

Netafim Group

**ANTI BRIBERY & CORRUPTION
COMPLIANCE POLICY**

**Approved by the Board of Directors
On April 5th**

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A. DEFINITIONS

- a. "**Netafim**" and "**the Company**" shall mean Netafim Group and all its subsidiaries, including executives, staff and employees of all levels.
- b. "**Board**" shall mean the board of directors of Netafim.
- c. "**Code of Conduct**" shall mean the Company's code of conduct as adopted by the Board.
- d. "**Committee**" or "**Audit Committee**" shall mean the audit committee of Netafim.
- e. "**Policy**" or "**Compliance Policy**" shall mean this policy of zero tolerance for bribery and corruption, as adopted by the Board.
- f. "**Employee**" and "**Employees**" (as applicable) shall mean all directors, officers, employees and full time team member consultants of the Company.
- g. "**Compliance Officer**" shall mean the person to fill the position of Anti-Bribery and Corruption compliance officer as shall be appointed, from time to time by Netafim's CEO according to the resolution made by the Board as set in the Policy.
- h. "**Anything of Value**" or "**Gifts**" is defined broadly to include anything at all that is of value, in any form, including but not limited to cash, cash equivalents, gifts, travel, lodging, meals, entertainment, loans, services, favors, business or employment opportunities (including opportunities to a family member of a Government Official or other third party), or political or charitable contributions.
- i. "**Business Hospitality**" includes meals, travel, accommodation, entertainment (concerts, theatre or sporting events) or provision of other third parties' expenses.
- j. "**Business Partner/s**" includes all persons or entities with whom the Company has entered into, or contemplates entering into, a business relationship, including agents, finders, dealers, distributors, consultants, joint-venture partners, co-investors and representatives, and whom/which are expected to interact with Government Officials or other third parties (including from the private sector), within the scope of their engagement with the Company. For the avoidance of doubt, this definition does not apply to customers of the Company.
- k. "**Government Officials**" is defined broadly and includes: (1) any officer or employee of any government or any department, agency, or instrumentality thereof (at a local or state level), including officers and employees of a government-owned or government-controlled entity, or subsidiary thereof, or of a public international organization; (2) any political party official or any candidate for political office; or (3) any person acting in an official capacity for or on behalf of any of the foregoing governments, entities or persons. In Israel, this shall additionally include: (i) any employee of a body corporate that provides a service to the public; and (ii) any of the following: soldiers of the Israeli Defense Forces; an official of a religious institution; an arbitrator; an employee of the National Insurance Institution; an

employee of the Bank of Israel; an employee of the World Zionist Organization, the Jewish Agency, the Jewish National Fund, Keren Hayesod, the United Jewish Association, and any of their respective management; and the holder of any title or position created by law, whether by appointment or election, if not otherwise covered by the previous categories.

- l. **"Internal Auditor"** of the Company monitors and evaluates how risks are being managed, how the business is overall being governed and how internal processes are working. As part of the role, the Internal Auditor receives complaints via the whistle blower mechanisms and performs regular financial and operational checks in Israel and throughout the Company's subsidiaries and offices worldwide.
- m. **"Negligible Value"** shall mean the value determined for each country by that country's manager and its CFO, and for Israel by the CFO of Netafim, in consultation with the Compliance Officer.

B. BACKGROUND

1. Company's Policy of strict compliance with anti-bribery and corruption laws

This Compliance Policy, as adopted by the Board, supplements the Company's already existing Code of Conduct, by outlining the Company's expectations with respect to anti-bribery and anti-corruption compliance in further detail, and by providing ethical and legal standards and guidelines to be implemented when carrying out Company activities or activities associated with the Company.

The Policy encapsulates the Company's strong commitment to the highest ethical and legal standards, and emphasizes compliance with all relevant applicable laws and regulations connected to the Company's activities relating to anti-bribery and anti-corruption; including, but not limited to, the Israeli Penal Code - 1977, the U.S Foreign Corrupt Practices Act - 1977, and the UK Bribery Act -2010.

Company Employees and Company Business Partners alike are required to comply with the Policy. Employees are required to ensure, in as much as they are able, compliance by the Business Partners with the Policy.

C. POLICY OF ZERO TOLERANCE FOR BRIBERY AND CORRUPTION

1. Primary principals of the Policy

- a. The Policy, as approved by the Board, supplements the Company's Code of Conduct by setting out more detailed and practical instructions and guidelines as to the

implementation, supervision and enforcement of the Company's already existing guiding principle of zero tolerance for bribery and corruption. Complying with the Policy means that the Company, including its Employees, and Business Partners, are prohibited from offering, promising, or giving Anything of Value, directly or indirectly, to a Government Official or to any other third party (including from the private sector) for the purpose of influencing official or business action or otherwise obtaining an improper advantage. In addition, the Policy requires that the Company's books and records be kept in a manner that accurately reflects all transactions and payments, and provides all reasonable detail.

