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STRAUSS GROUP LTD.
ANTI-BRIBERY AND CORRUPTION POLICY

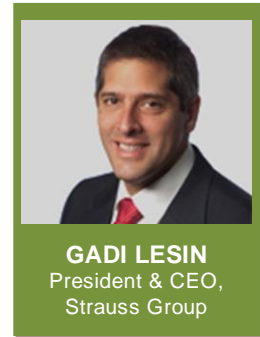
2016

ANTI-BRIBERY AND CORRUPTION POLICY

At Strauss, we act with passion, every day, to accomplish the targets we set for ourselves. We conduct our business with a commitment to maintain the highest standards of management, with integrity, credibility and professionalism. We therefore have zero tolerance for bribery and corruption. This means that under no circumstances do we give or accept bribes or other corrupt advantages to or from anyone, including government officials, customers, or business partners. Bribery and corruption simply go against all of our values. We have to make sure that even at the height of our passion for action, we act with responsibility, honesty and integrity.

Our [Code of Ethics](#) defines the principles for ethical conduct which we are committed to. At times, our high standards may seem burdensome. In the food industry, doing business honestly may be challenging, particularly when some of our competitors do not always adhere to the same ethical standards as we do. Nevertheless, at Strauss we are all committed to doing the right thing the right way at all times. This also means that when faced with the choice of acting ethically or giving up business, we will always choose to act ethically, even if it costs us business.

If, and only if, each and every one of us at Strauss follows our fundamental values and acts ethically in everything we do, can we ensure that Strauss continues to benefit from its reputation in the decades to come.



Yours,

Gadi Lesin

President & CEO, Strauss Group

Strauss takes a zero tolerance approach to bribery and corruption

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Key principles...

- ✓ **Strauss is committed to complying with all applicable laws.**
- ✓ **Strauss conducts business honestly, without the use of corrupt practices or acts of bribery. This means that we do not give or receive anything of value for the purpose of encouraging improper performance or gaining any improper advantage.**
- ✓ **Bribery and corruption may take various forms, including improper commissions or royalties, facilitation payments, consulting fees, marketing expenses, travel and entertainment expenses, rebates or discounts, free goods and more, paid or provided directly or through third parties.**
- ✓ **Engaging in bribery or corruption, as well as supporting it indirectly, may lead to dismissal, substantial fines and even to imprisonment.**
- ✓ **Gifts and hospitality must be reasonable, proportionate and appropriate in the circumstances.**
- ✓ **Strauss does not make donations to political individuals or entities. Charitable donations are permitted when they are not given with a corrupt intent; they are fully transparent and recorded fairly.**
- ✓ **We must ensure that third parties that provide services to us or act on our behalf do not engage in bribery or in corruption.**
- ✓ **All our books and accounts must be accurate and reasonably detailed and may not include false, artificial or misleading content.**
- ✓ **Seek advice from an Ethics Trustee or our Chief Legal Officer and share your anti-bribery and corruption concerns.**

1. ABOUT THIS POLICY

This policy contains the major aspects of Strauss's anti-bribery and corruption standards. Its purpose is to assist our employees, officers, directors, agents, representatives and any other associated persons and third parties providing services to or acting on behalf of Strauss in complying with our anti-bribery and corruption standards.

Why is this policy important? Virtually every country prohibits bribery and corruption. All persons that are directly or indirectly involved in bribery or corruption face the risk of severe fines and extensive jail sentences. Additionally, acts of bribery and corruption put Strauss at risk of heavy fines while also endangering our business and reputation. Therefore, we treat any violation of our anti-bribery and corruption standards very seriously and take action against any employee and third party operating on our behalf who do not adhere to our standards.

Bribery and corruption violations may lead to dismissal, substantial fines, and even imprisonment

Who is responsible for this policy? It is everyone's individual responsibility to know and follow this policy, report issues, and ask for help when encountering an ethical dilemma that he or she does not know how to deal with. It is every superior's responsibility to ensure that those reporting to him or her adhere to this policy.

Our policy is fully endorsed by the Strauss board of directors, which has overall responsibility for ensuring that this policy complies with our legal and ethical obligations and that all those under our control comply with it. Our Legal Department has primary and day-to-day responsibility for implementing this policy and for monitoring its use and effectiveness.

