

Supplementary report to the UN Global Compact LEAD framework March 2013

We believe that our Sustainability Report for 2011, which is now publicly available on our website, adequately addresses these outstanding criteria. The report can be viewed here: <http://www.netafim.com/reporting>

Criterion 2: The COP describes effective decision-making processes and systems of governance for corporate sustainability

This was reported in our Sustainability Report for 2011 (page 80)

Netafim's Sustainability strategy and programs are directed by Netafim's Chief Sustainability Officer (CSO), who reports to the CEO. The CSO has a dual role: on the one hand, representing Netafim in international forums and collaborative partnerships for the advancement of sustainability, addressing global issues such as water scarcity and, on the other hand, guiding internal strategies to ensure Netafim operations are managed in a sustainable way.

The CSO works at the interface of the Netafim organization, aligning sustainability in global business processes, working with all Netafim global functional heads, to ensure sustainability principles are embedded in policies and practices, while ensuring that all products and solutions offered by Netafim's global field teams are delivered to farmers, growers and other customers in a way which advances their sustainable productivity.

Progress on sustainability issues is reported to the Netafim Management Team on a regular basis and annual strategy and goals are agreed by the Management Team annually. At each Netafim plant, a local HR Manager has responsibility for embedding sustainability practices and processes, managing sustainability communications and advancing local programs for engaging employees in the community.

Responsibility for sustainable practices lies with the entire Netafim Executive Management Team. The CSO takes the lead in driving strategy development and implementation throughout Netafim's business. The CSO is often the "voice" of Netafim's sustainability programs and represents Netafim at global policy meetings and working groups of organizations with which Netafim is closely engaged.

Criterion 3: The COP describes engagement with all important stakeholders

This is included in our 2011 Sustainability Report on pages 32 and 33, in which we describe our relationships and engagement practices with key stakeholders and the issues of critical interest to them.

Criterion 11: The COP describes effective monitoring and evaluation mechanisms of labor principles integration

Our 2011 Sustainability Report describes our approach to Human Resources (page86) and this section refers also to the ways in which we uphold the Labor principles of the United Nations Global Compact. This is supported by a Code of Ethics in which all our employees are trained, as well as a risk management process which also reviews labor risks in our supply chain.

At present we are considering reviewing our relationships with key suppliers and asking them to declare their adherence to the core labor principles.

Criterion 12: The COP describes key outcomes of integration of the labor principles

Our 2011 Sustainability Report refers explicitly to non-use of child labor and forced labor, and confirms that we operate a workplace free from discrimination which respects the rights of employees to freedom of association and collective bargaining.

Criterion 18: The COP describes effective management systems to integrate the anti-corruption principle

This is reported in our 2011 Sustainability Report (page 28-29).

Anti-corruption awareness and training are advanced through processes to embed our Code of Conduct, and are part of HR communications with management and employees across the organization.

Criterion 19: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption

This is reported in our 2011 Sustainability Report (page 28-29). All employees receive our Code of Conduct, and sign their confirmation annually to adhere to the practices and principles defined therein.

Criterion 20: The COP describes key outcomes of integration of the anti-corruption principle

This is reported in our 2011 Sustainability Report (page 28-29). We have had no incidence of corruption in our business during the last several years. All staff are trained in our Code of Conduct and sign a declaration of their adherence each year.

Naty Barak, Chief Sustainability Officer
March 15, 2013.