

PARTNERING FOR PROSPERITY

NETAFIM SUSTAINABILITY
REPORT SUMMARY 2015



WITH THE PLANET'S POPULATION EXPECTED TO SURPASS 9 BILLION BY 2050, FOOD SCARCITY IS ONE OF OUR MAJOR GLOBAL CHALLENGES. AS THE WORLD LEADER IN SMART IRRIGATION, NETAFIM IS DRIVING MASS ADOPTION OF INNOVATIVE, SIMPLE AND RELIABLE SOLUTIONS FOR ALL CROPS AND GROWERS. TOGETHER WITH OUR PARTNERS FOR SUCCESS, WE ARE COMMITTED TO ENSURING FOOD SECURITY FOR A SUSTAINABLE FUTURE.



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NETAFIM AT A GLANCE

Netafim is the global leader in smart irrigation solutions for a sustainable future. Our solutions advance sustainable productivity by enabling growers to cost efficiently produce better and higher yields, while using fewer of the world’s limited resources – water, land

and energy. Delivering state-of-the-art technology, deep agronomic expertise and capacity-building training, we are dedicated to helping our customers achieve their goals by growing more with less.



Privately owned by Permira, a European private equity firm (61%), Kibbutz Hatzerim (33%) and Kibbutz Magal (6%)

Headquarters in Tel Aviv, Israel

OUR BACKBONE

OUR PURPOSE
Helping the world grow more with less

OUR VISION
As the world’s leading irrigation company, we will drive mass adoption of smart irrigation solutions to fight scarcity of food, water and land.

OUR MISSION
Together with our partners, we will revolutionize irrigation globally for a sustainable future. We will drive mass adoption of innovative, simple and reliable drip irrigation solutions. Our teams around the world will provide customers with the best agronomic and technical support to ensure outstanding results and peace of mind.

- OUR VALUES**
- Make it Happen
 - Create an Impact
 - Dare
 - Partner for Success

MESSAGE FROM OUR CEO



Ran Maidan
President &
Chief Executive Officer

"Netafim supports the UN Sustainable Development Goals. Smart irrigation solutions play a critical role in achieving food security, promoting sustainable agriculture and the sustainable management of water and land."

Sustainability has been a part of Netafim's essence since our establishment. Founded in 1965 by farmers in Israel's northern Negev desert, we introduced drip irrigation technology to help farmers overcome severe water shortages in the region.

Our connection to sustainability was again evident when we unveiled Netafim's 2020 Sustainability Strategy in our Sustainability Report in 2013. We demonstrated that drip is at the nexus of three global sustainability challenges – food security, water conservation and arable land optimization. Recognizing drip's unique ability to increase crop yields with fewer resources, we defined our goal to make drip the most accessible and preferred solution for irrigated crops worldwide.

As the global leader in smart irrigation, we are committed to driving mass adoption of smart irrigation solutions to fight scarcity of food, water and land. Offering the most advanced solutions for all

crop types and for farmers of all sizes – from large-scale agri producers to smallholders – we are helping the world grow more with less.

In September 2015, the UN adopted a set of Sustainable Development Goals (SDGs) as part of its 2030 Agenda for Sustainable Development to end poverty, fight inequality and injustice, and tackle climate change. A review of the 17 SDGs shows that over half of these goals are connected to our work in advancing sustainable agricultural practices worldwide.

In this report, we show several examples of our Sustainability Strategy in action, and demonstrate how these actions are aligned with the UN's SDGs. While the challenges remain great, we are confident that our efforts, together with our many partners across the globe, will help make the world a better, more sustainable place.

Thank you for your interest in this report, and I welcome your feedback.