- b. The Company shall not knowingly enter into business relationships with any person or entity if the Company knows, or is aware of circumstances giving rise to a reasonable probability, that the third party has or may likely take actions prohibited by this Policy.
- c. The Company shall comply with all applicable laws, regulations and contract requirements relating to the fight against bribery and corruption.
- d. The Company shall bring its policy of zero tolerance for bribery and corruption to the attention of its employees and to the attention of its actual or potential Business Partners.
- e. The Company shall implement, supervise and enforce the foregoing principles of zero tolerance for bribery and corruption with its employees and its Business Partners.

2. Internal appointments and organizational structure dedicated to implementing, supervising and enforcing the Policy

- a. **Appointment of a dedicated senior employee of the Company to direct and manage the implementation of the Policy**

The Board appointed a senior employee of the Company as its Compliance Officer. The Compliance Officer shall be responsible for leading the implementation, management and enforcement of the Company's Policy within the Company and with regard to Company's business relationships with its Business Partners. The Compliance Officer shall be responsible for the Company's compliance team, to be consisted, at the Compliance Officer's sole discretion, *inter alia*, of regional compliance representatives (a "**Compliance Representative**") that will handle all compliance aspects relating to the Policy in each of the regions/countries in which the Company operates and report to the Compliance Officer in a manner to be determined by the Compliance Officer.

b. Supervision and Monitoring of the implementation of the Policy by the Audit Committee

With the introduction of this Policy, the Audit Committee will have the additional role to supervise and monitor the implementation of the Policy. The Committee shall meet with the Compliance Officer: (i) once a year to review the annual report submitted by the Compliance Officer covering the previous year; and (ii) at all such times when the Compliance Officer submits an ad-hoc report to the Committee. The Committee will discuss the annual and ad-hoc reports and if it deems it necessary, and insofar as the report/s indicate/s material violations, the Committee will forward the report/s, together with the Committee's recommendations, for discussion by the Board. Generally, the Committee shall also consider the adequacy of all measures and procedures taken to implement and enforce the Policy, and shall recommend, if necessary, to the Board and to the Compliance Officer, improvements to the existing measures and procedures.

3. Dedicated Board Sessions for discussing and reviewing the implementation of the Policy

From time to time and at least once every year, the Board shall devote a dedicated portion of one of its meetings to review and discuss implementation of the Policy. This may include any desired changes to the Policy or otherwise any issues which arose under the Policy (including those addressed by the Audit Committee, the Internal Auditor, the Compliance Officer, the Compliance Representatives or the CFO).

4. Implications of non-compliance

Any Employee found to be in breach of the Policy will be disciplined and, depending on the severity of the breach, may be dismissed for breach of his employment contract or otherwise breach of applicable laws. Similarly, any business relationships with a Business Partner which is found not to comply with the requirements of the Policy may, depending on the severity of the non-compliance and subject to applicable laws, be terminated by the Company. Severe failures to comply with the Policy shall be treated as serious incurable breaches, not as mere mistakes that can be corrected. No business relationship shall be re-established with a third party which previously had a business relationship with the Company that was terminated as a result of a failure to comply with the Policy, unless it is demonstrated to the Company that such third party is currently, and will continue to be in compliance with the Policy, and has implemented appropriate measures to ensure there is no repeat of practices which could be in breach of the Policy.

D. POLICY GUIDELINES AND REQUIREMENTS FOR EMPLOYEES

1. Employee Hiring

The Company will not knowingly employ any person who has a record of behavior which is inconsistent with the Policy. For this purpose, the Company may conduct relevant checks of the individual before hiring (only within the limits of the law), and may request, reference checks and/or police records as necessary from the individual.

2. Policy and Guidelines to Employees

Company Employees shall abide by the Company's Policy, including all practical guidelines, as set forth in **Appendix 1-4** to this Policy. In case of doubt, when applying said Policy, Employees should consult with their regional Compliance Representative and/or with the Compliance Officer, or otherwise CFO (in regions where there is no Compliance Representative), as applicable.

3. Implementation of the Policy

Upon the entry into force of this Compliance Policy, the Company will publish a notification of the Policy to the Employees on Netafim Portal. In addition, the country managers, at their sole discretion, will be responsible for disseminating a declaration to the relevant Employees (new and existing personnel), as outlined in **Appendix 5**, particularly to Employees who conduct any business connections with third parties which work on behalf of the Company. By signing the declaration at **Appendix 5**, the relevant Employee is indicating that s/he has read, understood and agreed to comply with the Company's zero-tolerance policy regarding anti-bribery and anti-corruption for the Company, its Employees and Business Partners. Upon Compliance Officer's request, the country managers will confirm in writing the dissemination of the Policy and its acknowledgment by the relevant Employees.

