

**Monday, December 06, 2010**

**Communication on Progress to the CEO Water Mandate**

Netafim is committed to reporting our performance openly. We adhere to the transparency policy of the UN Global Compact and the CEO Water Mandate

1. We support the CEO Water Mandate. Since joining the CEO Water Mandate in 2008 we renew our ongoing commitment to the initiative and its six elements: Direct Operations, Supply Chain and Watershed Management, Collective Action, Public Policy, Community Engagement and Transparency.
2. An Annual Report to MAALA Ranking:  
We submit annually a report to the MAALA Ranking which was launched on the Tel Aviv Stock Exchange in 2005, and is run by MAALA - Business for Social Responsibility in Israel. In 2010 Netafim was ranked high among private companies, based on expanded criteria in four main areas of corporate social responsibility: Business Ethics, Workplace and Human Rights, Community Investment, and Environment. Netafim again was ranked Platinum. For MAALA website click  
<http://www.maala.org.il/eng/tools/ranking/01/default.asp?ContentID=339>

**3. Netafim Environmental Policy**

Netafim has a written long term environmental policy publicly disclosed in the company's website

Netafim acts according to the following rules:

- **Screening investment candidate companies based on environmental considerations.**
- **Commitment to environmental damage prevention and sustained improvement in environmental performance.**
- **Commitment to identification, measurement and understanding of environmental effects as a basis for decision making** including the impacts of office environment management in terms of electricity saving, water and paper use reduction, etc.
- **Recognition of natural resources as a public resource:** Netafim recognizes that natural resources in general and water in particular are public assets to the local and international community and the generations to come.
- **Commitment to the sustainable development principle:** Development can be sustained over time without risking the ability of future generations to supply their

needs while maintaining proper balance between economic development and environment protection.

- **Commitment to a proactive approach** combining initiative and action rather than reaction only in all environmental impact-related concerns.

Netafim works to develop innovative user-friendly products and services for irrigation and agriculture with reduced environmental impact compared to those so far developed and marketed. Netafim develops products that contribute to water use efficiency and reduction in agricultural applications.

**Netafim has environment quality supervisors responsible for environment quality issues including implementation of the environmental policy.** The company manages its environmental effects and assures environmental policy is implemented by means of a management system that fits its size, scope of activity and environmental impacts. Netafim has clear goals, quantitative targets and timetables to be met as well as relevant performance measurement indicators and reporting systems. To this end Netafim allocates resources, defines authorities, responsibilities and report topics, and acts based on clearly defined rules enforced by the management system to assure compliance with environment quality regulations and legislations.

Netafim delivers training programs on a regular basis to company employees at all levels to ensure management system relevance and assimilation.

Netafim employs a multiannual program for pollution reduction and sustained improvement in environmental performance for energy and water use efficiency; water pollution prevention; moving to alternative energy sources, fuel consumption and waste reduction.

Netafim regularly conducts an environmental review to assess the following issues:

- **Environmental characterization of the product/ service and its impact on the environment** – environmental assessment of company responsibility for the environmental impacts incurred through a plurality of product processes and the materials involved in their production (raw materials production and preparation for

production; production; packaging and distribution; product waste disposal, reuse or recycling).

- **Environmental risk assessment and prolonged environmental implications of work and production processes:** Quantitative analysis of the direct environmental implications incurred by the company based on standard professional procedures, including accident and emergency situation prevention; ensuring occupational and neighboring community safety and health; conservation and rehabilitation of nature and biodiversity; air water and soil pollution prevention; noise and odor prevention; reduction of greenhouse gas and other impacts on the global climate; reduction of natural resource and water use; waste management and reduction (sewage and hazardous waste and detergents).

The review records and findings are documented and retained by the company.

External auditors audit Netafim annually to verify ISO 14000 accreditation.

The following topics are reviewed and discussed by Netafim management team:

- Company's environmental policy
- Environmental performance data
- Environmental risk assessment findings
- Environmental audit results

Sincerely,



Naty Barak,

Head of Sustainable Development