FOR MORE INFORMATION,
PLEASE VISIT OUR WEBSITE
WWW.NETAFIM.COM

NETAFIM'S SUSTAINABILITY STRATEGY

MAKE SMART IRRIGATION SOLUTIONS THE MOST ACCESSIBLE AND PREFERRED CHOICE FOR IRRIGATED CROPS WORLDWIDE

GOALS

ACTION	EDUCATION	OUR BACKBONE
<p>Help farmers achieve sustainable livelihoods</p>	<p>Increase awareness of the benefits of drip, and increase its access for farmers worldwide</p>	<p>Conduct our business ethically, responsibly and transparently</p>
<p>TECHNOLOGY AND INNOVATION Provide simple and affordable technology to enable mass adoption of smart irrigation for farmers of all sizes, from large-scale agri producers to smallholders</p>	<p>ACCESS AND EDUCATION Raise awareness and educate farmers in the use of drip irrigation to help them grow more with less</p>	<p>EMPLOYEE ENGAGEMENT Develop our employees, improve their well-being, and engage them in our sustainability goals and ethical approach</p>
<p>TARGET: Continue to develop new products and methods</p>	<p>TARGET: Hold at least 2,000 annual training events for farmers</p>	<p>TARGET: Maintain an employee engagement score of 4 or above</p>
<p>AGRI-TECH PARTNERSHIPS Engage in partnerships to advance technology uptake and to adapt to the needs of local farmers</p>	<p>PUBLIC SECTOR COLLABORATION Maintain active involvement with governments, the UN, and other international organizations and NGOs to advance policy that helps farmers improve their livelihood by using drip irrigation</p>	<p>LEAN SUPPLY CHAIN Reduce our direct environmental impacts and contribute to global efforts to mitigate climate change</p>
<p>TARGET: Create collaborative opportunities for the development and application of drip irrigation technologies</p>	<p>TARGET: Continue our support and activities for promoting the adoption of policies enabling the use of drip irrigation</p>	<p>TARGET:</p> <ul style="list-style-type: none"> ▪ Reduce energy consumption by 10% by 2020 ▪ Increase % of recycled waste by 7% by 2020
<p>ADVANCED KNOWLEDGE SHARING Increase practical support and technology knowledge sharing for small and large farmers to enable tailored irrigation solutions</p>	<p>PRIVATE SECTOR COLLABORATION Collaborate with private sector companies, NGOs and the government sector to promote smart irrigation solutions throughout the entire food value chain</p>	<p>PRODUCT DEVELOPMENT FOR CLIMATE CHANGE Focus product development priorities on smart irrigation solutions for crops that have the biggest impact on climate change</p>
<p>TARGET: Drive an increase in the percentage of micro irrigation of total irrigated land from 5% to 10% by 2020</p>	<p>TARGET: Develop and deepen collaboration with private sector companies to implement new irrigation initiatives in their supply chains</p>	<p>TARGET: Introduce new initiatives for the top three crops by 2020</p>

2015 SUSTAINABILITY ACHIEVEMENTS



ACTION

- **25%** water savings and **25%** reduction in greenhouse gas emissions for alfalfa growers in the US using drip irrigation
- **Zero** crop damage for a grower in Denmark using our new irrigation system that combats extremely cold weather
- **20%** increase in income for sweet potato growers in Israel using drip irrigation
- **60%** less water and **20%** increase in yield for rice farmers in India using drip irrigation
- **23,000** farmers in India received a total of **\$33** million in loans from NAFA (Netafim India partner) to fund drip irrigation for 3 years

EDUCATION

- More than **100,000** farmers in 2015 trained in drip irrigation in over **2,500** events organized by Netafim around the world
- Netafim was honored to be **1 of 10** companies invited to the launch of the Sustainable Development Goals at the General Assembly of the UN in 2015
- **5,000** farmers received training in a USAID program featuring Netafim's drip irrigation technology in Kenya
- Monetary and product donations of **\$367,200** and **12,243** volunteering hours in our communities in 2015
- More than **8,000** farmers trained in China in 2014-2015

OUR BACKBONE

- **1,000** employees participated in developing our mission, vision and values
- **99%** of employees received a performance evaluation in 2015
- **300** employees in South America completed e-learning courses in 2015
- Average employee engagement of **4** (out of 5) based on a 2015 survey
- **37%** reduction in injury rate and **27%** reduction in lost day rate in 2015
- **2%** reduction in electricity use per ton of raw material at our sites in 2015



TO READ MORE ABOUT OUR SUSTAINABILITY STRATEGY PLEASE VIEW OUR FULL REPORT

STRATEGY FOR PROSPERITY

OUR 2020 SUSTAINABILITY STRATEGY

Our 2020 Sustainability Strategy, published in 2013, was the result of considerable feedback from internal and external stakeholders. Our Executive Management Team and Sustainability Steering Team analyzed the interests and issues raised in dialogue and consultation with our stakeholders and prioritized them, while assessing their impact on our business in the coming years. During the past two years, we have continued our interaction with stakeholders in many ways, and

reconfirmed seven priority sustainability impacts. In line with feedback received, we have adapted one previous impact relating to material use and recycling, and have broadened it to cover supply chain efficiency and overall environmental impacts in our supply chain. Our material impacts continue to shape our sustainability strategy, which we have slightly revised to provide greater clarity as we develop strategic objectives in the coming years.

Netafim's material sustainability impacts	
▪ Mass adoption of drip irrigation	▪ Lean supply chain
▪ Sustainable productivity	▪ Water conservation
▪ Enhancing customer capabilities	▪ Employee performance
▪ Supporting sustainable agriculture policy	

Our 2014-2015 Sustainability Report discloses our performance relating to these material impacts using the Global Reporting Initiative G4 Standard. We also reference the UN Global Compact and the CEO Water Mandate reporting requirements.



THE UN 2030 SUSTAINABLE DEVELOPMENT GOALS (SDGs)

In 2015, the UN adopted a new framework of 17 global goals supported by 169 targets, as an action plan for the achievement of sustainable development for people, planet and prosperity. These goals are now being developed and formulated into national plans (and in some cases, legislation) in all UN member countries.

