

# BUSINESS CONDUCT POLICIES

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## INTRODUCTION

Dear Colleagues

The Code of Business Conduct represents Netafim's "business culture values" and serves as a moral compass for our daily work. It was written to help all employees and directors understand the behavioral guidelines according to which we conduct our business and interact with each other. Our business culture is based on the laws and regulations enforced in all the international locations in which we operate. This code creates an inclusive set of organizational principles inspired by the basic values of the company's founders: fairness, hard work, integrity and uncompromising commitment to quality.

As we expand and strengthen our global position, we continue to maintain our unique spirit of cooperation, dedication, loyalty and support among Netafim's employees and towards our clients.

At the same time, we continually strive to maintain the highest standards of business conduct and governance that make Netafim a better place to work and a trustworthy business partner.

Each one's commitment to follow these guidelines is expected, so please review this document carefully in order to understand our expectations.

As a valued member of the Netafim team, you represent the company wherever you are. We all need to hold ourselves personally responsible for full compliance with these standards. For any questions or comments, do not hesitate to contact your direct manager or head of human resources in your unit.

Finally, if you have concerns about the actions of your Netafim colleagues, and you feel that superiors have not or can not adequately address these concerns, we urge you to call our Netafim hotline (as specified in the Netafim "Whistleblower Policy").

Regards,

Ran Maidan  
PRESIDENT & CEO

Netafim conducts its relations with integrity, responsibility, honesty, reliability and decency, while obeying local laws and following the rules of proper business behavior. This commitment applies to each and every one of the company's employees and directors. We are all expected to maintain honest and moral behavior in our work practices by adhering to the Code in all our activities, whether internally with our colleagues, or externally with customers, suppliers, partners, shareholders and all other Netafim stakeholders.

Netafim strives to ensure that we all constantly adhere to the following principles as specified in the Code:

## **1. STAKEHOLDERS – HOW WE CONDUCT OURSELVES WITH OUR BUSINESS ASSOCIATES**

The growth and achievement of our stakeholders (customers suppliers, consultants and dealers) – is essential to our own business success. By ensuring reciprocal and mutually beneficial relations with these parties, we pave the way for our continued success and for mutually beneficial and satisfying relationships.

### **1.1 Antitrust And Fair Competition**

Competition is part of Netafim's business activity, and drives us to improve and leverage our advantages in the market. It is Netafim's policy to adhere strictly to all applicable fair competition laws in our global operations. To maintain our reputation for fair competition and to ensure that our customers trust us, we must comply with fundamental principles:

- We compete openly and independently in every market. We do not make any agreements with competitors to fix or set prices or allocate products, markets, territories or customers.
- We do not engage any other unfair method of competition or deceptive acts or practices.

### **1.2 Improper Payments**

Netafim is committed to compliance with all anti-corruption laws of all countries and territories in which we operate or market products.

Netafim prohibits offering or providing payments, services, gifts or other things of value to government officials or private individuals for the purpose of improperly influencing them to obtain or retain business.

Netafim also prohibits its consultants and agents from making improper payments since such payments may expose Netafim and its employees to liability.

Charitable contributions and contributions to political candidates and parties may be made only with the authorization of the Netafim's General Counsel.

### **1.3 Gifts and gratuities**

We seek to foster constructive relationships with organizations and individuals doing business or seeking to do business with Netafim. In many cultures, such constructive relationships at times include incidental gifts and entertainment. This might include customary gifts at holidays and routine business meals. Good judgment should be exercised by all Netafim employees in determining the size, frequency, and setting of these incidental gifts. Extra sensitivity should be exercised when such gifts or entertainment are being provided to government officials.

All gift and entertainment expenses should be accurately described and accounted for in the books and records of Netafim.

- If a Netafim employee has any question of any sort about whether a gift or entertainment expenditure is appropriate, he may contact his local HR or Managing Director.

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## **2. ACCOUNTABILITY – WE SAFEGUARD OUR COMPANY’S ASSETS**

Netafim’s intellectual and material assets are its financial infrastructure and strength. The company’s assets are for the use of the company and its employees for the purpose of promoting company’s interests. By attempting to financially or personally benefit from these assets or use them for an activity that is irrelevant to work, we can potentially harm the company.

### **2.1 Use of company assets**

We respect the company’s assets. All our physical assets, intellectual property rights and information must be handled with care to avoid loss, theft or damage, which can have a direct impact on the Company’s profitability.

- We protect the Company’s assets, treat them as if they were our own and ensure their efficient use.
- We only use company assets for Netafim’s business purposes.
- We may use company assets for reasonable personal use if it does not conflict with company interests, this Code or Netafim’s rules and policies.
- We must report about any change of condition of company assets, including location, damage or loss, to our supervisors.
- We must immediately report any suspected incident of fraud or theft for investigation.

