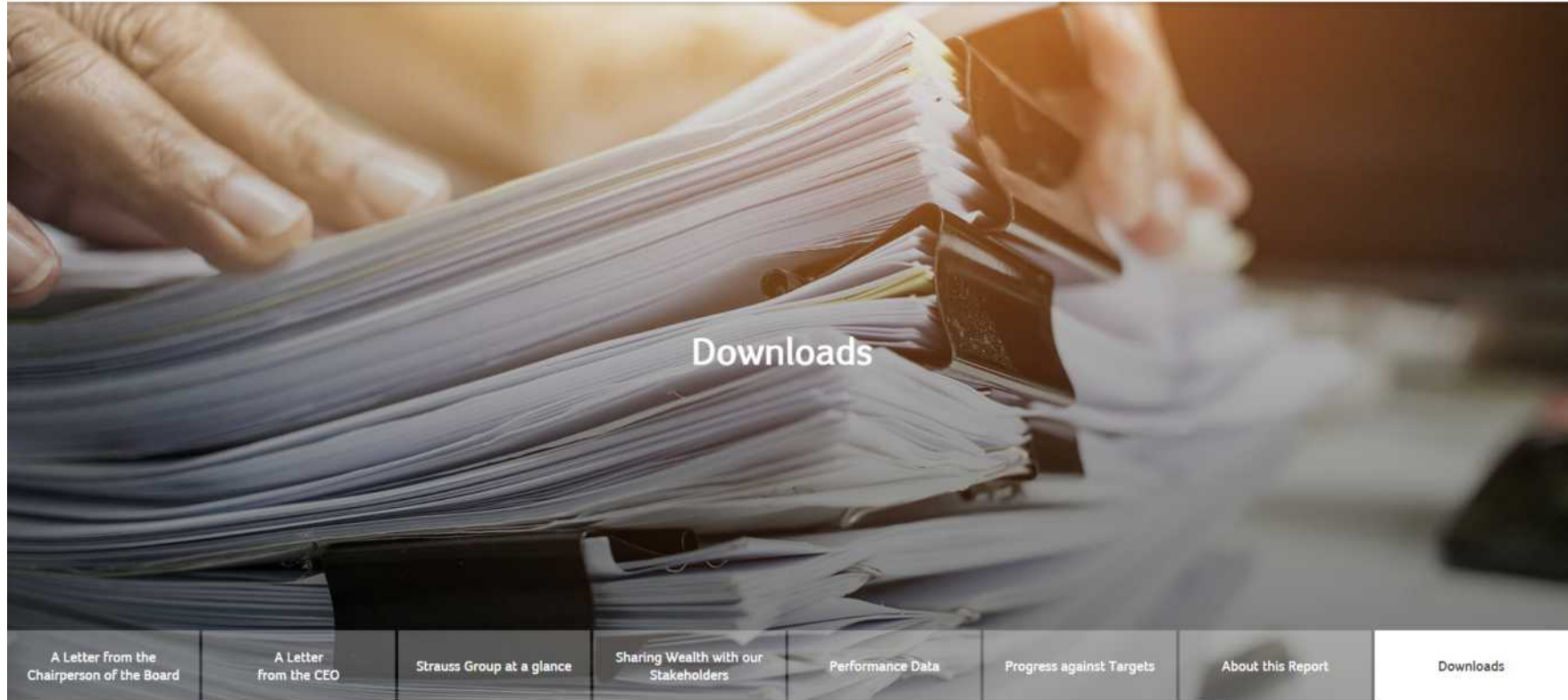


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# Sustainability Strategy

Sustainability Strategy

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Corporate Governance and Sustainability-Promoting Leadership

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Our approach to sustainability is guided by both internal and global expectations of business operations and how the Company should respond to social needs around the world. As a company operating in four different areas of activity, we adhere to a globally relevant framework in which we have identified six focus areas that are relevant to all our global business operations. Each company in the Group not only sets its goals and objectives, based on its activities and the current priorities of its stakeholders, but also makes a specific assessment of the risks and opportunities it faces. This allows us to move forward as a sustainable global company, while providing flexibility to every company in its operations.



# Developing and Building a New Strategy Process

At the end of 2019, we embarked on the process of developing a new sustainability strategy in the company that considers both the global and local perspectives, global trends and tendencies, sector-leading initiatives and more. The Strauss Group sees sustainability as a key pillar of its activity, going hand-in-hand with the corporate strategy, and seeks to look at the long term and define a leading and effective sustainability strategy for the coming decade. The strategy will set goals so that we can make a positive impact in the environmental and social spheres. Under the new strategy, an action plan will be developed to realize the company's goals, and benchmarks will be defined to assess our performance and progress in accordance with global goals and trends. The process of formulating the sustainability strategy will be completed during 2020.

## Global Trends and Tendencies

From a global perspective, global trends, challenges, and risks regarding environmental and social issues produce profound reactions that affect one another and produce a great impact on the industry in general, and on the food sector in particular. One example among many is the trend towards healthier, higher quality foods that have components tailored to meet specific dietary requirements.