4. "Red Flags"

In the event that an Employee encounters any activity or incident which raises a concern of inappropriate behavior contrary to the Policy ("**Red Flags**"), including, but not limited to, any of the actions or activities listed in **Appendix 4** to this Compliance Policy, the Employee shall immediately:

- a. Report such "Red Flag" to the regional Compliance Representative or in regions where there is no Compliance Representative to the local CFO and the Compliance Officer; and
- b. Take written notes of the discovery, nature and facts of such "Red Flag", and submit such notes to the regional Compliance Representative or in regions where there is no Compliance Representative to the local CFO and the Compliance Officer as per Section 5 below; and
- c. Act in relation to such "Red Flag" solely in accordance with the Compliance Representative's and/or Compliance Officer's instructions, as applicable (when the instruction is of a regional Compliance Representative, such instructions shall be dispensed after consulting with the Compliance Officer).

5. Reporting/Whistle-blowing

Any Employee who knows or suspects that any action or activity by any other Employee (including an immediate superior), or by any Business Partner (or by any other third party), is inconsistent with the Policy, shall be obligated to bring same to the immediate attention of the Compliance Officer, including on a confidential basis. In order to encourage and facilitate such reporting by Employees, different methods have been established to allow Employees to report the information or suspicions. This includes (i) the ability to make an anonymous whistleblower complaint via Netafim Portal, and (ii) the creation of the Netafim hot-line by which an anonymous message may also be left. Additionally, Employees can also write an email to the Compliance Officer reporting the information or incident. Employees are encouraged to identify themselves due to the potential severity of the offence being reported and confidentiality which the Compliance Officer must apply to the situation; but any Employee who wishes to report anonymously shall be afforded the opportunity to do so (either via the Netafim Portal or the hotline).

6. Obligation of Company Employees to co-operate fully with the Compliance Officer and Compliance Team

Company Employees shall co-operate fully and courteously, and in a timely manner, with all requests and directives of the Compliance Officer and his/her designated team, subject to all applicable law.

E. POLICY GUIDELINES AND REQUIREMENTS FOR BUSINESS PARTNERS

1. The Company shall convey to its Business Partners a clear message of zero-tolerance for bribery and corruption

The Company shall convey to its actual and potential Business Partners a clear and unambiguous message of the Company's zero-tolerance for bribery and corruption. This message shall be conveyed in various ways as described in this Section E.

2. Business Partners to be notified of the Company's Policy on Bribery and Corruption

Potential or actual Business Partners shall be notified of the Company's zero-tolerance policy against bribery and corruption, ideally at the initial stages of the applicable commercial discussions or relationship between the Company and the Business Partners. Such notification shall be, insofar as possible, by means of a standard letter of notification as set forth in **Appendix 6** to this Policy, which should be countersigned by the Business Partner acknowledging the existence of the Company's Policy and its agreement to comply with it. If for some reason the format in Appendix 6 is deemed onerous in the circumstances, the Compliance Officer shall deem another form of notification as appropriate.

3. "Red Flags"

Throughout every relationship which the Company has with Business Partners, the Company shall continue to monitor such Business Partner for any Red Flags and potential misconduct or behavior inconsistent with the Policy. A non-exhaustive list of such Red Flags is set forth in **Appendix 4** to this Compliance Policy.

F. SUPERVISION, ENFORCEMENT AND REPORTING

1. Supervision, Enforcement Plan and Reporting

The Compliance Officer and the compliance team shall be empowered to conduct internal audit and monitoring activities, and shall establish mechanisms for ensuring awareness and compliance with the Policy and any guidelines thereof.

Without derogating from the above, the Compliance Officer shall establish, engage in, enforce and lead all of the following activities:

- a. Implementation of all resolutions and directives of the Board relating to the Policy.
- b. Assimilation of all Policy requirements and directives of the Board into detailed, practical and effective instructions and guidelines to be distributed to Company Employees, adjusted as required for the countries in which Netafim operates.
- c. Determining the form and scope of the due diligence process to be performed with regards to Business Partners (including if such process is either not required or possible).
- d. Directing the Company's legal department in preparing clauses relating to the Policy to be inserted, where appropriate and as possible, in all contracts between the Company and its Business Partners and/or customers.
- e. Reviewing and keeping the Policy updated, taking into account changes and updates to existing relevant legislation/regulations/governmental policies, and new and/or proposed relevant legislation/regulations/governmental policies, relating to the prohibition against bribery and corruption.
- f. The preparation and submission of: (i) ad-hoc reports to be submitted to the CEO of Netafim and the Committee in the event of a breach or alleged breach of the provisions of the Compliance Policy; and (ii) annual reports summarizing the previous year to be submitted to the CEO of Netafim and the Committee; and attendance in meetings of the Committee with respect thereto.
- g. Conducting internal investigation and/or audit (including by external investigators) within the Company, in case of an alleged failure to comply with the Policy, and issuing written reports on the outcome of such investigation to Netafim's CEO and the Committee.