### **2.2 Information systems, e-mail and Internet**

Netafim provides us with information systems to help us work efficiently and professionally.

- We use the computer systems properly and professionally, to prevent any damage to valuable equipment.
- We may not use software that is not authorized by Netafim’s IT department or not legally purchased or received.
- We comply with all Netafim’s information security principles in order to protect confidentiality and prevent loss.

### **2.3 Proprietary and Confidential information**

Netafim’s intellectual assets consist of the knowledge and information accumulated in all its fields of activity, both professional and managerial, and includes patents, exclusive developments and unique work methods.

It is Netafim’s policy that all information developed or shared as a result of the company’s activities and business processes is proprietary to Netafim and must be treated as confidential. Proprietary information includes intellectual assets such as trade secrets, patents, trademarks, copyrights, business, marketing and service plans, manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. It also includes internal correspondence and computer passwords.

Confidential information includes all non-public information about Netafim, its customers and suppliers, which might be of use to our competitors, or harmful to the Company or its customers and suppliers if disclosed. Unauthorized use or distribution of this information violates Company policy and could also be illegal and result in civil or even criminal penalties. If any such information (such as a computer, portable disc or other media) is lost or stolen, it is imperative to report this loss immediately to a supervisor.

- We protect Netafim’s information and do not pass on unauthorized company, customer or supplier information that is not public to other elements.
- We maintain the confidentiality of confidential information entrusted to us by the Company, customers or suppliers.
- We do not use proprietary and confidential information for our own personal benefit.
- If we are contacted by any representative of the media, or other outside group, for information about Netafim or any of its business associates, we should direct the request to the Public Relations (PR) Manager or CEO as only an official spokesperson may comment about Netafim to the media or provide information to outsiders, as per Netafim’s Media and PR policy.
- Requests for information from government entities, such as subpoenas or any other official inquiries should be referred to your manager and the Compliance Officer.

## 2.4 Insider trading and inside information

Insider trading refers to a practice where someone inside the company or a related party trades in securities (the company's or a third party's) based on non-public information obtained during the performance of their duties for the company.

Inside information is information that investors consider information important in deciding whether to buy or sell a company's securities. Because inside information may be valuable to investors, it is governed by laws designed to preserve public confidence in the integrity of the securities markets in many countries.

- We do not use or share confidential information about Netafim (or any other company that we learn about in the course of our work) with others, including a co-worker, family member or friend, for stock trading or for other purpose except the conduct of our business.

- We do not share inside information with other Netafim employees unless they need to know and are aware of their obligations in handling the information.

If you have any questions, please consult the Legal Department.

## 2.5 Reliable Reporting

For Netafim to be able to make responsible business decisions and to meet our legal and regulatory obligations, we need to have honest and accurate recording and reporting of information, including time sheets, sales records and expense reports.

- We are responsible for ensuring the honesty and accuracy of all company records, books, information and accounts, for example, expense claims, time records, and other business transactions. If you are not sure whether a certain expense is legitimate, ask your direct manager.

- We maintain all of the company's books, records, accounts and financial statements in reasonable detail, appropriately reflect the Company's transactions and conform both to applicable legal requirements and to the Company's system of internal controls.

- We do not maintain unrecorded or "off the books" funds or assets unless permitted by applicable laws or regulations, and we do not establish any undisclosed or unrecorded account or fund for any purpose.

- We always retain or destroy records according to the Company's record retention policies. In the event of litigation or governmental investigation, please consult the Legal Department.

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## 3. CONFLICTS OF INTEREST AND ADDITIONAL BUSINESS CONNECTIONS

Employees should be free from any interest, influence or relationship which might conflict, or appear to conflict, with the best interests of Netafim or the effectiveness of their job performance. Employees must therefore avoid any investment, or association, which interferes, or might reasonably be thought to interfere, with their best judgment in the performance of their job duties and other actions affecting Netafim. Any employee, who has specific questions regarding the propriety of a particular action, should speak with his or her manager.

A conflict of interest exists when a person's private interest interferes in any way with the interests of the Company. A conflict situation can arise when an employee takes actions or has interests that may make it difficult to perform his or her work objectively and effectively, such as:

- Working for a competitor, customer or supplier while being employed by Netafim

- An employee or members of his or her family receiving improper personal benefits as a result of his or her position in the Company.

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## 4. FAIR COOPERATION – HOW WE CHOOSE AND WORK WITH BUSINESS PARTNERS

It is essential that we protect our reputation outside of the company. A crucial element in maintaining and enhancing this reputation is ensuring that we conduct ourselves appropriately and honorably with our business colleagues, suppliers, dealers and consultants.