We treat all global trends as significant, and regard them as elements that influence our decision-making process in society. This section provides a brief explanation of some of the global trends we consider important:



### Growth and Population Density

Birth rate, increase in life expectancy and demographic changes bring with them pressure and change with respect to ecosystems and global food supply systems. [For further reading on the topic, see the Innovation Section.](#)



### Inclusive Growth

Promoting equal opportunity for economic growth to all sectors and populations comprising the company. For further reading on this topic, see the Diversity and Inclusion Section, [the Florada and Tribos Projects, the MTAC Project, Social Investment, etc](#)



### Production and Consumption Requirements

Food consumption is set to double by 2050. Along with resource depletion and extreme weather events, food insecurity leads to disease, resource struggles and mass migration. [For more on food developments and innovations, see The Kitchen Ssection](#)



#### The Plastic Problem

Plastic pollution is reaching new highs, with 300 million tons of plastic added every year, 60% coming from packaging. [For more on Strauss' project to reduce the use of plastic in the company's offices, see the Green Office section, Packaging, etc.](#)



#### Food Waste

One third of the food produced finds its way to the trash every year, with profound effects on all aspects of sustainability: environment, economy and society. [For further reading on the Individual Dividing Initiative, see the Measured Dishes section and for Collaboration with Giving, see the Collaboration section for Reducing Hunger.](#)



#### Water

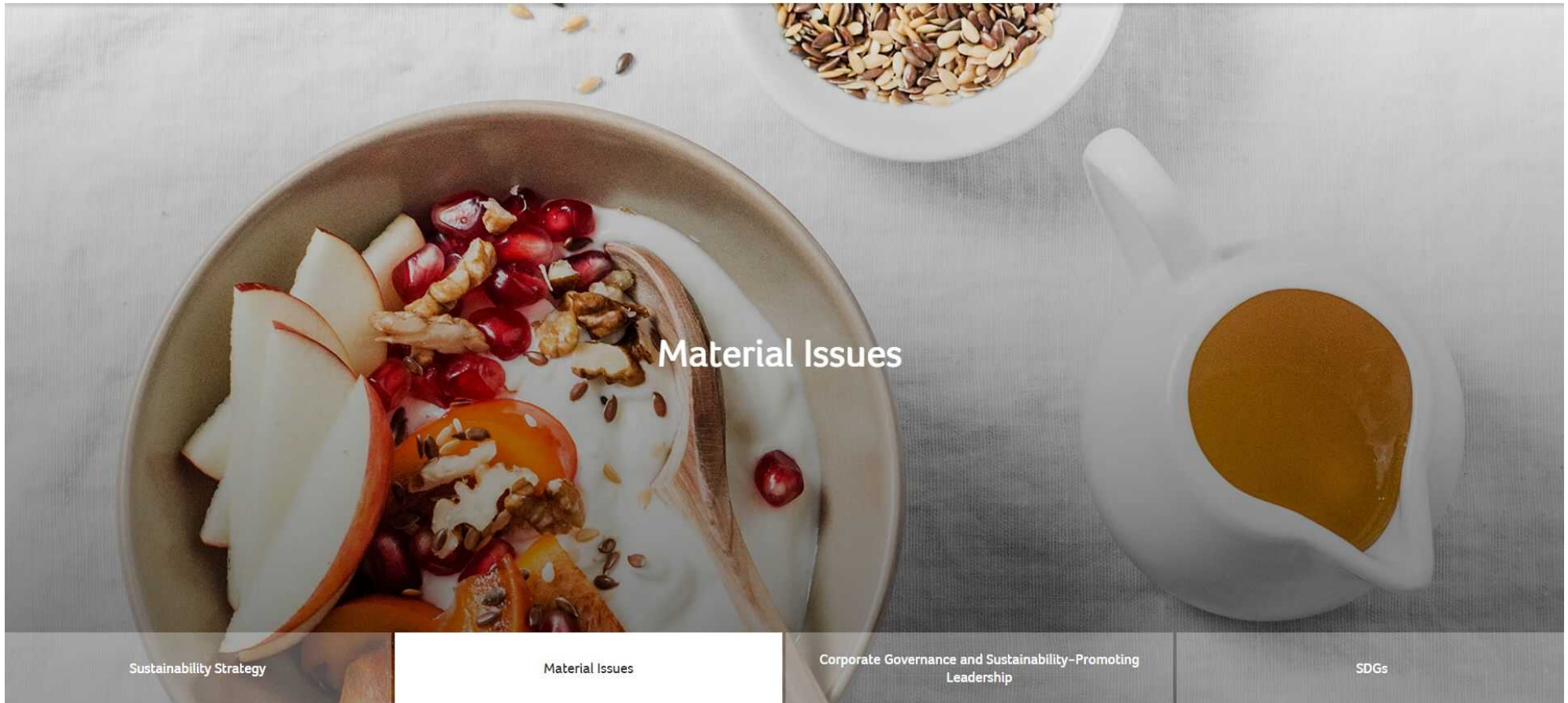
Throughout the world, there is difficulty accessing clean water. Food production requires large quantities of water, with the food industry being a significant water consumer. [For further reading on the wastewater treatment plant project, see the section on Environmental Commitment.](#)



