



UN Global Compact Communication on Progress 2019



Please see Netafim's [2018-2019 Sustainability Review](#) for further details.

www.netafim.com

Message from our President and CEO

I am pleased to confirm our ongoing commitment to conducting business in a way that benefits society and the environment, and specifically, on behalf of Netafim, our shareholders, executives and colleagues, our continued support for the United Nations Global Compact.

Since becoming a signatory in 2008, we continue, and will continue, to uphold the 10 Principles of the Global Compact and report to our stakeholders on our progress each year.

In 2020, we are facing a new global reality caused by the COVID-19 pandemic, which continues to disrupt lives, livelihoods and economies. Throughout this pandemic, we have taken relevant measures to protect our employees at work and enabling all to work remotely wherever possible. The pandemic has also impacted agriculture and food supply, in many cases affecting the most vulnerable populations. We have supported our farming communities with service and assistance, including digital farming tools, to help maintain continuity of agricultural productivity. I thank our team at Netafim for pulling together and supporting each other, our customers and our communities through these challenging times.

On a more general note, today, there are no doubts about the benefits of precision irrigation; it improves production (both yield and quality), enhances the livelihoods of farmers and communities and minimizes the use of water, land and other resources. Netafim's solutions have been making a difference for 55 years; we continue to innovate and deliver even higher precision in our irrigation solutions, utilizing our advanced digital farming solutions that provides farmers with better analysis, monitoring and control capabilities, resulting in a cutting-edge real-time decision-making tool. With mass adoption of drip irrigation, global food security can be a reality and we continue to pursue this as our mission in alignment with the UN Global Agenda for 2030.

As the leading global business in precision irrigation, inspired by our majority shareholder Orbia's purpose of advancing life around the world, we are proud to play a significant role in improving sustainable prosperity on the way to the achievement of the Sustainable Development Goals of the United Nations.

As we advance precision irrigation, being a responsible, ethical and transparent business is always at the forefront of our decision making. We continue to expand our business to deliver the benefits of precision irrigation to more farmers and communities around the world and driving continuous improvement in adherence to responsible standards and practices.

Please take a few moments to read our full [2018-2019 Sustainability Review](#).



Gaby Miodownik
President and CEO

About Netafim

Netafim is the global leader in precision irrigation for a sustainable future, delivering innovative, tailor-made irrigation and nutrigation solutions to millions of farmers, allowing smallholders to large-scale agricultural producers, in over 110 countries to Grow More with Less™. Founded in 1965, Netafim pioneered the drip revolution, creating a paradigm shift toward precision irrigation. Today, specializing in end-to-end solutions from the water source to the plant's root zone, Netafim delivers turnkey irrigation and greenhouse projects, supported by engineering, project management and financing services. Netafim is also leading the way in digital farming, integrating real-time monitoring, analysis and automated control into one state-of-the-art system. In 2017, Orbia, a global leader in specialty products and innovative solutions, acquired 80% of Netafim. Kibbutz Hatzerim holds the remaining 20%. Netafim is a signatory to the UN Global Compact at Participant level.



Netafim aligns with and supports the UN Sustainable Development Goals (SDGs): our business most closely aligns with and supports the advancement of ten SDGs.

	<p>No poverty: We help transform subsistence farmers into commercial farmers and increase farmland productivity and income per farmer.</p>		<p>Zero hunger: We advance food security through enabling higher agricultural yields and mitigating dependency on rainfall.</p>		<p>Gender equality: We help empower women who make up 50% of the agricultural labor force in the developing world.</p>
	<p>Clean water & sanitation: We contribute to water conservation by reducing water use in agriculture (responsible for 70% of global usage) and preserving its quality through integrated water resource management.</p>		<p>Decent work & economic growth: We support economic growth by increasing crop yields, supporting the adoption of modern farming skills and contribution to the capacity building of farmers.</p>		<p>Industry, innovation & infrastructure: We continue to develop Digital Farming and related technologies.</p>
	<p>Climate action: We reduce the greenhouse gas emissions of agricultural activity by replacing flood irrigation with precision irrigation.</p>		<p>Life on land: We combat desertification and transform arid land into green and arable land.</p>		<p>Peace, justice & strong institutions: We are helping create a world with less hunger, equitable water distribution, less farmer debt, and reduced land constraints.</p>
	<p>Partnerships for the goals: We bring together public and private entities to achieve meaningful transformation and facilitate partnerships between farmers and markets for their produce.</p>				