Just as we expect to be treated fairly and equitably by our customers, so should we deal with our suppliers, dealers and consultants. We select these parties based solely on quality, cost, reliability and service factors, and in accordance with the company's procedures.

We do not let our business dealings on behalf of the company be influenced by personal or family interests.

We do not accept gifts, entertainment, or favors from a supplier that might compromise, or appear to compromise, our purchase decision.

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## 5. COMPLIANCE WITH THE LAW AND COOPERATION WITH GOVERNMENTS

As a responsible global company, it is essential for us to always maintain the highest ethical standards when we interact with the governments in the regions in which we operate. Our ability to operate freely and our success in each region, to a large extent, depend on maintaining cordial and ethical relations with the governments of these countries.

### 5.1 Working with government officials

- We are truthful and accurate in interactions with government officials and are responsible for observance of applicable laws and regulations when dealing with a government or its employees
- We may only contact government officials on behalf of the company if it is our specified job.
- We must refer any subpoena, court order, official inquiry or request for customer information from law enforcement or government agencies to the Legal Department.

For gifts to and entertainment of government officials, please see section 1.3 above.

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## 6. MUTUAL RESPECT – HOW WE BUILD A COMFORTABLE WORK ENVIRONMENT

Our success as an organization relies heavily upon the environment that we create for ourselves, and the mutual respect we show each other every day in the work place. We strive to maintain and foster a work environment that makes every employee feel at home and at ease.

### 6.1 Diversity and equal opportunity employment

Netafim's diversity is an asset, and we celebrate our multi-cultural work environment comprised of employees from all over the world in locations around the globe. We embrace every employee, regardless of gender, nationality, religion, age, sexual orientation, physical ability, or any other aspect of diversity.

- We conduct our business activities with co-workers, customers, stakeholders and business colleagues with respect for all people without regard to differences or similarities.
- We hire employees based only on their abilities, qualifications, experience, training, work history, and overall job suitability.
- We do not engage in or support discrimination in hiring, compensation, access to training, promotion, termination or retirement based on gender, age, personal status, pregnancy, ethnic and national origin, religion, disability, sexual orientation, union membership or political opinions or affiliation.

## **6.2 Protection against harassment and sexual harassment**

We strive to create a work environment that is completely free of any form of harassment, including:

- Slurs, intimidating or aggressive acts or words;
- Derogatory jokes or inappropriate gestures;
- Unwelcome physical or verbal conduct or communication;
- Display of offensive material associated with gender, religion, race, nationality, sexual orientation or physical ability.

To ensure the protection of all employees, we maintain a strict sexual harassment policy. Sexual harassment may involve unwelcome sexual advances, either physical or verbal. Verbal sexual harassment may include requests for sexual favors, graphic verbal commentaries about an individual's body or describing an individual in a sexually degrading manner. Even the display of sexually suggestive objects or pictures in the workplace is considered sexual harassment.

Netafim will not tolerate any type of retaliation against an employee filing a harassment complaint in good faith. We ensure that no one making a good faith report of harassment or unfair treatment will suffer any negative employment consequences.

## **6.3 Mutual respect and privacy**

We respect the privacy of personal information of employees, customers, contractors or vendors all times. We do, however, have to balance this need for privacy with our need to collect and maintain essential information, which is gathered for business, legal, and contractual purposes only. It is kept strictly confidential and only given to those who have a legal right or legitimate business need to know.

- We ensure that any personal information about co-workers that we have access to is not misused or improperly disclosed.
- We do not claim any privacy privileges for communications transacted through the Netafim facilities, beyond those provided by local legislation.
- Netafim may supervise the use of e-mail and the Internet subject to local legislation. All e-mail and Internet communications made through Netafim facilities are treated as Netafim business information and so may be accessed, retrieved, monitored and disclosed.
- Subject to applicable laws, Netafim may search employee property, such as briefcases, purses, and private vehicles brought onto its premises, when we have good reason to believe that this property contains evidence of employee wrongdoing.

## **6.4 Customer and Supplier Privacy**

Maintaining the privacy of our customers and suppliers is an ethical and legal requirement.

- We only use information that our customers have given to us for authorized business purposes.
- If we are entrusted with private information about customers or suppliers, we ensure that it is not misused or improperly disclosed.

## **6.5 Health and safety**

We have taken it upon ourselves to maintain the highest health, safety and environmental standards to protect the lives and good

health of our employees.

- We follow the safety procedures and protect ourselves, our co-workers, the community and the environment.
- We report dangerous conditions and other unacceptable health, safety, or environmental equipment, practices or conditions immediately so that workplace accidents are minimized and corrective actions can be taken.
- We do not engage in violence or threatening behavior while working on Netafim business either on or off the premises.
- We do not use, possess, purchase, manufacture, sell, or distribute illegal drugs or controlled substances while on Netafim property or while engaging in any Netafim activity.
- We report to work in condition to perform our duties, free from the influence of illegal drugs or alcohol.
- If we witness or become aware of an incident or threat of violence or substance abuse, or have concerns for our own safety or that of others, we immediately report the situation to a manager.