#### Health

Demand rises for healthier food, without preservatives, artificial colors or genetic engineering. In general, there is a preference now for natural, organic products with a short and understandable ingredient list. [For more on Strauss's food and gastronomy goals, see the Nutrition Strategy Goals Section.](#)





Sustainability Strategy

Material Issues

Corporate Governance and Sustainability-Promoting Leadership

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The issues we identified in 2014, which represent our most important and most significant impacts for our stakeholders are still of utmost importance, making a balanced diet and healthy lifestyle the heart of our priorities. These issues have been defined following consultations with our stakeholders, which are reviewed annually as part of the management survey, and Strauss's Annual Trust Research, and are central to our ongoing activities across a variety of channels. These preferred topics are used to define the strategic goals of the Strauss Group companies, and they serve to guide us in achieving the annual goals that are relevant to our business activities based on the specific areas of focus of stakeholders.

Substantial issues are regularly assessed, and during 2020, an update to Strauss's sustainability strategy will be made, which will also examine the substantial issues and will be updated accordingly.



Advancing healthy lifestyles  
Improving quality of life for our  
colleagues and consumers



Product transparency & responsible  
marketing  
Helping consumers make informed  
choices



Reducing resource consumption & waste  
Preserving the planet



Ethical supply chain  
Managing social and environmental risk



Diversity in everything we do  
Supporting innovation, creativity and  
inclusive opportunity



Engaging our employees  
Aligning our organization to meet  
sustainability goals

## Key interests among stakeholders included 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



# Corporate Governance and Sustainability–Promoting Leadership

Sustainability Strategy

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Corporate Governance and Sustainability–Promoting Leadership

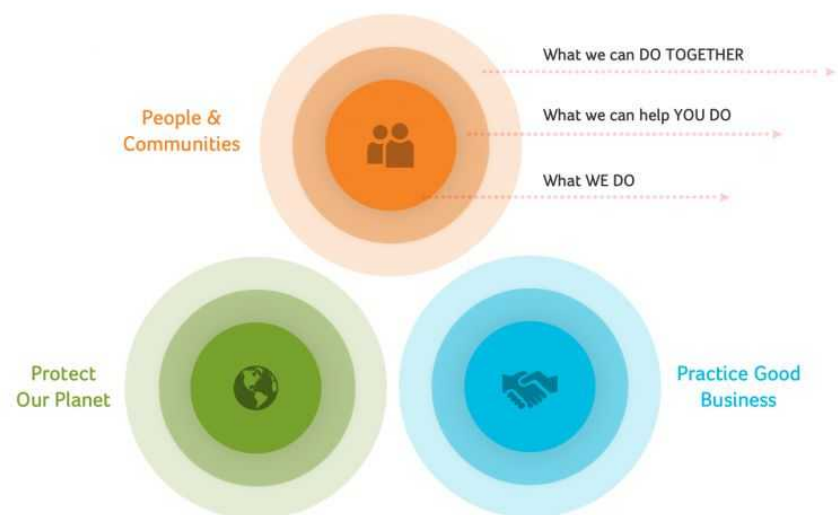
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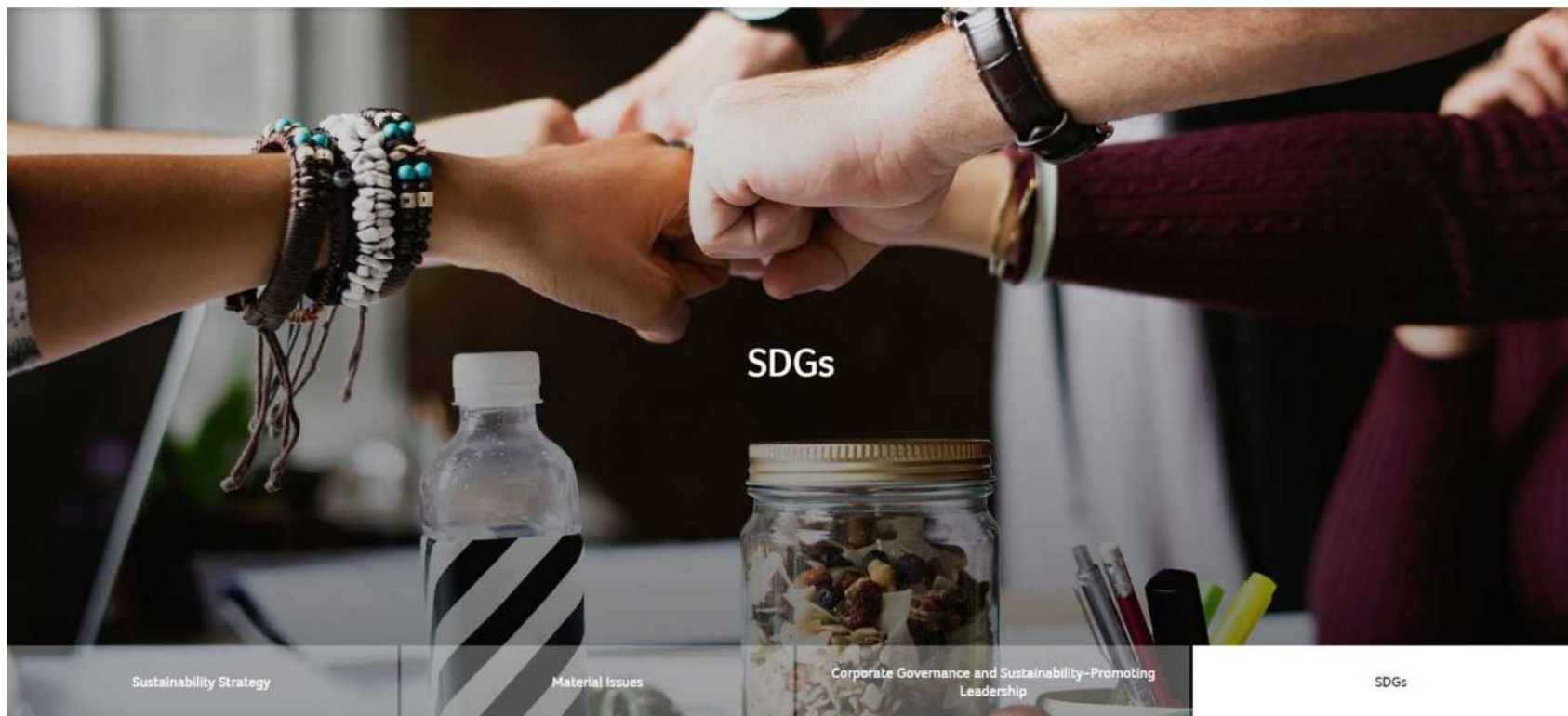
The Group's Board of Directors, chaired by Chairwoman Ofra Strauss, examines the key processes for managing sustainability issues, and guides and supports our direction, strategy and action plans. Our management teams report their progress to the Company's Board of Directors once a year. To us, sustainability is the responsibility of all members of the management team, and each company in the group has a structured system for promoting the agenda and strategy in the field of sustainability.