Employees of the Company shall be instructed to fully cooperate with the Compliance Officer and his/her designated team, and to grant the team prompt and unhindered

access to all files, records, e-mails, contracts and communications, both internal and external, as allowed and required by applicable law.

2. Internal Auditor

The Compliance Officer and his/her team shall work closely with the Internal Auditor (who shall be made familiar with the Policy) to identify any suspicious or unidentified payments or receipts of money. Internal Auditor shall report any incident or findings requiring reporting to the Audit Committee, as required on a case-by-case basis.

APPENDIX 1

COMPANY POLICY AND GUIDELINES ON GIFTS AND BUSINESS HOSPITALITY

1. General

- (a) Due to the potential consequence of violation of different anti-corruption laws and the difficulty in often recognizing what may or may not be legal when it comes to giving items of value to Government Officials, or otherwise to private companies, in addition to the fact that there are different levels of regulation of bribery in the different regions and countries, generally, and in which the Company operates, the Company has specifically outlined its policy related to gift-giving and receipt and Business Hospitality as outlined in this **Appendix 1**.
- (b) The Company's Employees must follow the guidelines as set out in this **Appendix 1** in relation to Gift-giving and provision of Business Hospitality, or receipt thereof. In cases there is doubt or uncertainty whether provision or receipt of Gifts or Business Hospitality would be acceptable under the Policy or in certain jurisdictions, Employees should consult with the regional Compliance Representative (or local CFO in regions where there is no Compliance Representative) and/or the Compliance Officer, as applicable.
- (c) Gifts and Business Hospitality may not be given or provided directly or indirectly via a third party. Accordingly, all prohibitions that apply to the Company pursuant to this Policy will also apply to its Employees and to its Business Partners.
- (d) Giving or receipt of exceptionally lavish or inappropriate Gifts or Business Hospitality relating to Government Officials, Business Partners or other third parties are strictly prohibited, except as expressly permitted under this Appendix. Gifts and Business Hospitality must be appropriate and professional and not be lavish or likely to be perceived as lavish or to cause embarrassment to the Company. Gifts and Business Hospitality that appear to be improper are also prohibited.
- (e) As a general policy, it is strictly prohibited to give Gifts or provide Business Hospitality to Government Officials as a form of appreciation or thanks for past or ongoing business or as a form of incentive for future business.

2. Business Hospitality

It is recognized that in the course of conducting business, it is customary throughout the business world for a host company to invite potential customers, Business

Partners, and other third parties (collectively "**Guests**") to dine in restaurants or hotels in the course of a visit or discussions, or at the venue for a meeting, conference or discussions, and occasionally to invite such Guests to cultural events, such as concerts, theatre or sporting events. It is also sometimes customary, when inviting a non-local customer or potential customer to attend a professional conference, training or presentation or testing of a product, to provide such customer with reasonable travel and accommodation, or cover the expenses thereof, for the purposes of attending such event. At the same time, most national laws relating to anti-corruption and bribery impose strict limitations on the provision of hospitality to Government Officials. As a result, the Company's provision of Business Hospitality, such as attending cultural events, and/or the provision and/or the covering of expenses of travel and/or accommodation, to Government Officials, shall be permitted only in exceptional cases.

All provision of Business Hospitality shall be further subject to the following parameters and caveats:

- (a) Payment or reimbursement for costs of, or the provision of Anything of Value to, Guest's spouses, family members or companions is strictly prohibited.
- (b) All costs incurred for Business Hospitality provided by the Company shall be evidenced by proper receipts.
- (c) All Business Hospitality expenses must be accurately recorded in the Company's books, and supported by accurate documentation and invoices.
- (d) Company's management (global CEO and VP level) and GBU (Global Business Unit) managers will be permitted to provide Business Hospitality to Business Partners without the requirement of prior permission of the Compliance Officer, as long as the Business Hospitality is reasonable and not exceptionally lavish. If there is any doubt about this, the manager should consult with the Compliance Officer before offering the Business Hospitality.
- (e) For all other employees, any costs to be incurred for Business Hospitality and hosting of Guests must be supported by a prior written consent of the local Compliance Representative or in regions where there is no Compliance Representative the local CFO or alternatively the Compliance Officer. In each case of Business Hospitality, the following information must be provided to the Compliance Representative, local CFO or Compliance Officer, as applicable, for review:
 - (i) the name of the Guests, their company/organization and their title/position therein;
 - (ii) the reasons for the visit;
 - (iii) the venues and nature of the Business Hospitality;
 - (iv) the justification for the Business Hospitality; and
 - (v) the expected costs of such Business Hospitality.