#### **6.6 Political activity in the work environment**

Netafim recognizes the right of each employee to have a personal political opinion. However, in the interests of maintaining a congenial, conflict-free work environment, we do not conduct any political activity during work hours in the work environment, or use of any of the company's assets for promoting a certain goal or a political opinion.

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## **7. RESPONSIBILITY – HOW WE INTERACT WITH THE WIDER SOCIETY**

We make ourselves a stronger, more trustworthy company by taking responsibility for our place in society, respecting the communities in which we operate and observing the laws of the countries in which we operate.

### **7.1 Respecting the law**

Our ethical and moral standards are based on obeying the letter and spirit of the law.

We respect and obey the laws, rules and regulations of the cities, states and countries in which we operate.

If we provide services at a customer's premises, we observe the customer's rules and policies (e.g., in relation to safety regulations).

If we are uncertain about any of the legal rules involving the Company's business, we should consult with the Company's Legal Department before taking any actions.

If a law conflicts with a policy in this Code, you must comply with the law. If you have any questions about these conflicts, you should ask the Legal Department how to handle the situation.

### **7.2 Protecting the environment and quality of life**

At Netafim, we strive to create a sustainable future for our customers and the countries they live in. We are committed to developing methods and systems for saving water and acting as full partners in the effort to promote and increase the global production of food for the welfare of hungry populations.

- We aim to reduce the impact of our actions on the environment and take appropriate initiatives to improve the environment and quality of life in the communities and countries in which we operate.

- We treat all our stakeholders in a socially responsible manner and promote open dialogue with them about our economic, social and environmental contributions and performance.

### **7.3 Caring about the community**

Our success depends on the communities and the environment in which we operate. Corporate Social Responsibility (CSR) is integral to our values and defines the way we go about our business.

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## 8. REPORTING NON-COMPLIANCE OF THIS CODE

The Code can only be effective if it is upheld by all employees in the company.

If anyone observes illegal or unethical behavior, they must report it to supervisors, managers or other appropriate personnel. Failure to report such existing or potentially wrongful behavior is itself a violation of this Code. Netafim's policy prohibits retaliation for reports of misconduct by others made in good faith by employees. The Company will take appropriate action to investigate any reported violations of this Code. If a violation has occurred, the Company will take appropriate preventive, disciplinary or legal.

Disciplinary measures may apply to any supervisor who directs or approves such actions, or has knowledge of them and does not promptly correct them. Employees are expected to cooperate in internal investigations of misconduct.

### 8.1 Submission of Complaints

- Complaints about violations of the law or of the Code can be submitted in any form to your direct manager, to the head of human resources in the relevant unit or via the means specified in Netafim's "Whistleblower Policy".

- We will not allow any retaliation against reporters of violations; however, we understand the need for anonymity in certain situations and we welcome anonymous reports of violations. To ensure the anonymity of all complaints and specifically complaints regarding accounting practices, internal accounting controls and auditing matters, all complaints can also be reported to our independent internal auditing firm. All reports submitted to the internal auditing firm will be reported to the chairman of the Board of Directors Audit Committee. Employees must be aware, however, that anonymous reports may be more difficult to investigate.

- It is essential that you bring any concerns to the attention of the company so that problems can be resolved quickly before serious harm is done.

- It is a breach of this Code to fail to report a violation or suspected violation that you may know about, or to refuse to cooperate with the investigation of a suspected violation.

### 8.2 Whistleblower Policy

The Netafim group of companies is committed to high ethical standards and strict compliance with applicable law in all its operations. Netafim requires all employees to report illegal activity or activities not in compliance with Netafim policies in order to assist Netafim in detecting and putting an end to fraud and unlawful or inappropriate conduct, ranging from violations of the law, our Corporate Code of Ethics as well as complaints or concerns regarding financial statement disclosures, accounting, internal accounting controls and auditing matters.

To this end, Netafim has established a system for reporting fraud, illegal activity and non-compliance by employees of Netafim's policies or Code of Ethics. An employee who has a good faith belief that a violation of law or a failure of compliance may occur, is occurring or has occurred has a duty to come forward and file a report under this Policy.

For the full version of the policy go to: [Netafim's Whistleblower Policy](#).

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## 9. APPLICATION TO MEMBERS OF THE BOARD DIRECTORS

This Code of Business Conduct applies to members of the board of directors of the Company and references in this Code to employees include members of the board of directors.

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