Netafim's business and approach have always been aligned with broad sustainable development objectives. As such, we took the opportunity to specifically align

our strategy and aspirations with the SDGs upon their introduction so that our stakeholders can be clear about how Netafim supports this important global agenda.

After reviewing our activities and strategy in the context of the SDGs, we identified nine (of the 17) goals that we most directly support through our business activities, and where we can continue to make an even stronger impact over the coming years. These goals are:

 <p>1 NO POVERTY</p>	<p>End poverty in all its forms everywhere</p>	 <p>2 ZERO HUNGER</p>	<p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>
 <p>5 GENDER EQUALITY</p>	<p>Achieve gender equality and empower all women and girls</p>	 <p>6 CLEAN WATER AND SANITATION</p>	<p>Ensure availability and sustainable management of water and sanitation for all</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>
 <p>13 CLIMATE ACTION</p>	<p>Take urgent action to combat climate change and its impacts</p>	 <p>15 LIFE ON LAND</p>	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	<p>In our 2014-2015 Sustainability Report, we reference these SDGs, showing how our business practices specifically align with each goal.</p>	



ACTION FOR PROSPERITY

The first pillar in our sustainability strategy is about action – developing technology, forming partnerships to facilitate the use of technology, and sharing our expertise and knowledge with our partners and customers to help farmers achieve sustainable livelihoods through

climate-smart agriculture. By continuously investing in innovation and collaboration across our trusted network, our actions will help drive prosperity for individuals and society as a whole.

DEVELOPING BREAKTHROUGH TECHNOLOGY FOR CLIMATE-SMART ALFALFA

In 2014, the team at Sustainable Conservation, a California non-profit organization that advances the stewardship of natural resources, presented Netafim with a challenge: How can dairy farmers manage their resources more efficiently to meet increasingly stringent wastewater treatment regulations? As the global leader in irrigation technology innovation for agriculture, we were happy to accept this challenge. And our efforts led to greater water savings, greater GHG emission reductions, greater yields, and greater overall prosperity.

Given the significant drought in California, the importance of alfalfa for dairy farmers, and the low penetration of subsurface drip irrigation (SDI) in the state (less than 2% of all irrigated land), the opportunity for us was clear. Our solution was to create a new fertigation process using dairy wastewater (i.e. liquid manure) that is high in nutrients and has a positive impact on the health of the groundwater supply.

To validate our new solution, we worked with a long-time customer, Mike De Jager, the owner of California's Corona Ranches and De Jager North. The farms are part of the De Jager Farms corporation, covering about 8,000 hectares with a regular feed requirement for over 2,500 dairy cows. At Corona and De Jager North, silage corn and winter wheat forage are cultivated across 800 hectares. In three 16-hectare field trials, we compared irrigation by flooding (traditional approach), SDI with synthetic fertilizers, and SDI with effluent wastewater. The results to date are promising and show water savings of around 25% compared to flood irrigation, as well as significant fertilizer savings. Other benefits include:

- Positive impact on the health of the groundwater supply by reducing nitrate leaching
- Less energy as farmers need to pump less groundwater for irrigation
- GHG emission reductions of 25%
- Extended system life cycle of up to several years for farmers with access to clear groundwater

“In the long term, particularly with water-demanding crops such as alfalfa, we have to seek greater efficiency. Drip irrigation is one way to achieve it. I've enjoyed working with a company that is interested in the same issues and is willing to support what we are doing. In my perspective, it's important to make sure that my data is independent and does not promote a particular company, but the principles involved.”

Dan Putnam, PhD, CE Forage Specialist, Department of Plant Sciences, University of California, Davis



COLLABORATING TO DEVELOP NEW RICE IRRIGATION TECHNOLOGIES

The majority of rice around the world is grown by smallholders, and rice is the main source of nutrition in many regions. Drip irrigation increases rice yields with fewer resources, while leading to lower land preparation and fertilizer costs, lower GHG emissions, and less physical labor, making rice farming a more attractive proposition for young farmers.

Netafim's drip technology for rice cultivation is based on the direct sowing of rice in the soil, thereby eliminating the need to prepare and manually plant seedlings in a flooded field. It also includes adapting specific varieties, weed control and nutrients to support the efficient growth of rice plants, enabling seasonal rotation of crops and providing farmers with a source of year-round income.

In India, we are collaborating with universities and government institutions to test our rice technologies. In Tamil Nadu, 56% of the cropland area is owned by smallholders, who constitute 90% of the state's agricultural workforce, while over 40% of the population is dependent on agriculture. Growing rice more efficiently supports the region's prosperity, especially in light of extreme weather events that are exacerbated by climate change such as erratic monsoons, prolonged periods of drought, typhoons and flooding.

Our planned launch of a large-scale rice irrigation pilot with the Tamil Nadu government and 600 farmers in 2015 was delayed due to monsoon conditions. Meanwhile, however, three Tamil Nadu farmers have installed a drip system for rice using their own funds. The results so far are a 20% increase in yields and a 60% decrease in water use.