Each such report shall be signed by the Employee of the Company responsible for the invitation to the respective Guests.

- (f) Only the following categories may be included in Invitations: travel, lodging, reasonable meals and professional incidental expenses (visa application, local transportation etc.). All other expenses shall be the responsibility of the Guest. All offers to cover travel and lodging expenses should be first verified with the Compliance Representative or local CFO (in regions where there is no Compliance Representative) and/or Compliance Officer – before any such offer is made to the Guest.
- (g) For the Company's activities, invitations to Government Officials are exceptional events. Given the sensitivity related to potential inappropriate provision of Gifts or Business Hospitality to Government Officials, everything related to any invitation of Governmental Officials, must be done with utmost caution; all such activities and invitations must be pre-approved by the Compliance Representative or in regions where there is no Compliance Representative by the local CFO and the Compliance Officer before being offered to the Government Official or respective government department. Offering of flights or lodging to Government Officials is strictly prohibited, unless prior approval has been sought and received from the Compliance Officer.
- (h) Employees' expense reports must properly identify the nature of any Business Hospitality paid by the respective Employee. Any Employee who disguises, falsifies or misidentifies any Business Hospitality expense for any reason will be subject to disciplinary measures. Depending on the severity of the matter, such measures may include refusal of the Company to reimburse the expenditure and/or in severe cases, termination of the offending Employee's employment.
- (i) Any deviation from the above Business Hospitality policy requires the pre-approval in writing from both the Compliance Officer and Netafim's CFO.

3. Gifts received from or given to Business Partners and Government Officials

The Company recognizes that in certain cultures, the giving, exchanging and acceptance of Modest Gifts (e.g. Gifts which reflect local culture or history, or moderate mementos which bear the giving party's logo and are of Negligible Value as defined in the Definitions section of the Policy at section A1(j)), are matters of etiquette and custom as gestures of friendship, and are not construed as bribes or as attempts to influence business decisions. Indeed, the non-giving or non-acceptance of such Gifts may be construed as insulting. Accordingly, in order not to cause any such insult, such local customs shall be taken into account, and the Company has formulated the following guidelines and rules regarding Gifts given or received in the course of the Company's business (in case there is doubt, Employees should consult with their regional Compliance Representative or local CFO (in regions

where there is no Compliance Representative) and/or the Compliance Officer, as applicable):

(a) Receipt of Gifts

1. Modest Gifts of a non-personal nature may be accepted by an Employee of the Company from a Business Partner without prior authorization.
2. Gifts of a personal nature (e.g. jewelry, watches etc.) and/or Gifts having a non-Negligible Value should not be accepted by an Employee from a Business Partner.
3. In the event that Gifts are received by an Employee of the Company from a Business Partner having a non-Negligible Value, then this must be reported to the Compliance Officer. The Compliance Officer shall determine and record whether such Gift/s may be retained by an Employee, whether they should be handed over to the Company or otherwise returned to the Business Partner. In case of uncertainty regarding the value of a Gift, the Employee should consult with the Compliance Representative or local CFO (in regions where there is no Compliance Representative) or the Compliance Officer before deciding to keep the Gift.

(b) Giving of Gifts

1. Giving or promising Gifts in order to improperly influence any actual or potential business transaction or business opportunity or to gain an improper advantage is strictly forbidden.
2. Modest Gifts of a non-personal nature, reflecting the Company (e.g. bearing the logo of the Company) or the culture/history/tradition of Israel or the country in question, may be given by Employees on behalf of the Company to Business Partners or Government Officials. Examples of such Modest Gifts may include: pens, laser pointers, framed pictures, picture albums, small scale models of Company products, commemorative plaques and diplomas and small table-top accessories.
3. Modest Gifts given on behalf of the Company to Government Officials must bear the Company's name and/or logo, or otherwise indicate (including in separate from the gift itself) that they are presented by the Company.
4. Gifts having a non-Negligible Value may not be given to Government Officials. In case of any doubt, Employees should consult with their regional Compliance Representative or local CFO (in regions where there is no Compliance Representative) and/or the Compliance Officer, as applicable.
5. Care should be taken that the frequency of Gifts given (particularly in the context of gifts to a specific Government Official or related department) should not be such that it would create a perception of inappropriate behavior. Similarly, care should be taken to assess the relative value of a Gift to a Government Official, given the specific acceptable norms and standards of his/her country.
6. Gifts in the form of cash (even in small amounts) or cash equivalents (such as gift certificates redeemable for goods or services) are strictly prohibited.

