

It's important!

business, ethics and values

The Code of Ethics of Mehadrin Ltd

October 2011

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The goal of Mehadrin is to deliver growth and profitability over the long term whilst maintaining a commitment to quality and excellence, and adherence to ethical standards and values. As a leading and successful Company in our field, we are conscious of the ability of every employee in the Company to contribute to the Company's achievements and also to the social and environmental impacts we have in every location in which we operate. It is important to us to be a successful company, to be profitable and to satisfy our shareholders and customers, but equally, the way in which we achieve these objectives is no less important.

The purpose of this document is to define the ethical framework that guides all Company employees and our business activities. Clarification of the ethical business principles which guide our business undertakings for all those who do business with us is important so that we can develop our business based on positive, trusting and transparent working relationships. The Code of Ethics defines the way in which we expect every Manager and employee in the Company to behave to ensure that all business decisions incorporate values and moral considerations. The Code of Ethics represents the commitment of every single employee in the Company to behave according to its principles.

Our values-based management approach has been a part of our Company since its inception. As our business is based on agriculture, it is characterized by a long-term view and solutions which understand and take into account the needs of our natural environment and the use of natural resources. This approach also applies to all our interactions with people and organizations. This document, in fact, is the articulation of the way we have always behaved on a daily basis and the guidelines that determine how we do things in practice. This Code is formulated based on an understanding that it is important not only to define how we do things but to publicly state the principles which guide our actions. First and foremost, we expect all employees to operate to a common standard of behaviour which is in the Company's best interests. However, this Code is equally a declaration of intent for our business partners – customers, suppliers, shareholders and the general public. As we were writing this Code, we realised that these behaviours are already embedded in the way we do things, but our discussions assisted us in articulating ethical issues which we had not specifically considered prior to this point.

In order for these values to be meaningful, they must find expression in the activities of the Company. At Mehadrin, we behave with these values in mind in all of our daily business activities. The writing of this Code is designed to ensure we maintain these values to guide the Company not only in the present but also in the future.

On behalf of myself and all the employees of the Company, I commit to values-based and ethical behaviour by the Mehadrin Company in accordance with this Code of Ethics.

Sincerely
Guy Binshtok
CEO

Mehadrin's Code of Ethics

Purpose of the Code

This code expresses the business practices of the company. It reflects the moral and ethical principles which guide our activities. The written articulation of this Code ensures that Company employees are aware of the behaviour which is expected of them and assists them in applying its guidelines in their daily work. Through the publication of this Code and its accessibility by all those who are in contact with the Company – customers, suppliers, local and regulatory authorities, environmental organisations, social purpose organisations and local communities – we declare the principles which they can expect from us in all of our dealings and commercial associations with them. This transparency represents an essential basis for proper and successful business relationships - internally and externally. In this way we expect all to gain from their interaction with Mehadrin – employees, shareholders and business partners, our community and the environment and of course, the Company itself.

Our Values

We believe that we can deliver long term profitable business activity which incorporates consideration of social and environmental factors. The Company achieves profitability based on the understanding that ethical and moral behavior contribute to financial success. The values that guide us are:

- Honesty: Honouring the truth, presenting facts in a proper and balanced way, supplying complete, accurate and reliable information in a timely way.
- Integrity and Fairness: Keeping promises and acting from a standpoint of fairness and equality to all.
- Valuing Employees: Regarding our employees as colleagues, consideration of their personal aspirations and support for them in times of need.
- Considering the needs of customers and suppliers: Respect for the needs of our customers and suppliers alongside the achievement of our business objectives.
- Long term relationships: Commitment to relationships built over time and valuing the contribution of collaboration with all those with whom we do business.

Ethical behaviour as a way of life- 12 basic guidelines

We commit to honouring the basic guidelines which define our behaviour and the Company's activities. These guidelines apply to every single employee of Mehadrin.

1. Observing the law

We obey the law at all times and in all situations.

We respect the laws and regulations of all the countries in which we do business.

2. Respect for all

We respect every person and every person's rights.

We respect human rights as are commonly defined throughout the world, the rights of our employees, customers and suppliers and we ensure a respectable working environment for our employees. We are committed to preventing all forms of discrimination on the basis of religion, race, nationality, gender, sexual orientation or disability. We regard professionalism and excellence as the necessary basis for achievement.

3. Health and safety

We behave responsibly with regard to the safety of our employees and our products.

We ensure a safe workplace for our employees in all our sites and operations – offices, agricultural fields and packing houses. We grow and deliver produce which is safe for consumption, observing relevant international regulations. We also observe with due consideration those regulations which determine safe use of chemicals throughout the production and packing processes. We continuously strive to reduce our chemicals usage in order to enhance safety for our customers and for the environment.