In addition, each company operates on the three levels that we formulated in the process of developing the strategic plan for sustainability, a process that began in the Group in 2019 and is still in the development and adjustment stages.



## Become a Trustworthy Company





## Connecting Sustainable Development Goals to Strauss Activities and Reporting

The United Nations Sustainable Development Goals in 2015 include 17 goals and 169 sub-goals, aiming to close global development gaps by 2030. These goals represent a global work plan for achieving a better and sustainable future for all. These goals address the global challenges facing us, including those related to poverty and hunger, inequality, climate change and environmental degradation, peace and justice. The 17 goals are intertwined, and the aim is to address them all by 2030 so that nobody is left behind.

The Strauss Group believes that connecting to global sustainability goals is a business opportunity, and a significant one, enabling it to identify where significant gaps exist in its areas of business, so that it can focus and develop its activities in directions that generate maximum value. Connecting to the goals helps the Group communicate in a global language and deepen meaningful activities in global ways.

This year, we performed an in-depth mapping of the Group's activities in relation to the 17 global targets and 169 sub-targets derived from them, in order to identify the most relevant targets for the Group. In the first stage, we performed a review of all the group's activities and matched them with the sub-goals, in order to produce an accurate and comprehensive mapping. In the second phase, a matrix (SDG Heat Map) was built based on two parameters: the ability of the Group to influence each of the objectives and the relevance of each of the goals to the business activity, as well as the business opportunities inherent in them. These parameters were rated based on current and potential work. The resulting matrix helped identify the Group's position with respect to each of the goals and identify the goals that are most closely aligned to the Group's core work. We believe that this mapping will help create the most realistic image for identifying the opportunities that exist for us, in order to establish shared value projects for maximum value creation. In addition, the process will be used by the company in planning and developing its future sustainability strategy.

For further reading regarding each goal, click on the selected goal



## Climate Action (13)

The food sector is a major source of environmental impact, but may also be one of the biggest casualties of climate change. Water scarcity will affect the output of various crops and threaten the ability to feed a growing global population and the livelihoods of millions of rural residents who depend on agriculture for their incomes. Sustainable agriculture can be part of the solution. We are making efforts to improve our climate change impact by reducing direct and indirect greenhouse gas emissions as a result of our production processes as well as helping farmers improve their environmental management and sustainable use of their land.

### Relevant Goals:

13.2 Integrate climate change measures into national policies, strategies and planning.

### Examples of Activities:

- Reducing greenhouse gas emissions per ton of product: 3% reduction since 2018, 13% since 2016.
- Preparing to incorporate climate change risk attitudes into the strategic work of the group.