2. OUR ANTI-BRIBERY AND CORRUPTION STANDARDS

2.1. What are bribery and corruption?

Bribery and corruption go beyond the obvious case of handing over a suitcase full of cash to a government official or a customer to "ease" the winning of a contract. It covers a wide range of dishonest interactions in which anything of value is given to a person in order to gain an improper advantage or to encourage inappropriate behaviour. The bribe could be camouflaged as friendly gestures, gifts, free goods, royalties, or consulting fees. The specific benefit sought may include all sorts of financial or other advantages, business opportunities, concessions, contracts, licences, waivers and more. On many occasions, bribery and corruption are hidden, implicit and carried out by third parties, for example, by paying kick-backs to the person being bribed.

2.2. Our core standards

- **Strauss conducts business honestly, without the use of corrupt practices or acts of bribery.**

- **Strauss will not, directly or indirectly, receive from or provide to any person anything of value for the purpose of gaining or rewarding any advantage reached through improper performance or otherwise to obtain an improper advantage.**

2.3. Test yourself



I am a representative of Strauss. Do these standards apply to me?

These standards apply to Strauss as well as to our employees, officers, directors, agents, representatives or any other associated person or third party providing services to or acting on behalf of Strauss.



I promised a customs agent who is always very cooperative with Strauss to arrange a job for his son at Strauss. I know this will keep him happy. I eventually forgot it and did not arrange for anything. Did I violate the policy?

Yes. The prohibition on receiving and giving bribes or other corrupt payments applies also to promising or offering to provide anything of value. In this case, promising future employment to a relative violates this policy. Should you be approached by anyone in relation to employment possibilities at Strauss, you are expected to refer the candidate to HR for further instructions.



Is it okay if I pay our customer's procurement agent to keep her happy, after I have carefully verified that she is not a government official?

No. This policy prohibits corrupt payments from being given to or received from any person, private or public person, legal person or entity as well as any officer, employee, agent or representative of any organisation. Corrupt payments simply go against our values, and we do not use them under any circumstances.



Our inspector from the Ministry of Health is facing financial difficulties. Through our work together, I have known him for more than seven years. Is it okay if I offer him a private loan until he recovers financially?

No. Our policy prohibits receiving or giving any benefits that are aimed, or may be seen as aimed, at influencing a decision-maker to act dishonestly or in violation of his or her duty (for example, approving a false statement); or to produce any advantage to which the provider of the benefit is not clearly entitled (for example, receiving a permit although the applicable conditions are not met). Although we appreciate your willingness to assist, this type of payment may create a conflict of interest and may be perceived as improper even when done with genuine intentions.

In situations like this, you can always ask yourself guiding questions, such as - Would I feel uncomfortable sharing this information with my supervisor, colleagues or the authorities? Could somebody interpret this action as dishonest? Corrupt? Inappropriate? If you feel these questions can be answered affirmatively, you should consult your supervisor or direct manager, the Ethics Trustee or our Chief Legal Officer before acting.

3. SPECIFIC PRACTICES

3.1. Gifts and hospitality (travel and lodging, meals and entertainment)

In many markets and cultures providing and receiving gifts and hospitality (such as travel and lodging, meals and entertainment) is a common and acceptable way of doing business. Indeed, small gifts and reasonable hospitality are appropriate when given or accepted in good faith. However, if those are received or accepted for the purpose of gaining or rewarding any advantage reached through *improper performance* or to obtain an *improper advantage*, they are strictly prohibited.

Generally, the larger the gift and the more expensive and luxurious the hospitality, the likelier it is that they have been given with an improper purpose

3.1.1. Our standards

- **Receiving and providing gifts and hospitality are permitted, provided that they meet all of the conditions below. Accepting and providing gifts or hospitality that do not meet all conditions is strictly prohibited unless specifically approved by the Chief Legal Officer in writing.**
- General conditions applicable to any gift or hospitality:
 - It is not made with the intention of influencing, inducing or rewarding any person in order to gain any advantage through improper performance or otherwise to obtain an improper advantage.
 - It is reasonable, proportionate and appropriate in the circumstances and could not reasonably be misunderstood by the recipient or others as a bribe.
 - The frequency of prior gifts or hospitality provided to the same recipient would not give the appearance of impropriety.
 - It is given openly, not secretly, and it is recorded accurately in Strauss books and records as described in section 5 below.
 - Approval has been granted as described below.
 - It complies with local laws.
- Additional conditions for receiving and proving that something is a *gift*:
 - The value of the gift is small enough that it cannot be seen as an attempt to influence the recipient to misuse his or her position.
 - It does not include cash or a cash equivalent, such as gift certificates or vouchers.
- Additional conditions for receiving and proving *hospitality* (such as travel and lodging, meals and entertainment):