4. Conflict of interest

We avoid conflict of interest.

Every employee should avoid relationships, contacts and activities which are in conflict or are seen to be in conflict with the interests of the Company. Employees should avoid giving preferential treatment to people or organisations for their own personal benefit or that of family or friends. Every employee must avoid making personal use of property or information belonging to Company. Employees must not use their position in the Company for personal gain which is unconnected to their work or the specific and exclusive interests of the Company.

5. Reliable reporting and corporate governance

We report truthfully in accordance with all reporting requirements.

The principles of corporate governance relate to the role of the Management Team in complying with the requirements of the Board of Directors, the Audit Committee, the Financial Reports Committee, shareholders and all stakeholders, through the establishment of control mechanisms, monitoring, transparency and reporting. Mehadrin has established control and monitoring mechanisms, both internal and external, which govern the Company's activities and confirm they are in compliance with all legislation and regulations. Every transaction, commitment or commercial engagement of the Company is required to receive the necessary approvals in accordance with Company procedures. No commercial transaction whatsoever will be undertaken by Mehadrin without the approval by an authorized executive of the Company. Mehadrin employees are obliged to use their authority and responsibility in a reasonable manner and not abuse the authority invested in them by the Company.

We are committed to maintain meetings of the Board of Directors, and of the Committee for Control of Financial Reports and of the Audit Committee according to the planned schedule, and to obtain the necessary approvals for all decisions from all authorized organizations. We are committed to ensure that Mehadrin's reports, including immediate and periodical reports, are accurate and reliable. We are committed to act with transparency, both internally and towards shareholders and all others, ensure disclosures are in good faith and comply with all requirements for reporting as required by law.

Over and above the reporting requirements which are defined by law all forms of regulation, which we fully observe, we consistently maintain a high standard of accurate reporting of all businesses information and data, which influence the business decisions and work programmes of those with whom we do business (customers, growers, business partners, suppliers, managers and employees).

6. Preventing Use of Internal Information and Confidentiality

We protect the confidentiality of Company information.

Mehadrin is a public company whose shares are traded on the Tel Aviv Stock Exchange. We are committed to ensuring full compliance with all the relevant requirements for trading on the Stock Exchange which govern the procedures for transactions in stocks and limitations on use of internal information. In addition, employees are frequently exposed to proprietary information during the course of their work. Employees are committed to maintaining discretion and full confidentiality with regard to such information in order to protect the business interests of the Company. We are committed to register and record information and report in a complete and accurate way at the required time. Mehadrin employees are committed to maintaining all records, reports, declarations and other financial records relating to Mehadrin's business in a way which accurately reflects the commercial transactions of the company and the company's business activities.

7. Avoiding Gifts, Bribery and Corruption

We oppose all forms of bribery and personal gains.

All employees are forbidden to give gifts in their own name or in the name of the Company, or receive gifts from any third party for themselves or the Company, in accordance with the Company "Gifts Policy". This applies to all employees without exception. A "gift" relates to all items of value (including money, products, services, loans and discounts). Mehadrin does not do business when such business involves any form of bribery or personal favours. All company employees will report to their Managers all instances of giving and receiving gifts or attempts to give or other forms of bribery, if they are not convinced that such gifts are in line with corporate policy.

8. Protecting Property

We protect Company property and assets.

Company owned assets include agricultural property, equipment in packing houses, logistics and transportation vehicles and equipment, office equipment and a wide range of professional information and knowledge. All Company employees must ensure due care and attention to the protection of such physical and intellectual property of the Company in their areas of responsibility.

9. Quality of life and environment

We protect the quality of life and the quality of the environment

As a company dependent on natural resources, we are committed to act based on an understanding of natural resources and respect for the environment and the natural earth. Equally, it is important to us to contribute to the welfare of our communities as far as we are able.

10. Community Relations and

We work to support society in Israel.

Mehadrin and its employees see contribution and support for society in Israel as a central element of Mehadrin's business vision, based on the understanding that business leadership is critically linked to values and social leadership. Mehadrin maintains an ongoing commitment to contribute to the State of Israel and support for strengthening society in Israel. Mehadrin contributes to projects in areas which it determines are target issues that the Company

focuses on. Mehadrin encourages employees to take part in this effort to contribute to the community, both as employees within the framework of Company activities and privately.

11.

Protecting Privacy

We protect the privacy of our employees, customers and suppliers.

During the course of our work, we are exposed to a wide range of information concerning our employers, customers and suppliers. All employees are committed to maintaining absolute secrecy of such information and not to pass private information to any third party whatsoever.

12.

Responsibility and Reporting

We report on all breaches.