For further reading regarding each goal, click on the selected goal



## Gender Equality (5)

For many years, gender balance has been an important goal for us, and we have made great progress. We continue to expand our proactive approach to increasing the representation of women in management positions in the entire Strauss Group. We work to inculcate a culture of equal opportunities and encourage managers to promote gender diversity for the benefit of the organization, the employees and the entire society. Only by providing equal access to education, health care, decent work, and representation in political and economic decision-making processes for women can we produce a sustainable economy that benefits humanity as a whole

### Relevant Goals:

- 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.
- 5.7 Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.

### Examples of Activities:

- Promoting women to managerial positions and appointing women to the Board by setting goals and having supportive activities for the entire Group. As of 2019, 50% of our Board is comprised of women. In 2011, 36% of management positions were applied for by women, and in 2019 this rate rose to 45.5% (41% including joint ventures in Brazil). We aim to reach a 50% rate of females in management roles by 2024.
- Supporting women-owned businesses and actively striving for collaborations with them. In 2019, our volume of procurement from women-owned businesses in Israel was approximately NIS 127 million.
- Supporting female farmers for productivity and quality improvement, especially in the coffee sector, including Rwenzori area farmers and the Florada project in Brazil. In 2019, we continued the project by posting 10 more video lessons and purchasing 73 tons of coffee from the farmers at a fair price;
- The "More than a Cup" project, in which we are working to improve the capabilities of local coffee growers, helping to develop women's skills and contribute to local prosperity. At the end of 2019, more than a Cup included 10 active partnerships in eight countries, reaching 13,500 coffee growers.



For further reading regarding each goal, click on the selected goal



### Good Health and Well-Being (3)

As one of the largest food companies in the country, we take great responsibility for the issue of consumer health and the population. We do this by continuing to make improvements regarding the issue with all our stakeholders, improving the nutritional profile of our products, and reducing unnecessary components and components that do not conform to a healthy lifestyle. Increasing the supply of products that can be integrated into a healthy lifestyle and reducing those that do not.

All this, along with education and awareness and increasing initiatives for diverse communities. Also, enhancing our activities on a healthy lifestyle with Strauss employees and suppliers

#### Relevant Goals:

3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

#### Examples of Activities:

- Improving the nutritional profile of the products and adding products suitable for other new health considerations, such as gluten-free products and the like;
- Implementing the nine principles of the balanced nutrition strategy;
- Reducing sugar, salt and fats in products;
- Collaborating with *MeHayom* (in Hebrew: "From Today"), which focuses on healthy lifestyle education, contextual nutrition and diabetes prevention, supporting a pilot project in 30 boarding school;
- In 2019, initiating a new project to promote conscious eating education for teens with the ORT network.

For further reading regarding each goal, click on the selected goal



## Industry, Innovation and Infrastructure (9)

The global food sector is flooded with many challenges connected to the existing world. There are also various stakeholder requirements, such as: developing products without certain components (gluten, lactose, animal components); reducing food waste; reducing energy consumption; and reducing greenhouse gas emissions and more. To us, the only way we can cope with these challenges is by promoting conceptual and practical innovation at every stage of our value chain.

### Relevant Goals:

9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

### Examples of Activities:

- FoodTech Innovation: [Brand Innovation](#) – Creating ideas for new products. In our sector, we take the lead in launching 200 products or more, each year. [Innovation in Improvements](#) – Using innovative technologies to improve products' nutritional composition and packaging, taking environmental considerations into account. [Open Innovation in a New Model](#) – Establishing and leading the FoodTech community in Israel.
- The Kitchen: Establishing a FoodTech incubator in partnership with the Israeli Innovation Authority. The incubator is home to 12 FoodTech initiatives, attracting dozens of large industrial companies looking for breakthrough technology that will change the future of the food industry. Strauss Group has committed to investing up to NIS 100 million over eight years in 30 approved startups in the FoodTech sector together with the Innovation Authority, with 40% of the investment being funded by Strauss;
- [Sharing knowledge](#) at the global level through an annual FoodTech conference, partnerships with EIT and other forums in the field.



For further reading regarding each goal, click on the selected goal



## Responsible Consumption and Production (12)

Our ecosystem is unable to meet the growing demand of the world's population for vast resources, year after year. We are working hard to adapt our manufacturing processes to this fact through development based on a circular supply chain, industrial waste management and significant reductions across our value chain. These processes are carried out through the implementation of technological innovation, energy enhancement, efficiency in water consumption, and education and encouragement for consumers and suppliers about adopting sustainable practices.

### Relevant Goals:

12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities

12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

### Examples of Activities:

- Promoting local and responsible procurement
- Finding solutions for animal and protein replacement products. More than NIS 3.5 million has been invested in a dedicated production line for animal-free protein yogurt.
- Finding reusable solutions for certain materials and treating waste. Three industrial plants in Israel achieved a level of zero industrial waste for landfill.
- Promoting responsible marketing approaches and encouraging the implementation of sustainability work practices by our suppliers. In 2019, 86 small companies participated in *Ma'ala's* ranking, of which 37, or 43% are Strauss suppliers.