7. Employees' expense reports must properly identify the nature of any Gift/s given by the respective Employee on behalf of the Company. Any Employee who disguises, falsifies or misidentifies any Gift or Business Hospitality expense for any reason will be subject to disciplinary measures. Depending on the severity of the matter, such measures may include refusal of the Company to reimburse the expenditure and/or termination of the offending Employee's employment.
8. Giving of Gifts to the spouses and other family members or companions of Government Officials is strictly prohibited. Similarly provision of Gifts to spouses and other family members or companions of Business Partners should be avoided wherever possible. In exceptional circumstances Gifts can be given in such circumstances, subject to prior express written authorization of the Compliance Officer or Compliance Representative (or local CFO in regions where there is no Compliance Representative).
9. The above policy will also apply in the event that Employees of the Company are invited to attend personal events of Government Officials, their spouses or other family members, to which the bringing of gifts is customary.

APPENDIX 2

COMPANY POLICY AND GUIDELINES ON DONATIONS

- (a) The Company supports donations (whether of money or in-kind), provided that they are legal and not in violation of anti-bribery and corruption laws.

Due to the potential consequence of violation of different anti-corruption laws and the difficulty in often recognizing what may or may not be legal when it comes to donations, the Company has specifically outlined its policy related to provision of donations as outlined in this **Appendix 2**.

The Company's Employees must follow the guidelines as set out in this **Appendix 2** in relation to donations. In cases there is doubt or uncertainty whether provision of donations would be acceptable under the Policy or in certain jurisdictions, Employees should consult with the regional Compliance Representative (or local CFO in regions where there is no Compliance Representative) and/or the Compliance Officer, as applicable.

- (b) Prior to any Employee making a donation using the Company's resources or on its behalf, the following guidelines must be followed:

- Donations will require prior approval as follows:
 - Up to 10K USD – approval by country manager
 - 10K USD - 25K USD – approval by division manager
 - Above 25K USD – approval by the Compliance Officer
- The relevant country manager must ascertain (with the assistance of the Compliance Officer if applicable), that the recipient is a bona fide charitable organization, not controlled by or for the benefit of a Government Official (directly or not), and the donation is in compliance with anti-bribery and corruption laws.
- Each quarter, a summary of all the donations above 10K USD (including contacts and supporting documents) shall be submitted by the local CFO to the Group CFO and kept by the Compliance Officer and the Finance Department.
- Employees shall be instructed to refrain from using the Company's name when making personal contributions and donations.

APPENDIX 3

Company Policy and Guidelines on Projects above 5M USD

- (a) Each project above 5M USD, shall require receipt of a written approval from the Compliance Officer before signing the contract.
- (b) To receive the approval, the Company will conduct the following checks and receive the following confirmations:
- Check on the partners of Netafim in the Project such as finders, JV partners, subcontractors, if relevant. In order to conduct such check, the relevant partner shall fill and submit to Netafim the Third-Party Due Diligence Questionnaire in the form attached to this Appendix 3
 - Verify that the partner agreements regarding the Project include the applicable required compliance sections
 - Receive written confirmations from the relevant MD and project team members and the relevant division head declaration on adherence with the Policy with regard to the Project, in the form attached to this Appendix 3
 - Receive written confirmation from VP Projects and Business Development that the design is aligned with the project specifications and the estimated cost-to-deliver is reasonable, in the form attached to this Appendix 3
 - Receive written confirmation from Netafim CFO and local CFO on the reasonability of the Project profit, in the forms attached to this Appendix 3

THIRD-PARTY DUE DILIGENCE QUESTIONNAIRE

Attached.

FORMS OF CONFIRMATIONS

Division Head Declaration

I, the undersigned, Division Head of [_____] under which Netafim X_____ (the "**Company**") is managed, hereby declare and confirm the following with regard to project/contract _____ (the "**Project/Contract**") which the Company intends to perform:

1. I confirm that the Company's engagement in the Project complies with all and any applicable laws and regulations regarding anti-bribery and corruption.
2. I confirm that to the best of my knowledge, there are no indications that the Project has been or is involved in any respect with any bribery or corruption.
3. I have ensured that the relevant employees involved on behalf of the Company, in the process of engagement and negotiations in connection with the Project, have ensured and confirmed in writing that in the engagement in the Project he has not been involved in any manner with bribery or corruption and accordingly, complies with any applicable laws and regulations regarding anti-bribery and corruption.
4. The Company has retained/did not retain any agents or intermediaries with regards to the engagement or the tender subject of the Project.