- The hospitality can be paid only for those invitees whose participation is directly related to and necessary for the company's legitimate business purposes. Hospitality for spouses, family members or private guests is often inappropriate.
 - The payment for hospitality should be made directly to the service provider (for example, travel and lodging vendors) or for reimbursement of costs only upon presentation of a receipt.
 - A Strauss representative should be present at all meals and entertainment activities.
 - Any entertainment (including invitations to attend exhibitions, sport events or parties), can only be received or provided for a legitimate business purpose, such as to present products and services better, or to establish cordial relations.
 - Meals received or provided are ordinary working meals under local standards.
- Approval requirement
 - Any form of gift and hospitality must be self-assessed based on the standards above. Additional approval may be required by local company's policies and procedures.

3.1.2. Test yourself



We wish to organise a fair to promote our new coffee brand. At the fair, we want to provide free pens, hats, T-shirts, and other promotional items with our logo. We also want to serve free coffee and other beverages. Is this permitted under this policy?

Yes. This policy allows promotional activities, including providing promotional items and reasonable hospitality. Small gifts may be given as tokens of esteem or gratitude to display respect for others. Similarly, reasonable hospitality may be accepted or provided when directly related to the promotion, demonstration, or explanation of a company's products or services. In such cases, the gifts and hospitality should be given openly and transparently, and should be properly recorded in the giver's and the recipient's books and records. By contrast, expensive gifts and luxurious hospitality that is given or received primarily for entertainment purposes are not bona fide business expenses and may violate anti-bribery and corruption laws. In the example above there is nothing to suggest that by giving the promotional items and serving beverages you intend to encourage improper performance or to obtain an improper advantage.



The general manager of one of our important customers recently got married. I know he really likes pens and I would like to buy him a nice one as a gift. Is this gift permitted under this policy?

Small gifts may be given as tokens of esteem or gratitude to display respect for others. The gift needs to be proportionate and reasonable in the local circumstances of each market and it should not create the impression that it is given as an attempt to influence the recipient to misuse his or her position. It is important for gifts to be given openly and to be properly recorded in Strauss's books and records, appropriate under local law, and reasonable for the occasion.



A senior executive of a potential business partner based in China has accepted Strauss's invitation to visit Israel this summer. Strauss is keen to explore business opportunities with the Chinese company for its water business in Asia. Strauss's business development manager would like Strauss to pay for the executive's travel costs and accommodation. Additionally, during the visit, Strauss representatives would like to take the executive to dinner and to a concert. Is this permitted under this policy?

Yes. Reasonable and bona fide hospitality expenditures, including travel and lodging, meals and entertainment, are permitted when they are paid for a legitimate business purpose. Even providing business-class airfare is reasonable under the circumstances, as are the meals and entertainment, as long as the hosting company's representatives are present. It is important for all such expenditures to be properly recorded in Strauss's books and records.



Would this answer be different if Strauss instead covered the cost of the flight tickets, an all-expense paid week-long trip to France (where Strauss has no facilities), for the senior executive and her husband and child accompanying her?

Yes. The trip does not appear to be designed for any legitimate business purpose, is extravagant and includes expenses for the official's relatives. The trip therefore seems inappropriate and appears to be designed to gain the favour of a foreign government official. Hence, Strauss will not cover these costs and expenses.

3.2. Facilitation payments

Facilitation payments are small payments made to secure or expedite routine governmental actions that involve no discretion on the government official's part. These payments relate, for instance, to situations in which a person applies to obtain something he or she is entitled to from a government authority (for example, a visa, certificate, service, approval, permit or licence), but he or she wishes to get it done more quickly than normal and therefore pays the government official to expedite the process. Facilitation payments are often hard to distinguish from a plain bribe. Therefore, many countries explicitly prohibit such payments.

3.2.1. Our standards

- **Strauss prohibits paying facilitation payments.**
- **Whenever you are asked to make a payment on Strauss's behalf, you should be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided.**
- **If you come across a request that you suspect to be a payment to facilitate a routine action, please consult the Ethics Trustee or Strauss Chief Legal Officer. Such requests may arise more often in some countries than in others.**

3.2.2. Test yourself



A local customs officer in Poland demands Strauss's agent pay him USD 500, or otherwise he will refuse to release Strauss's shipment from customs in the coming three weeks. A three-week delay in delivering the products to Strauss's customer may lead to a breach of contract on Strauss's part, which may cause Strauss to incur USD 100,000 in damages. What should the agent do?