For further reading regarding each goal, click on the selected goal



## Zero Hunger (2)

Beyond the topic of global hunger treatment, Goal #2 aims to address food security and nutrition as well as promote sustainable agriculture. We at Strauss work extensively with farmers in third world countries to improve practices through training, guidance and tools. In addition, innovative methodologies are applied to improve food safety and improve the nutritional values of our products.

This is in addition to annual food donations for needy families, such as a collaboration with the Latet Association in Israel valued at NIS 7 million in 2019.

### Relevant Goals:

2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

### Examples of Activities:

- A new food safety plan for growers, covering all aspects of fruit and vegetable growing.
- Innovation in food safety, such as Inspecto and BactuSense, which were developed under the auspices of The Kitchen, and are concerned with the early detection of food bacteria.
- Accessing food for different populations, including the Plants with a Purpose project and food donations through the *Latet* organization.



# Privacy Policy

Strauss Group Ltd. (hereinafter: “**Strauss**”) respects the privacy of users at <https://sustainability.strauss-group.com/> (hereinafter: the “**Website**”). These terms and conditions will explain the Privacy Policy in effect in the Website. Among other things, they review the way Strauss uses information submitted to it by users of the Website, or which it gathers while the Website is being used. Your use of the Website, including the services and content included therein, constitutes consent to this Privacy Policy (hereinafter: the “**Privacy Policy**”) and other terms and conditions included in the Website, including the Terms of Use and other provisions which may appear while the Website is being used (hereinafter, jointly or separately: the “**Binding Documents**”). The Privacy Policy refers to both men and women.

## Disclosure of information in the Website

Use of some of the Website services may require registration and/or provision of information (e.g., customer service, digital commerce, contact us, chat with representative etc.). When registering, you will be asked to disclose identifying particulars such as your user name, email address, etc. Those fields that must be completed will be clearly marked as such. Without disclosing the information requested in these compulsory fields, you will not be able to use the Website services which require consent and/or providing information. Additionally, if you qualify for a particular benefit as part of your activity in the Website, Strauss may ask you for additional information such as your name, an address to which the benefit can be sent, and your mobile phone number to arrange for delivery. Without disclosing this information, we will not be able to deliver the benefit to you.



You must disclose only information that is correct, accurate and complete, and you hereby confirm the correctness of the information you have provided. Strauss may keep the information you submit on registration. Incorrect information or failure to provide all of the information required is liable to prevent you from making use of the Website services where registration is required, to impair the quality of the service you receive, and to impair our ability to contact you. If your personal information has changed, please update it online in the appropriate place in the Website. Additionally, we ask you to refrain from providing us the personal information of a third party without the third party's explicit consent to provide such information for the purpose of use under the terms of this Privacy Policy.

The Website is designed for use by people of all ages.

You are not obligated to disclose any information by law, and you do so at your choice and consent. In case you do not wish to provide any information, you are kindly requested not to use the Website.

#### **Submittal of contents for posting**

Strauss may provide you with the option of posting various contents in the Website such as recipes, comments, pictures, ideas, suggestions and public remarks. In submitting contents for posting, you warrant and acknowledge that you have all the intellectual rights of the content, that you are permitted to publish the contents, and that you are not damaging the privacy of any other person. In submitting contents for posting in or through the Website, whether or not such contents are posted, you grant Strauss, and any and all other persons, permission to make use of the contents. In this context you agree and approve that Strauss may post such contents in the Website and in additional media, including on Strauss's products and in its publications, or use the information to render the service provided by Strauss more efficient and to handle complaints, as Strauss deems appropriate. You further agree that Strauss may publish or make use of your name and any and all personal details contained in the information you submitted (such as your city of residence, etc.) in its publications.

#### **Information gathered during use of the Website**

While you are using the Website, Strauss may gather information on your surfing habits, including contents you have created or uploaded to the Website, information or advertisements you have read, the pages you viewed, the services that interested you, the location of your computer and details of the IP address through which you accessed the Website, etc.

Strauss may further gather, and to avail itself of third-party services to gather analyze and/or combine from different sources information which is typically anonymous, statistical or aggregate including information relating to your personal details, and your activity in the Website, consumption habits and website purchases history, demographic information, etc.