TO READ MORE ABOUT OUR ACTION FOR PROSPERITY PLEASE VIEW OUR FULL REPORT

RESOLVING IRRIGATION CHALLENGES WITH NANOTECHNOLOGY

Growers using drip irrigation systems around the world employ chlorination to clean microorganisms from dripperlines in order to avoid dripper and emitter clogging. However, chlorine is a pollutant that can lead to potential health disorders when handled. One of the agritech industry's challenges is to reduce the amount of chlorine needed to disinfect drip irrigation components. Netafim is collaborating in a multi-year initiative with researchers from Bar-Ilan University's Institute for

Nanotechnology and Advanced Materials (BINA) in Israel. The project is part of the MAGNET program, which is supported and partially funded by the Office of the Chief Scientist in Israel. Preliminary results from field trials demonstrate that one chlorine measure can last for up to six months (compared to just one month) and maintain clog-free irrigation systems over this prolonged period.



PARTNERING FOR PRECISE IRRIGATION

Since 2012, we have been a partner in FIGARO, an EU-funded project that is entering its final year after having achieved exceptional results. FIGARO – Flexible and precise irrigation platform to improve farm scale water productivity – aims to enable farmers to make real-time decisions in order to optimize irrigation and Nutrigation™ under changing environmental conditions.

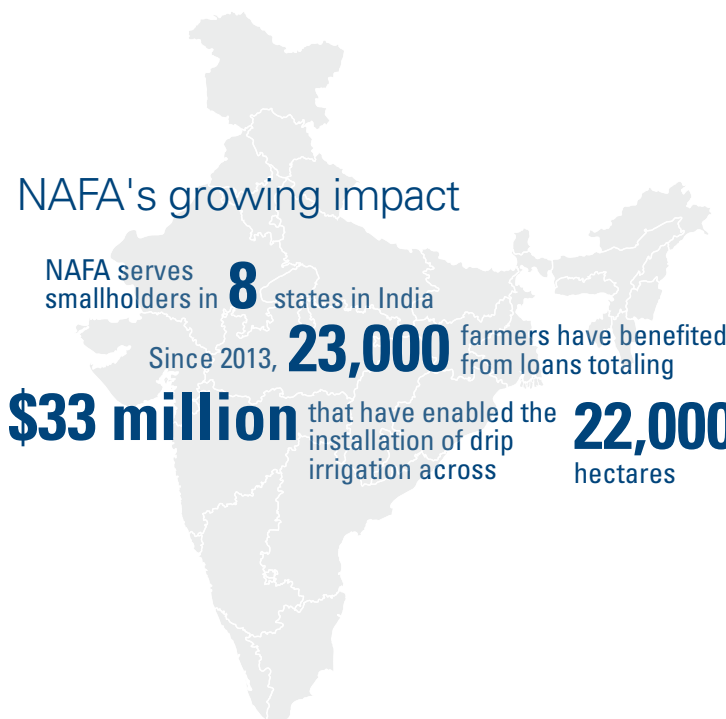
The platform's innovative feature is the use of real-time online data from weather stations and other sensors that provide the most precise irrigation guidance available. Trial results to date show that water usage for drip irrigated fields using the FIGARO platform can drop by 28-29% compared to drip irrigated fields not using a decision support system (DSS).



FINANCING FARMERS IN INDIA

In 2013, we established the Netafim Agricultural Financing Agency (NAFA). NAFA is a non-banking financial company (NBFC) that is majority-owned by Netafim (51%) with two partners – Atmaram Properties, an Indian real estate group, and Granite Hill India Opportunities Fund, a private equity fund – that bring financial experience and knowledge to the agency. A strategic partner of Netafim India, NAFA provides rapid financing solutions to new smallholders who otherwise could not afford drip irrigation, and cannot secure loans or financing support by other means.

NAFA's growing impact



NAFA serves **8** smallholders in **8** states in India

Since 2013, **23,000** farmers have benefited from loans totaling **\$33 million** that have enabled the installation of drip irrigation across **22,000** hectares



DELIVERING MEGA-AGRICULTURE IN PERU

One of our exciting challenges has been contributing to the development of agriculture in Peru. An example is our smart irrigation solutions based on pivot technology for a mega sugarcane initiative on virgin land for Grupo Gloria. We provided the customer with a comprehensive turnkey irrigation and fertigation solution that increased yields, while saving resources and contributing to local

prosperity. Within one year, we installed 91km of irrigation piping, 90 pivot systems, a 14 kilometer electrical backbone, 13 hydrant units, and an automated irrigation, fertigation and monitoring system. To handle this task, we recruited and trained about 250 local unskilled workers, and trained Grupo Gloria's farming staff in irrigation system operation and best practices for optimal results.