Strauss prohibits paying facilitation payments and builds realistic timescales into its importing and exporting processes to allow, where feasible, for resisting and testing demands for facilitation payments. In the case above, Strauss's agent is expected to act as follows:

- Question the legitimacy of the demand and inform the officer that:
 - Strauss does not pay illegitimate payments
 - Making the payment may mean that Strauss commits an offence
 - Strauss will have to inform the local authorities of the demand
- Escalate the matter locally:
 - Request the identification details of the official making the demand
 - Request to consult with a superior at the customs office
- Consult Strauss's Ethics Trustee or the direct manager for further instructions
- In any case:
 - Try to avoid paying in cash and directly to the officer
 - Try to receive an invoice for the payment you made
 - Record the payment adequately in Strauss's books and records
 - Inform the Ethics Trustee or the Chief Legal Officer

3.3. Political and charitable donations

Anti-bribery and corruption laws do not prohibit charitable donations, but they do prohibit misusing such donations as a way of covering up bribes and other corrupt advantages. A particular risk arises when donations are made to political individuals or entities because in many cases these donations are used as a vehicle to conceal payments made to corruptly influence government officials. Strauss is a non-political business, and therefore adopted the following standards.

3.3.1. Our standards

- **Strauss does not make contributions or donations to political parties, political organisations or independent candidates, nor does it incur any political expenditures.**
- **Charitable donations are permitted provided they meet the criteria below:**

- No donation is accepted or provided if it intends to improperly influence performance or to obtain an improper advantage or may reasonably create such an impression.
 - Donations must be fully transparent and recorded fairly and accurately in Strauss books and records.
 - Always obtain a receipt or other written acknowledgement for any donation made on Strauss's behalf.
 - No donation should be made in cash or to private accounts.
- **Before accepting or providing donations, discuss the donation with your superior. If you have any doubts, contact the Ethics Trustee or the Strauss Chief Legal Officer for further guidance.**

3.3.2. Test yourself



I work at Strauss and have become a member of a newly established political party. I wish to donate EUR 100 to the party. Is this permitted by this policy?

Yes. Strauss does not make contributions or donations to political parties. Nevertheless, this policy does not prohibit individuals from taking part in political activity, including making donations to political organisations, under the following conditions: (1) this activity cannot be reasonably identified as a Strauss activity, and (2) the activity does not place the individual in a conflict of interest with Strauss.



Strauss wishes to promote environmental awareness. It is considering sponsoring "Environmental Awareness Day" as organised by a non-profit organisation "Greener World". Greener World is affiliated with the political party "Better Place." Is the sponsorship permitted by this policy?

No. Even if the donation is not intended to improperly influence the performance of the government official or to obtain an improper advantage, this policy prohibits any donation to a political organisation because it creates the appearance of impropriety.

4. THIRD PARTIES, INTERMEDIARIES AND ASSOCIATED PERSONS

Bribery and corruption practices are sometimes carried out by agents, representatives, intermediaries or other associated persons who perform services for or act on behalf of a corporation. Anti-bribery and corruption laws mostly do not distinguish between a company and those acting on its behalf. They expressly prohibit corrupt practices, even when carried out through third parties. This means that we have to be careful and selective when choosing the third parties we do business with. The nature of our relationships with third parties varies significantly. We are committed to taking action to ensure that the third party's conduct is based on proper ethical standards, and we must ensure that it adheres to our policy of preventing bribery and corruption from taking place.