#### **Use of the information**

The information that you submitted upon enrolment to the Website and/or any other information gathered in the Website as specified above and below, will be stored in the Strauss Group Ltd. client registered database (number 369753 in the Israeli database registry). The use of the Website and/or your consent to the collection and processing of the information under this Privacy Policy, constitutes your agreement to the storage and management of the information in the Strauss database. The information in the database will be used for the purpose of establishment of the database and in accordance with this Data Privacy Policy or according to the law, and, in addition, for the following purposes:

- To enable you to use the services in the Website including digital self-services such as online customer service, e-commerce etc.;
- To identify you in recurring uses of Website services which require registration and in order to eliminate the need to enter your details upon any new use;
- To improve and enrich the services and content included in the Website, including the creation of new services and content adapted to users' requirements and expectations and including the revision or cancelation of existing services and content;
- To enable you and other users to personalize the services in the Website to your references, and, for that goal, to profile clients and to monitor the actions of users in the Website;
- To contact you when Strauss believes it is necessary;
- To personalize adds to your interests;
- To tailor the content we display to you, including advertisements, and offer products and services that we believe may be of interest to you and fit your general profile category.
- To ensure the regular operation and development of the Website;
- To deliver direct messaging notification and/or advertisement, including information regarding products and benefits, that, in the view of Strauss and/or Strauss Group and/or any of its subsidiaries, may interest you, via fax, automated dialing system, email, SMS, and any other manner. The direct messaging sent to you may be delivered by an affiliate or subsidiary of Strauss Group Ltd., including Strauss water Ltd. and the different Strauss brands. Such direct messaging may be sent to you if you explicitly consented to it when registering to the Website or at any other time. You may revoke your consent at any time and cease from receipt of direct messaging. It is hereby clarified that your agreement to this Privacy Policy constitutes consent for the purpose of the Data Privacy Law, 1981, and any other applicable law;
- To conduct survey and questionnaires;
- For the purpose of analyzing, monitoring and delivering of statistical data to third parties. Such data will not identify you personally;
- For any other purpose detailed in this Privacy Policy or in the Website terms of use.

#### **Disclosure of information to third parties**

Strauss will not transfer your personal details and the information collected on your activity in the Website to third parties, other than in the following cases:

- To the extent that this is required for the purpose of regular supply of the Website services, Website management and control, fulfilling your requests, facilitating relevant marketing activities, provide customer support, etc., Strauss may allow access to your personal information to its agents, contractors, business partners, or other service providers as needed. Strauss will limit the information provided to service providers to that which is reasonably necessary for them to perform their functions, and requires them to agree to maintain the confidentiality of your personal information and to comply with applicable privacy legislation including an adequate level of protection of your personal information. Such third-parties may use your personal information only to provide services to you or to Strauss and will not be given permission to use such information for other purposes. Such third parties may include IT suppliers (e.g., cloud-based services suppliers), research and surveys suppliers, media suppliers, advertising, promotion and marketing suppliers, Data analytics suppliers, logistics and delivery suppliers, benefits suppliers, and so on.
- Should you violate the terms and conditions of the Binding Documents or part thereof, or should you perform, through the Website or in connection therewith, actions considered by Strauss to be contrary to law or an attempt to perform such actions.
- Should Strauss receive a judicial order instructing it to disclose your particulars or the information about you to a third party.
- Should a certified authority require this, after Strauss has investigated and found that such requirement is reasonable and justified. In any event, Strauss will disclose only the minimum information required.
- In any dispute, argument, claim, demand or legal proceedings, if any, between you and Strauss.
- In any case where Strauss is of the opinion that disclosure of the information is necessary to prevent serious injury to your person or property, or to the person or property of a third party.



- Strauss shall be entitled to transfer your personal information including the information collected following your use of the Website, to other companies or organizations in the Strauss group, such as parent company, subsidiary and sister company, provided, however, that they use this information only in accordance with the provisions of this Privacy Policy.
- Strauss is entitled to disclose and share anonymous, aggregate and statistical information with other company or organization related to Strauss and with suppliers, business partners and any and all third parties at its sole discretion, but it shall not knowingly or intentionally reveal your identity to such third parties without your consent; in any event, Strauss shall not reveal your personal information, including the information collected from the Website to advertisers for advertisement purposes.
- Should Strauss organize its activity and the activity of the Website in another framework, and should it alter its legal structure or merge with another entity, or merge the activity of the Website with the activity of a third party – Strauss shall be entitled to transfer a copy of the information stored about you in Strauss's database to the new corporation, provided, however, that such corporation shall undertake the provisions of this Privacy Policy towards you.

The above data transfer may include transfer to or access from a country outside your country of residence (including outside of Israel), subject to an agreement applying the requirements of the applicable data privacy laws. E.g., the transfer of personal information to a Salesforce cloud in the USA for the purpose of marketing automation.

Except for such places where notice to the contrary is given, the contents you submit to be posted in the Website shall be exposed to all users of the Website. Kindly act wisely and with caution when disclosing personal information (such as your address or telephone number), as well as with respect to the comments and inquiries you receive following your use of the Website or after making any personal information public. Remember: you must apply at least the same caution when disclosing contents and as regards inquiries you receive, as you do when making contact other than over the Internet.

#### **Cookies and other Tracking Technologies**

Strauss reserves the right to use and implement analysis tools for advertising, marketing, display and rebranding purposes, including through combining information from different sources. Such tools use Cookies or other technologies.