In the case where the Company has retained any of the above persons or parties, then a detailed list of all agents and/or intermediaries and their role in the Project, is as set out below:

5. I confirm that the Company did not conduct/is not conducting any illegal activity with government officials with regard to the grant of the Project to the Company.

In the case where the Company has had dealings with government officials, which are in compliance with the law, then a detailed list of the government officials with whom the Company engaged, is as follows:

6. I confirm that the Company has not been engaged in any illegal dealings with any of the Company's competitors with regard to the Project.

7. I have ensured that all costs and expenses incurred with regard to the engagement in the Project have been disclosed and written accordingly in the Company's books.
8. I have ensured that the Project is reasonable and acceptable, both financially and commercially.
9. I confirm that as part of the Company's engagement in the Project, we have carried out all the procedures specified in the Company's anti bribery and corruption compliance program.

Name: _____

Signature: _____

Date: _____

Declaration by the CFO in connection with Project _____ [Project's name]

I, _____ [name], as CFO of Netafim Ltd., hereby confirm that based on the declarations provided by the VP Projects and Business Development and of the Head of [Country/division] and subject to, amongst others, the execution of the Project in a proper and timely manner, and future possible changes to exchange rates, labor rates and prices of raw materials, the estimated EBITDA margin of the Project of y% is reasonable, considering among other factors, that the EBITDA margin of Netafim's divisions projects segment for the current year budget is between 13% to 30%.

Signature: _____

Date: _____

Declaration by the local CFO in connection with Project _____ [Project's name]

I, _____ [name], as local CFO for [the country in which the Project is expected to be executed], hereby confirm that subject to the execution of the Project in a proper and timely manner, and possible future changes to exchange rates and prices of raw materials, I estimate that the EBITDA margin of the Project will be within the range of [x]% to [y]%. I confirm that the estimated EBITDA margin of the Project is reasonable, considering *among others*, that the EBITDA margin of Netafim [country] for the current year budget is [a]%.

Signature: _____

Date: _____

Declaration by the Employee and MD in connection with Project _____ [Project's name]

I, _____ [name], hereby confirm that I have read the Netafim Group Anti Bribery & Corruption Compliance Policy and I am therefore aware of the Netafim Group's zero tolerance for all forms of bribery and corruption in its business dealings. I hereby confirm that in connection with the Project, I complied and will comply with the provisions of the abovementioned Policy and with any applicable laws and regulations.

Signed by: _____

Date: _____

**Declaration by the VP Projects and Business Development in connection with Project
_____ [Project's name]**

I, _____ [*name*], as VP Projects and Business Development of Netafim Ltd., hereby confirm that I have reviewed the Project's design and the Project's bill of materials. I hereby confirm that the design is aligned with the Project's specifications/tender and the estimated cost-to-deliver included in the Project's projected income statement is reasonable based on the design and considering other projects that Netafim has executed, subject to the execution of the Project in a proper and timely manner, and possible future changes to exchange rates and prices of raw materials.

Signed by: _____

Date: _____

APPENDIX 4

RED FLAGS

1. Giving or receiving a payment or benefit in kind, without a clear contractual obligation to do so.
2. Giving or receiving a payment or benefit in kind to any person or entity, without the recipient giving a receipt for such payment or benefit.
3. The transfer or receipt of any payment to or in a bank account other than the account specified in a contractual obligation for such payment.
4. Making or receiving of any payment in cash.
5. Any agreement to pay any contingent fee or commission to an agent or finder, where the contingent fee and/or commission to the agent or finder has not been approved in writing by the Compliance Officer, or under a Finder agreement, which was approved by the Company's Legal Department.
6. Any proposed transaction where there is more than one agent, or that the percentage are above what is customary in a particular country in which the transaction and/or agency agreement takes place.
7. Any person or firm who represents or is employed by, or is being considered to represent or be employed by the Company, who has been accused of improper business practices.
8. Any person or firm who represents or is employed by, or is being considered to represent or be employed by the Company, which has employees/owners who concurrently hold government/political positions.
9. Any person or firm who represents or is employed by, or is being considered to represent or be employed by a company, who has a family or other relationship that could improperly influence the decision of a Government Official;
10. Any person or firm who represents or is employed by, or is being considered to represent or be employed by, the Company, who approaches any of the Company's Employees at or near the time of a contract or procurement decision and explains that he or she has a special arrangement with a Government Official.