SUPPORTING ECONOMIC GROWTH IN SENEGAL



We continue to support the development of sustainable sugarcane production in Senegal via a multi-year project that contributes to local prosperity in many ways. Our customer, the Senegal Sugar Company (CSS), used drip irrigation to achieve higher yields while minimizing water, nutrient, fertilizer, energy consumption and labor costs. This has enabled the company to continue to grow and advance the social and economic development of the region, thousands of its employees, and many suppliers and partners. By the end of 2015, 700 hectares of drip irrigation were installed, and the remaining 750 hectares will be completed in 2016. Since the start of the project, CSS has already seen an impressive increase in yields from 120 tons/hectare to around 200 tons/hectare (66%), alongside a reduction in costs.



EDUCATION FOR PROSPERITY

The second pillar in our sustainability strategy is about education and collaboration. This involves working at all levels to advance awareness and an understanding of the benefits of drip irrigation, and engaging in extensive sharing of knowledge and expertise with

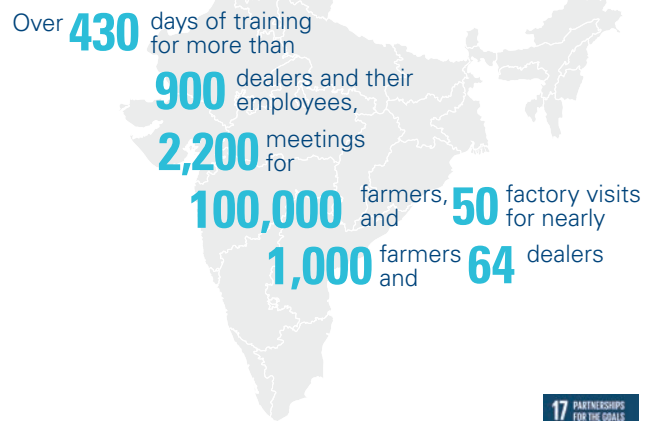
farmers and others throughout the industry. Leveraging our proven solutions, we make every effort to engage, educate and collaborate in promoting smart irrigation across the globe.

RAISING AWARENESS OF DRIP THROUGH FARMER TRAINING AND EDUCATION



We have made it our mission to raise awareness of the benefits and use of drip irrigation by annually conducting thousands of educational sessions in dozens of countries worldwide. These gatherings not only provide farmers with tips for optimizing their operations by using drip irrigation, but also bring farmers from the same region together for networking, knowledge sharing and mutual support. We estimate that through our team of technical experts and agronomists, as well as our extensive global partner network of over 2,500 dealers, we reach hundreds of thousands of farmers via thousands of training sessions worldwide.

TRAINING IN INDIA IN 2015



ADVANCING SUSTAINABLE AGRICULTURE POLICY

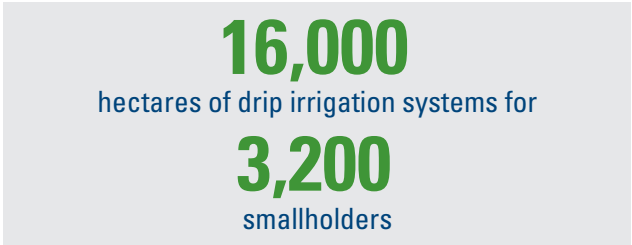


- We support the advancement of policy that promotes and facilitates access to tools and practices for sustainable agriculture through our work with local, national and municipal authorities, engagement with global organizations for policy change, and partnerships with NGOs.
- We share our knowledge and expertise in water conservation, water access and agricultural efficiency as part of the global dialogue for advancing sustainable development.
- We participate in global conferences on water and food sustainability, and are active in several UN frameworks including the Global Compact (UNGC) LEAD and the CEO Water Mandate.
- We participate in multi-stakeholder projects and working groups including the Sustainable Agriculture Business Principles Core Advisory Group of the UNGC program.
- We are involved in primary areas of policy advancement relating to water and human rights, corporate water disclosure and engagement, and collective action for water conservation.
- We played an influential role in helping shape the Sustainable Development Goals (SDGs) by attending multiple meetings and conferences in which UNGC LEAD companies provided guidance in their areas of expertise. We are honored to have been one of only 10 private-sector companies invited to attend the SDG launch at the General Assembly of the UN Sustainable Development Summit in 2015.



TURNING MOROCCO GREEN

Netafim is engaged in an ongoing Moroccan government initiative to support sustainable agriculture and to turn the country green. As a key partner in this initiative, we provide farmers with drip irrigation and training to achieve optimal results. By the end of 2015, we had installed drip irrigation systems across 16,000 hectares, and had engaged with 3,200 local farmers, mainly smallholders.



SUPPORTING SMALL-SCALE FARMERS IN MACEDONIA

Netafim partnered with the Carana Corporation in the USAID-funded Small Business Expansion project in Macedonia. Launched in 2013, the project supplies small-scale farmers with drip irrigation systems and improved farming protocols, while offering training and knowledge sharing to help them achieve the best possible results. In the initial project pilot, we installed drip systems across 44 hectares owned by 100 smallholders. The plots not only are used for commercial production, but also serve as a training center for regional farmers. In light of the project's positive results over the last two years, the Carana Corporation decided in 2015 to invest in small businesses via the same model. As such, it is now supporting a 3-million euro investment in a 1,500 hectare drip-irrigated corn field that will help local farmers prosper and contribute to more sustainable corn production in Macedonia.