4.1. Our standards

- **Determine on a case-by-case basis what the bribery and corruption risks are according to the nature of our relationship with third parties and the circumstances of their operations. Consider the following actions as potential measures to minimise this risk:**
 - Conduct a background check (due diligence) on third parties before entering into engagements to ensure authenticity, a good reputation and qualifications.
 - Clearly communicate our anti-bribery and corruption standards and our zero tolerance to bribery and corruption.
 - Seek written commitment to comply with our anti-bribery and corruption standards.
 - Include a clause in our contracts with third parties that allow us to terminate the contract in the event of violation of our anti-bribery and corruption standards.
 - When appropriate, offer training to the third party in our anti-bribery and corruption standards.
 - Seek advice from the Strauss Chief Legal Officer on appropriate measures and precautions.
- **We must be able to show that our relationship with third parties is based on integrity. Therefore:**
 - When engaging with third parties, all mutual rights and obligations, as well as payments and exchanges, must be properly documented.
 - Make sure that all communications with third parties, both oral and written, do not create an impression of corrupt conduct. For instance, phrases such as "destroy after reading," "this will be our little secret," and others, may create a wrong impression even if they were originally meant as a joke.
- **Report immediately to the Ethics Trustee or to the Strauss Chief Legal Officer any red flags associated with third parties, such as:**
 - excessive commissions to third party agents or consultants
 - requests of a third party to keep his or her identity hidden or to create false statements
 - unreasonably large discounts to third party distributors
 - third party "consulting agreements" for only vaguely described services
 - a third party consultant who is in a different line of business than that for which it was engaged
 - a third party that is merely a shell company incorporated in an offshore jurisdiction
 - a third party request for cash payment or payment to an offshore bank account.
- **No payment should be made in cash or to private accounts. Always obtain a receipt for any payment made on Strauss's behalf. The receipt should specify the reason for the payment.**

We must make sure that those providing services to us or acting on our behalf do not engage in bribery or in corruption

4.2. Examples and clarifications



Strauss wishes to set up a new confectionery production facility in Eastern Europe, for which it wishes to contact a local agent to represent it locally. Should Strauss conduct a background check (due diligence) on the local agent before entering into an agreement?

Yes. In deciding whether to conduct a background check before engaging with third parties, we follow a risk-based approach. This means that we consider all the aspects of the services or activities the third party is involved in and evaluate the bribery and corruption risks of these third parties accordingly. The higher the risk, the more extensive the background check that is required.



Strauss wishes to enter into a contract with a new supplier that will supply all office supplies and stationery. The purchasing officer at Strauss is considering whether she is required by this policy to conduct a background check (due diligence) on the new supplier before entering into the contract. Is she?

No. The supplier only sells products to Strauss. It does not provide any services and does not act on behalf of Strauss. Therefore, although other background and benchmarking checks may be required for other reasons, no due diligence is required by this policy.



A customs agent whom Strauss regularly works with made a special request for an outstanding commission for the next month, explaining that customs controls have been "tough" recently, and that some goodwill payment may help smooth things out. The agent promises that none of Strauss's employees will be involved and that he will take "full responsibility" if this gets detected. Would agreeing to this request be permitted?

No. The strict prohibition on bribery and corruption applies to all Strauss employees, officers, directors, agents, representatives or any other associated persons or third parties providing services to or acting on behalf of Strauss. The recipient of this request should clarify to the customs agent our strict anti-bribery and corruption approach and request that the agent avoid actions that do not comply with our policy. In addition, the recipient should immediately report the request to his or her supervisor or direct manager and to the Strauss Chief Legal Officer, who will consider further actions.

5. RECORDKEEPING AND ACCURATE RECORDING

According to anti-bribery laws, the attempt to include a false record or account consists of an independent violation that is severely punished. As a public company, we attribute paramount importance to applying the strictest standards in ensuring that our records and various reports are reasonably detailed, accurate and credible.

Therefore, all Strauss books and accounts must accurately and fairly reflect all transactions and other business engagements. Always escalate to the Ethics Trustee or to the Strauss Chief Legal Officer when you encounter any suspicious record or suspect an attempt to falsify books and records.



6. MERGERS, ACQUISITIONS AND JOINT VENTURES

When purchasing, merging or entering into a joint venture with another company, Strauss may acquire bribery and corruption risks relating to the counter party in the transaction. We therefore maintain an internal procedure that is designed to address these concerns. Before entering into a merger or acquisition deal, contact the legal department and the Strauss Chief Legal Officer for instructions.

7. QUESTIONS OR CONCERNS?

If you have any questions or concerns regarding this policy, we urge you to consult your manager or the Strauss Chief Legal Officer. Additionally, we urge everyone to report to his or her superior or direct manager, the Ethics Trustee or Strauss's Chief Legal Officer any concerns and suspicious conduct that may violate this policy. Anonymous or named reports and complaints may be submitted to our Internal Auditor or to the Strauss Whistleblowing Hotline on the [EthicsPoint website](#), or by calling the number indicated on the website.

Employees who in good faith genuinely do so will be supported, even if they turn out to be mistaken. Please refer to our **Whistleblowing Policy** for further details.