User may control and opt-out of advertising options. Please find details in the following link: [www.google.com/settings/ads/onweb/](http://www.google.com/settings/ads/onweb/)

Use of Cookies may be made in the Website for its regular and proper operation, in order to render it unnecessary for you to enter your user name and password every time you access the sections in the Website that require registration, and also to collect statistical data on the use of the Website, to verify information, to adapt the Website to your personal preferences and for information security purposes. In addition, cookies may be delivered to you and used to provide a more targeted advertising experience both on and off of the Website.

Cookies are text files that your browser creates when it receives an order from the Website's computers. Some Cookies expire when you close your browser, and others are saved on your computer's hard disk. Cookies can contain diverse information such as the pages you have visited, the time you spent in the Website, from where you reached the Website, information you would like to see when entering the Website, and more.

If you do not want to accept Cookies you can prevent this by changing your browser definitions. To do this, please consult your browser's Help file. However, remember that blocking Cookies may prevent you from using part of the Website's services and features, or those in other websites.

Additionally, you can delete the Cookies stored in your computer at any time. We recommend doing so only if you are absolutely sure that you do not want the Website to be customized to suit your preferences, and if you want the Website not to identify you on repeat visits to sections in the Website that require registration. As Cookies sometimes prevent the need to enter user names and passwords, we recommend that they not be deleted unless you are absolutely certain that you have first written down all the information required to use the Website and kept it in a safe place.



The ability to opt-out of third party cookies may be exercised through the following link to the Network Advertising Initiative website ([www.networkadvertising.org](http://www.networkadvertising.org)), or the DAA (Digital Advertising Alliance) website ([www.aboutads.info](http://www.aboutads.info)).

### **Google Analytics**

The Website may use a tool called “Google Analytics”, which is a tool that monitors activities in the Website on an anonymous basis only, for the purpose of Website services improvement (the: “**Tool**”). The Tool collects information such as how often users visit or use a Website, what pages they visit when they do so, and what other websites they visited prior to coming to the Website. Strauss does not use the information collected through the use of the Tool in a manner allowing it to identify Website users (nor it is using such data with personally identifiable information it keeps on Website users). Additionally, the Tool’s ability to use and share information collected by the Tool about your use of the Website is restricted by the Tool’s Terms of Service, available at <http://www.google.com/analytics/terms/us.html>, and the Google Privacy Policy, available at <http://www.google.com/policies/privacy/>. At any time, you may prevent your information from being used by the Tool by downloading and installing the Google Analytics Opt-out Browser Add-on, available at <https://tools.google.com/dlpage/gaoptout>.

### **Information security**

Strauss applies information security systems and procedures in the Website. While these systems and procedures reduce the risks of unauthorized penetration of Strauss’s computer systems, they are not one hundred percent secure. Consequently, Strauss does not warrant that the Website services will be absolutely immune to unauthorized access to the information stored in its systems.

### **Rights to access, alter or delete information**

According to the Israeli Data Privacy law, 1981, you are entitled to review your personal information stored in the Strauss database. In Addition, if you found such information to be mistaken, incomplete, unclear or outdated, you may address Strauss with a request to have the information altered or deleted. Should Strauss have cause to deny your request, it shall notify you, and you may appeal such decision, in accordance with the manner set in the data privacy regulations.

Additionally, if the information stored in the Strauss database is used for the purpose of personal communication with you, based on your belonging to a certain group in the population which was determined by one or more characteristics of persons whose names are included in the database (direct marketing messaging), you are entitled, under the Data Privacy law, 1981, to require, in writing, that your information will be removed from the database. In such case, Strauss will delete information that is required for it to address you with such commercial proposal only. Please note that deletion of the information may prevent you from continuing using the Services in the Website. Information that is required for Strauss for the purpose of conducting its business – including statistical, anonymous or aggregative information, used for the purpose of static analysis and record of other commercial activities you performed in the Website – will continue to be stored by Strauss lawfully, but will no longer be used to address you. If within 30 days you will not receive confirmation that the information you requested to delete was indeed deleted according to this section, you will have the right to address the court, in accordance with the manner set in the data privacy regulations, with a request to instruct Strauss to act accordingly.

Requests under these sections are to be addressed to email address or telephone number listed below.

### **Changes in the Privacy Policy**

Strauss may, from time to time, modify the provisions of its Privacy Policy. We recommend that you revisit the Privacy Policy from time to time. We will inform the Website users regarding any material change in the provisions of this Privacy Policy at the Website homepage. Material changes will come into effect 14 days after such notice. Any other change, are effective immediately, and the continuous use of the Website following the changes in terms, constitutes your consent to the new terms of the Privacy Policy. In the event that the Privacy Policy is altered to address legal requirements, the alteration may enter into force immediately, or as required by law, and without prior notice. If you do not agree with the new terms, kindly refrain from further use of the Website.

### **Contact us**

Strauss makes sure to comply with the provisions of the law and respects the right of the users of the Website and of others to privacy, to their good name, or any and all other rights. If you have been negatively affected by the Website and/or in regard to any other matter, please contact us through the following channels, and we will make every effort to address the matter as soon as possible:

Email: [service@strauss-group.com](mailto:service@strauss-group.com).

Telephone: 1-800-777-777.

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