In the summer of 2013, one of the driest on record, drip irrigation led to corn yields of up to

17 tons per hectare with drip

COMPARED TO

5 tons per hectare with other methods



BACKBONE FOR PROSPERITY

The third pillar in our sustainability strategy is about how we operate as a responsible business and good corporate citizen – for our employees, for our communities and for the environment. We continue to keep abreast of opportunities for improving our performance.

EMPOWERING OUR EMPLOYEES

Our employees are the drivers of our success. We rely on their engagement and passion for making the world a better place as we contribute to sustainable agriculture and global prosperity. We also rely on their creativity and skills as we continue to develop our business. Our aim is to provide a meaningful work environment

that empowers our employees to be highly effective, motivated and engaged, and to offer fair compensation so that as we prosper as a business, so will they. Spread across 25 countries, our employees are highly motivated to meet the needs of our growing customer base.

CREATING OUR NEW BACKBONE TOGETHER

In 2014, we embarked on a process to redefine our backbone – the vision, mission and values that define and guide us – in order to refresh our focus and address new challenges and changes experienced in recent years. The process included the collection of personal and organizational success stories from 1,000 employees worldwide that helped shape our strategic direction

and values. In addition, over 200 senior managers worked together to propose a new direction in defining our new vision, mission and values.

At the end of the process, we formulated a holistic definition of Netafim's contribution to society – fighting food scarcity by enabling higher yields and more efficient water and land usage via our irrigation solutions.

"The backbone development process reinforced the great pride of our employees in Netafim's brand and their strong belief in our future success."

Rachel Shaul, Head of Corporate Marketing and External Affairs



1,000

employees participated in

20

workshops

170

personal interviews and a

4-week

intranet competition in which

177

stories were submitted yielding hundreds of Likes and Shares

BRINGING OUR VALUES TO LIFE

To make our vision, mission and values meaningful to our employees, we embarked on a global process through which each subsidiary implemented a plan that best fit its local approach and culture. Netafim USA held activities in each quarter of 2015 that were dedicated to one of our four values. Netafim France held outdoor activities reflecting the challenges of each value. Netafim Turkey employees spent a day on a boat in the Mediterranean Sea engaging in activities reflecting our new values. And Netafim India employees participated in activities on Netafim Day at a holiday resort where our values were presented.

Award for backbone process

Netafim won the 2015 Excellence in HR Competition in the Strategic Partner category held by the Israeli Society for Human Resource Management, Research and Development for our backbone process.

PROVIDING ONLINE TRAINING FOR GREATER KNOW-HOW

Netafim Mexico developed an online training platform leveraging our experts' knowledge to benefit employees. The platform specifically targeted sales personnel to help them achieve their business objectives and accelerate their internal development. By sharing tools for success, both they and Netafim succeed.

The training content is designed to manage and share knowledge and know-how across the company. Employees follow the course using an online tutorial, and must pass a test to receive a certificate of completion. This program is now rolling out across Netafim to ensure that all relevant employees gain the same level of knowledge and improve their capabilities accordingly.

E-learning platform

- Launched in 2015
- Available in Portuguese, Spanish and English
- 24 modules covering products, technical aspects of irrigation, agronomy and hydraulics
- Each module takes about 2 hours to complete
- Employees who achieve an “outstanding” score further use their knowledge to train others
- 300 employees completed courses in 2015

ENGAGING OUR EMPLOYEES

We engage with our employees to understand their sense of belonging and satisfaction at Netafim so we can better provide them with what they need to succeed and be happy at work. We conducted a global Employee Engagement survey in 2014 in which 84% of our employees participated. We repeated the survey in 2015. Participation increased to 93%, and an average engagement score of 4 (out of 5) was recorded. This indicates a strong level of engagement against all benchmarks, and we aspire to maintain and even improve this score in the future.