11. Any person or firm who seeks to represent the Company, but who/which lacks the staff, facilities, education or experience to perform the required work or otherwise has little or no expertise in the industry, but still requests substantial agency/finder fees.
12. Any person or firm who represents or is being considered to represent a company, who insists upon receiving a commission payment before the announcement of a contract or procurement decision.
13. Any person who insists or requires that a proposal or bid by the Company be made through a specific representative.
14. Any request by a Business Partner or agent that commission or other payment be made in a third country or to another entity/name not connected to the services provides.
15. Any commission or other payment, including one made to a third party, that appears large or disproportionate in relation to the services provided.
16. Any person or firm that requests anonymity or that the relationship remain a secret.
17. Any person or firm that fails to cooperate with due diligence.
18. Any person or firm who represents, or is being considered to represent the Company, which has transactions labeled as “facilitation payments”.
19. Any person or firm who represents, or is being considered to represent the Company, who is involved in transactions, the timing of which suspiciously coincides with particular decisions made by foreign officials.

The above is not an exhaustive list, but is indicative of the types of actions or activities either by an Employee or by a Business Partner which should give rise to suspicion of activities contrary to the Policy.

APPENDIX 5

LETTER OF NOTIFICATION TO EMPLOYEES: NETAFIM'S ANTI-BRIBERY & CORRUPTION POLICY

Dear Employee,

This is to notify you that Netafim group (the "**Company**") has a policy which supplements the Company's Code of Conduct by setting out more detailed and practical instructions and guidelines as to the implementation, supervision and enforcement of the Company's already existing guiding principle of zero tolerance for bribery and corruption (the "**Policy**"), both for itself and for its Business Partners. The main principles of the Policy are as follows:

1. The Company shall not offer, promise, give or accept Anything of Value, whether directly or indirectly (through a third party), in order to influence a business or official action or obtain or retain an improper advantage.
2. The Company shall not knowingly enter into business relationships with any person or entity where the Company knows, or is aware of circumstances giving rise to a high probability, that such third party has or will take actions prohibited by this Policy.
3. The Company shall comply with all applicable laws, regulations and contract requirements relating to the fight against bribery and corruption.
4. The Company shall bring its Policy of zero tolerance for bribery and corruption to the attention of the Employees of the Company and to the attention of the actual or potential Business Partners of the Company.
5. The Company shall rigorously enforce the foregoing principles of zero tolerance for bribery and corruption with its Employees and its Business Partners. As a clarification of the Policy, attached as an appendix to this letter are the Company's guidelines regarding gifts and hospitality, which shall be complied with the Employees of the Company.

Yours faithfully,

NETAFIM Group

Declaration by the Employee

I hereby confirm that I have read the provisions of the above letter setting out the Company's Policy, and I am therefore aware of the Company's zero tolerance for all forms of bribery and corruption in all business dealings of the Company. I hereby undertake to comply strictly with the provisions of the Policy abovementioned.

Signed by _____ *[name of the employee]*

Date: _____

APPENDIX 6

LETTER OF NOTIFICATION TO BUSINESS PARTNERS: NETAFIM'S ANTI-BRIBERY & CORRUPTION POLICY

To: *(name of potential or actual Business Partner)*

1. This is to notify you that the Netafim group ("**the Company**") has a policy which supplements the Company's Code of Conduct by setting out more detailed and practical instructions and guidelines as to the implementation, supervision and enforcement of the Company's already existing guiding principle of zero tolerance for bribery and corruption, both for itself and for its Business Partners¹.
2. The main principles of that policy are as follows:
 - a. The Company shall not offer, promise, give or accept anything of value, whether directly or indirectly (through a third party), in order to influence a business or official action or obtain or retain an improper advantage.
 - b. The Company shall not knowingly enter into business relationships with any person or entity where the Company knows, or is aware of circumstances giving rise to a high probability, that such third party has or may take actions prohibited by the policy.
 - c. The Company shall comply with all applicable laws, regulations and contract requirements relating to the fight against bribery and corruption.
 - d. The Company shall bring its policy of zero tolerance for bribery and corruption to the attention of the employees of the Company and to the attention of the actual or potential Business Partners of the Company.
 - e. The Company shall rigorously enforce the foregoing principles of zero tolerance for bribery and corruption with its employees and its Business Partners.

Yours faithfully,

NETAFIM Group

We _____ *(name of company)* hereby confirm that we have received and read the above notice, and are aware of Netafim's policy of zero tolerance of bribery and corruption, both for itself and also for its Business Partners, and agree to comply with all requirements to ensure that such a policy is upheld.

Name:

Title:

Date:

¹ "Business Partners" is defined as all third parties with whom the Company has entered into, or contemplates entering into, a business relationship, including agents, finders, distributors, consultants, joint venture partners, co-investors, representatives and other third parties who may act on behalf of the Company, and who may interact with Government Officials within the scope of their engagement with the Company.