Advancing the 10 Principles

For further details of the ways we uphold the 10 Principles of the United Nations Global Compact, please see our [2018-2019 Sustainability Review, available on our website](#). A brief summary for the convenience of our stakeholders is included in the following pages.

Protecting human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should ensure that they are not complicit in human rights abuses.

- We are committed to upholding laws, regulations and practices designed to protect human rights in all the regions in which we operate.
- We strictly oppose all forms of discrimination, and welcome all employees regardless of color, race, gender, nationality, religion, sexual orientation or other personal diversity dimensions.
- We uphold practices that prevent all forms of child labor and forced labor and we implement training programs for our staff to prevent sexual discrimination and sexual harassment.
- We strive to do business in a fair and ethical manner, observing our Code of Business Conduct in all global operations. Our Code of Business Conduct is based on our business values and legal compliance, and applies to all Netafim employees, officers and directors. Our Code of Business Conduct is available on our [website](#).

Upholding labor rights

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should support the elimination of all forms of forced and compulsory labor.

Principle 5: Businesses should support the effective abolition of child labor.

Principle 6: Businesses should support the elimination of discrimination in respect of employment and occupation.

- We encourage the inclusion of, women and men from diverse backgrounds. We aim to provide a stable, safe and sustainable workplace in which the rights and dignity of every one of our employees are respected.
- We encourage employee engagement, commitment and performance by rewarding employees fairly and in line with their experience, capabilities and contribution. We offer personal and professional growth opportunities through training and development programs.

More than

4,000 training hours

with an average 14 hours of training per employee per year



- We support the right of employees to freedom of association and collective bargaining.
- We oppose all forms of child and forced labor. No children under the age of 15 are employed in any of our operations around the world.
- We are committed to maintaining a safe and healthy work environment that is compliant with occupational health and safety regulations across all our operations.

Environmental stewardship

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

- We are committed to contributing to mitigating the effects of climate change, both through our core business, and through our operational practices.
- Our innovative drip irrigation systems positively impact the environment in many ways, including optimization of arable land use, reduction of energy consumption, GHG emissions and soil and water contamination, water conservation, and lower agrochemical consumption, all of which positively contribute to addressing the challenge of climate change.
- We minimize our direct environmental impacts by conserving resources in our supply chain operations including air, water and soil pollution prevention, greenhouse gas reduction, natural resource reduction, and water use and waste management reduction.
- We invest in technologies to improve the environmental impact of our operations, such as recycling of used drip lines in the U.S.

Since 2010, we have recycled more than **25,300** metric tons of used plastic driplines from more than 3,672 end-users.

Note: Our 2019 CEO Water Mandate Disclosure is included in Orbia Advance Corp.'s 2019 Sustainability Report: <https://www.orbia.com/sustainability/2019-sustainability-report/>

Eliminating corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

- Netafim's [Code of Ethics](#) helps employees and all those with whom we do business know what we stand for and what to expect from Netafim in all our activities and transactions. New employees are briefed in our Code of Ethics as part of their induction plan and employees receive ongoing training
- Our [Anti-Bribery and Corruption Compliance Policy](#) supports ethical and responsible relationships with our business partners.
- We invite reporting of suspected violations of improper conduct through our [Whistleblower Policy](#) and encourage employees and others to do so without fear of retaliation.

Feedback

Netafim welcomes feedback and suggestions regarding this Communication on Progress. Please write to us at sustainability@netafim.com