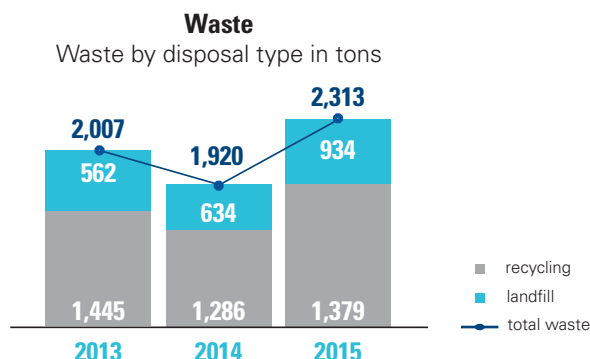
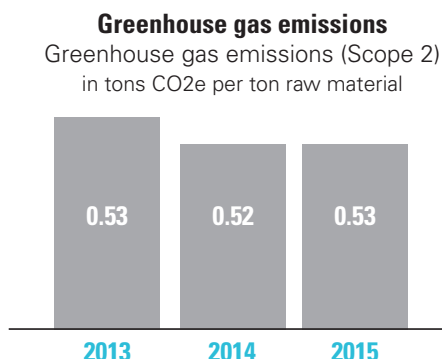
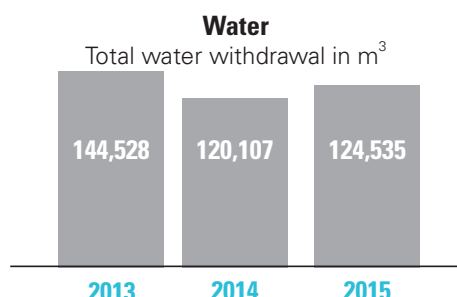
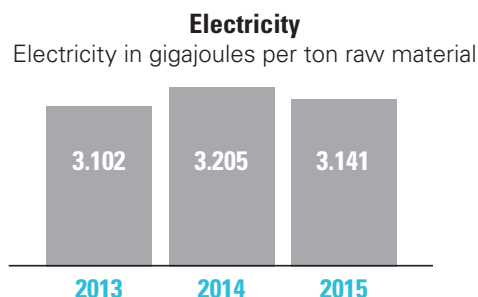
IMPROVING OUR OPERATIONS

We maintain a supply chain across 17 manufacturing plants located close to our customers in most of our primary markets. By manufacturing locally, we create efficiencies in logistics and a strong platform for providing attentive local service and being readily available to meet their needs. All our plants operate according to the same rigorous manufacturing standards, and most sites have obtained certification to ISO standards. Each plant conducts a monthly review of its operations, including adherence to responsible supply chain standards.

OUR SUPPLY CHAIN				
SOURCE	CONVERT	DISTRIBUTE	SERVICE	COLLECT
raw materials for dripperlines and other peripheral products	raw materials into drip irrigation products	products to our customers directly or through our global dealer network	installation support, technological backing, and agronomic advice to our customers	used dripperlines for recycling and utilization of various drip irrigation applications

In addition to our internal supply chain, we operate a global distributor network with more than 2,500 dealer-distributors in over 110 countries. We view our dealers as partners who share our values, aspirations and professional approach. A key objective is to ensure that our dealers can source our products at all times and supply their customers to meet their needs. Beyond product supply, we work closely with our most strategic dealers to update them with professional and technical knowledge and customer service tools.

ENVIRONMENTAL PERFORMANCE





SUPPORTING COMMUNITY DEVELOPMENT

At Netafim, we believe in supporting the communities where we live and work, and we engage in multiple community projects and initiatives around the world. Our employees donate time and energy to support activities that promote efficient use of natural resources, sustainability education, and local economic empowerment. We typically focus on activities that reflect our core business and utilize the knowledge and experience of our employees to advance sustainable and agriculture education, the construction of community gardens, and the promotion of industry and technology for young people.

PROVIDING VEGETABLE GARDENS IN ISRAELI-ARAB TOWN

In 2015, we engaged in a community garden initiative aimed at educating and raising awareness of healthy eating habits among children in the Israeli-Arab community of Baqa al-Gharbiyye in northern Israel. In collaboration with Joint Israel, a local humanitarian aid organization, and the Baqa al-Gharbiyye Municipality, we developed an initiative to

construct vegetable gardens in the town's 35 kindergartens. This included donating drip irrigation systems at each kindergarten and time and expertise of 80 employees who supported the project from design to full installation. Our team met with every teacher to plan each garden according to local needs and the schoolyard's conditions.

Environmental award

In 2015, partly due to our vegetable garden project, Netafim Magal received the Industry Award for Social and Environmental Leadership granted by the Manufacturers Association of Israel.

PRACTICING SUSTAINABLE FARMING WITH AT-RISK ISRAELI YOUTH

In 2015, we supported the construction of the Kayma Farm in the central Israeli community of Be'erotayim. The farm is a private initiative that employs at-risk youth, helping them to learn a profession, earn a living and acquire new skills. The farm sustains itself by selling its own produce. Netafim not only donated drip systems, but also supported construction of the farm and maintenance throughout the year.

PARTNERING IN SOUTH AFRICAN GARDENING PROJECT

We continue to invest in our partnership in South Africa through Learn2Live, a non-profit organization dedicated to the development of preschools in poor communities. Over the last three years, we have helped Learn2Live develop the HomeGrown Garden program to educate preschoolers about healthy nutrition. We install drip irrigation systems in preschools, create educational materials to demonstrate water-saving methods, train teachers, and regularly help with gardening and maintenance.