Employees of the Company will report an all breaches of laws and/or procedures and/or this Code to the Company's Ethics Officer. Anonymous reports are acceptable. Mehadrin encourages its employees to consult with Senior Managers, direct supervisors or the Company's Legal Counsel in cases of doubt. All reports will be fully and promptly dealt with in a discreet manner as far as possible, with no risk of reprisals against employees who reported issues in good faith.

Ethical behaviour for our stakeholders – 9 groups

The stakeholders of Mehadrin are all those organisations or individuals who influence our activities and business achievements and all those who are impacted by our business. The ethical behaviour of the Company has implications for each stakeholder group in different ways, beyond the basic expectation of ethical behaviour as defined in the ten basic principles outlined in the first part of this Code. Our key stakeholder groups are shown in the diagramme below:



Ethical behaviour for our stakeholders

Customers

We consider the needs of our customers. We ensure we provide accurate and reliable information to our customers whilst ensuring we respond to their requirements. We listen to their aspirations and provide a fast and efficient response. We assist our customers in achieving their objectives as far as possible.

Employees

We respect our employees as colleagues responsible for the implementation of this Code in practice. Our employees are entitled to decent compensation for their work, opportunity to be heard at all times, personal development and improvement in professional skills, and equal opportunity without regard to gender, race, physical, social or other attributes. At Mehadrin, we encourage a positive and supportive workplace which enables employees to perform their roles with a sense of satisfaction and enjoyment.

Shareholders

We respect the needs of our shareholders. We respond as best we can to the requirements of our shareholders for business results and sustained profitability whilst maintaining a high standard of ethical behaviour. We report accurately to the Board of Directors of the Company and to all shareholders in line with the law and all reporting procedures to provide information in a complete and timely way.

Growers

We build long term collaborative and reciprocal relationships based on fairness with our growers. Growers of fruit and vegetables represent essential partners for our success and we nurture our relationship with them for our

General suppliers

We aspire to long term relationships with our key suppliers. We consider their needs, pay them on time and listen to their requests and suggestions for new initiatives.

Local authorities

We comply with all the requirements of the government and local authorities in every location in the world in which we do business. We pay taxes and other payments on time and provide the authorities with all the information with require regarding our activities.

Social organisations

We are attentive to the needs of our committee and engage in dialogue with those who advance social cause for the development and empowerment of the local community.

Environmental groups

We contribute cash and products and volunteer in social causes, and collaborate with social organisations in order that our efforts will be directed to alleviate real needs, and so that we can increase our positive impact on society.

We respect the representatives or environmental organisations and the important work that they do. We are happy to receive suggestions regarding our activities and protection of the environment and the natural Earth.

Competitors

We maintain a fair approach to all our competitors. We market our products in a way which supports fair and ethical competition.

mutual benefit. We take care to ensure collaboration based on transparency, accurate reporting and fairness.

Implementing the Code of Ethics

This Code applies to all employees without exception. We provide training for all staff to understand the code and its implementation in their daily work with the Company. Employees are requested to submit complaints regarding violation or suspected violation of the Code without fear of punishment or retribution. We believe that it is the personal responsibility of every employee to report suspected violation of the Code of Ethics to allow full examination of the incident and development of appropriate solutions for the benefit of all Company employees and the positive reputation of the Company.

The Ethics Committee

The Ethics Committee of Mehadrin is comprised of 8 Managers who represent different divisions of the Company. The Committee is responsible for the development of the Code of Ethics, its implementation and the provision of tools for managers and employees, including training, for the full assimilation of ethical behaviour and reporting as required. The Ethics Committee also receives all requests or complaints regarding ethics at Mehadrin and is responsible for providing responses and solutions, including detailed investigation of all suspected breaches of the Code. The Chairperson of the Ethics Committee, Mrs. Amelia Ofir, is the Ethics Officer of Mehadrin.

Reporting breaches of this Code

There are several ways in which employees are invited to report suspected breaches of our Code of Ethics.

- Conversation with an employee's direct Manager;
- Conversation with the Human Resources Manager;
- Provision of information to the Ethics Committee – verbally, by email or in writing;
- Report to the Company Ethics Officer.

All queries or reports on the subject of ethics will be investigated thoroughly and appropriate solutions identified and implemented. Employees who are found, after investigation, to be in breach of Company ethics may be subject to written disciplinary warnings in their personnel files and possible termination of employment, depending on the specific situation and the decision of the CEO and the Ethics Committee. Anonymous referrals regarding ethics are accepted and will receive full attention as stated above.

Reporting ethical breaches:

Ethics Committee email: ethics@mehadrin.co.il

Contact Details of Mehadrin Ethics Officer:

Amalia Ofir

Postal address: Power Center, Be'erot Yitzhak, 60905, Israel

Email: AmaliaO@mehadrin.co.il

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Members of the Ethics Committee 2011

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