In 2015, we supported the construction of a 225m² vegetable garden at the Learn2Live's building together with its own drip irrigation system. The garden provides vegetables, such as spinach, onions, parsley, beans, cauliflower, lettuce and tomatoes, to preschools. We also continued to be involved in Learn2Live's educational activities about healthy eating and growing vegetables for preschoolers and their parents. Forty preschools participated in this program in 2015, involving more than 1,000 preschoolers.

2015 SUSTAINABILITY DASHBOARD

Netafim Performance Summary

EMPLOYEES BY GENDER AND CONTRACT	G4	UNIT		2013	
		MALE	FEMALE	MALE	FEMALE
Total employees by gender	G4-10	Year-end head count		N/A	N/A
Total employees by year	G4-10	Total		3,279	
Permanent contract employees	G4-10	Percentage		N/A	N/A
Temporary contract employees	G4-10	Percentage		N/A	N/A
NEW HIRES AND TURNOVER	G4	UNIT		2013	
Employee new hires	G4-LA1	Head count		468	
Employee leavers	G4-LA1	Head count		526	
Employee turnover	G4-LA1	% year-end leavers		16%	
HEALTH AND SAFETY	G4	UNIT		2013	
Number of injuries	G4-LA6	Injuries		64	
Number of lost days due to injury	G4-LA6	Days		863	
Number of fatalities	G4-LA6	Number		0	
EMPLOYEE DEVELOPMENT	G4	UNIT		2013	
Employee performance reviews	G4-LA11	% of employees		88%	
COMMUNITY INVESTMENT	G4	UNIT		2013	
Total value of community investment	G4-SO1	US dollars		N/A	
Employee volunteers	G4-SO1	Head count		700	
Volunteered hours	G4-SO1	Hours		7,700	
ENVIRONMENTAL PERFORMANCE	G4	UNIT		2013	
Water withdrawal	G4-EN8	m ³		144,528	
Electricity consumption	G4-EN5	GJ/ton of raw material		3.10	
GHG emissions (Scope 2)	G4-EN18	Metric tons CO ₂ e/ton of raw material		0.53	
Waste to recycling	G4-EN23	Metric tons		1,445	
Waste to landfill	G4-EN23	Metric tons		562	
Total waste	G4-EN23	Metric tons		2,007	
Percentage of waste recycled	G4-EN23	Percentage		72%	

2014		2015		CHANGE (%) IN 2015	
MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
3,088	641	2,985	519	-3%	-19%
3,729		3,504		-6%	
70%	15%	72%	13%	3%	-10%
13%	3%	13%	2%	4%	-36%
2014		2015		CHANGE (%) IN 2015	
625		860		38%	
N/A		859		N/A	
N/A		25%		N/A	
2014		2015		CHANGE (%) IN 2015	
39		33		-15%	
422		410		-3%	
0		0		=	
2014		2015		CHANGE (%) IN 2015	
94%		99%		5%	
2014		2015		CHANGE (%) IN 2015	
119,756		367,203		207%	
752		768		2%	
10,724		12,243		14%	
2014		2015		CHANGE (%) IN 2015	
120,107		124,535		4%	
3.21		3.14		-2%	
0.52		0.53		2%	
1,286		1,379		7%	
634		934		47%	
1,920		2,313		20%	
67%		60%		-11%	



ABOUT THIS REPORT

This is a summary of our third Sustainability Report, and it describes our approach to sustainability and the key actions taken in 2014-2015 to advance responsible practices across our global business. The report is designed to provide our stakeholders with a transparent account of our impact on society and the environment. Our last report was published in 2014. In the interim years between sustainability reports, we publish a standalone Communication on Progress (COP) to the UN Global Compact. Our last COP was published in 2015. The report is written in accordance with the Global Reporting Initiative

(GRI) G4 sustainability reporting standard, core option, which we believe represents the most advanced sustainability reporting framework available today. The report also complies with our commitment to submit an annual COP to the UN Global Compact and to the CEO Water Mandate.

You can see our complete GRI Content Index in our full online report. Below are the specific performance indicators that are included in the full G4 index, along with the G4 general disclosures.

G4 indicator	Detail	Material Impact
G4-EC8	Indirect economic impacts	* Mass adoption of drip irrigation * Sustainable productivity * Supporting sustainable agriculture policy
G4-EN5	Energy intensity	Lean supply chain
G4-EN6	Reduction of energy consumption	
G4-EN18	Greenhouse gas emissions intensity	
G4-EN23	Waste by type and disposal method	
G4-EN8	Water withdrawal	Water conservation
G4-LA1	New employee hires and turnover	Employee performance
G4-LA6	Health, safety and absenteeism data	
G4-LA11	Performance development reviews	
G4-SO6	Political contributions	Supporting sustainable agriculture policy
G4-PR5	Surveys measuring customer satisfaction	Enhancing customer capabilities



TO READ MORE ABOUT
OUR GRI CONTENT INDEX
PLEASE VIEW OUR FULL REPORT

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GROW MORE WITH LESS

