



WATERLOGIC GLOBAL COMPACT
COMMUNICATION ON PROGRESS (COP) 2011





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EXECUTIVE SUMMARY

Waterlogic is pleased to continue its support for the Global Compact.

As a company which has recently floated on the London stock exchange, it is ever more important to be responsible for our Global Compact commitments. As the business grows and we increase market share we must be seen to be leading the industry in corporate and social responsibility.

We understand our responsibility as a leading manufacturer and seller and that we can make a difference in all aspects of the product lifecycle from point of creation to removal of machines from service when they reach the end of their life. We also recognise our part to play in influencing our wide network of distributors and that what we do can affect their own practices.

We are particularly proud of our reusable filters which have recently been launched. They will reduce waste and enable our distributors to recycle and reuse more parts, supporting them in their own environmental commitments. Our filters are a significant part in our waste management and will make a big difference in our initiative to set an ever higher standard for our industry in corporate responsibility, and also to help our end-customers in their desire to become more environmentally responsible.

Jeremy Ben-David
Chief Executive Officer

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HUMAN RIGHTS

PRINCIPLE 1. Businesses should support and respect the protection of internationally proclaimed human rights.

As an international business, we have responsibility to fulfil all human rights responsibilities within the countries we operate. We observe all rights nationally and internationally in these countries. In particular, we are keen to be a responsible and decent employer.

In China we operate a factory where about 50% of our employees are based. We have certain controls in place such as the 8 step quality control process which checks product quality but at the same time, enables us to evaluate and improve our processes and practices. Staff training is regular, including sessions on safe operating procedures and hygiene. Staff are looked after with uniforms as well the usual safety equipment necessary to do their work.

For the 4th year running we have received the FDI (Foreign Direct Investment) award from the Chinese government. The FDI award recognises companies which set a good example in China for good working practices. Employers are assessed based on the areas of rapid growth, job creation, uncompromising attitude with respect to Chinese regulations, social responsibility and financial responsibility. Waterlogic China is assessed by the government on a regular basis and together with our own inspection measures, ensures a consistent approach to good working practices.

We are currently planning an initiative to support the charity WaterAid in order to provide one of the most basic functional human rights – the access to safe water. For each WaterAid machine sold, Waterlogic will donate an amount which will enable a child in a developing country to have access to safe water for the rest of their life.



FDI 2011 AWARD



THE WL100 MODEL
IS A MORE ECONOMICAL CHOICE FOR OUR CUSTOMERS

Further to this, we have extended our own product range to include lower-cost machines which offer a more economical choice. This will open up the opportunity to customers that are less well off and in more developing countries to give them access to purified water.



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HUMAN RIGHTS

PRINCIPLE 2. Make sure that they are not complicit in human rights abuses.

Waterlogic is not only a full sponsor of human rights for its own employees but ensures that the same values are reflected in anyone connected to Waterlogic. It is essential for our business that we are seen not to be connected with any human rights abuses.

To make sure that these values are shared with our partners, we regularly audit the factory suppliers. Senior factory staff visit our suppliers to audit and see their working practices. This ensures quality of working conditions and practices.

We also meet regularly and keep good relationships with our distribution partners to ensure they too meet our values and participate in good working practice.



AT THE WATERLOGIC FACTORY QUALITY IS INGRAINED INTO OUR CULTURE AND IS WHAT WE EXPECT OF OUR SUPPLIERS TOO IN THEIR WORKING PRACTICES.





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LABOUR

PRINCIPLE 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Waterlogic doesn't inhibit the freedom of association or the effective recognition of the right to collective bargaining. All Waterlogic contracts are written considering local laws so there is no restriction imposed on union membership. For example, in France we have elected employee union representatives according to French laws.

PRINCIPLE 4. The elimination of all forms of forced and compulsory labour;

In compliance with all local laws, Waterlogic has a strict policy against forced or compulsory labour.

PRINCIPLE 5. The effective abolition of child labour;

Waterlogic has a non-negotiable no-tolerance policy to child labour. No child has or ever will work for Waterlogic. Suppliers are vetted to ensure that we are not supporting companies that may participate in this practice either.

PRINCIPLE 6. The elimination of discrimination in respect of employment and occupation.

Waterlogic applies an equal opportunities approach to employment. With a number of subsidiaries around the world, we have a diverse range of employees and will not discriminate on race, gender, ethnicity or religion. In fact, our diversity has been a strength for the group, especially in our commercial area where we have been able to develop business opportunities in new territories and new cultures around the world. We strive to recruit the best in the industry and offer career development and opportunities to move within the organisation. We strongly believe that employees should be treated fairly without discrimination.



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ENVIRONMENT

PRINCIPLE 7. Businesses are asked to support a precautionary approach to environmental challenges;

PRINCIPLE 8. Undertake initiatives to promote greater environmental responsibility;

PRINCIPLE 9. Encourage the development and diffusion of environmentally friendly technologies.

Waterlogic is always striving to manage its environmental impact and reduce its carbon footprint. The products we manufacture are designed to support businesses in their own green initiatives and can help in a number of ways such as reducing waste, reducing plastic, having reusable parts and machines which can be reconditioned etc. Some of our current initiatives are:

- **REUSABLE FILTERS** - Reusable filters – we have previously reported on the use of bio-degradable carbon filters which degrade naturally. We have recently launched our own set of reusable filters. These filters use a removable inner filter cartridge so that when the cartridge reaches the end of its life, only the cartridge is removed and the filter housing is reused. This reduces waste at every machine service. The filter housings are likely to have a lifespan of around 6 years, which will mean 11 out of every 12 housings that are currently disposed of, will not be. We have already created these ranges for 2 of our clients who are launching these as part of their eco range.

We have also chosen to install these into all our suitable machines as standard so that our distributors will be encouraged to use the reusable and more environmentally friendly filters.



NEW REUSABLE WATERLOGIC FILTERS

- **ENERGY STAR** - A number of our machines have recently passed the Energy Star mark for environmental efficiency. The energy star mark enables consumers to make informed choices about products and highlights those that will save them money through energy efficiency. Many of our machines have a variety of functions that reduce their energy consumption:



Low energy consumption – the recent Energy Star mark confirms the low energy consumption for our most efficient machines. As a manufacturer, we have control over the design of our machines and they are designed for low energy consumption in order to further highlight the benefits over the bottled water alternatives.

Leak detection system – Some of our machines are designed to cut out if there is a leak. This means that minimum water is wasted and an engineer is called to rectify the problem in the unlikely case there is a leak.

Recyclable components – All of the plastics and steels used in Waterlogic machines are fully recyclable. Roughly 80% of our machines can be recycled in total. This means that the machines can be reconditioned to further reduce waste. The cardboard packaging for our machines is 100% recyclable.

Environmentally friendly chemicals – all chemicals used by Waterlogic are non-toxic and environmentally friendly. This includes the chemicals used at the time the machine is serviced and sanitised.



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• CERTIFICATIONS AND APPROVALS FOR OUR PRODUCTS:

ROHS/WEEE - ROHS - compliance is tested on all machines. New machines are tested before entry on to the market. They also meet the requirements of the WEEE directive for the waste disposal. We promote these as part of our products to generate awareness of the responsibility of our distributors.

CE - all of our products have this mandatory certification

WRAS - all of our machines are WRAS approved meaning that products do not cause waste, improper use, improper consumption or water resource contamination.

P231 - microbiological purifier and other approvals – our most recent machines with Firewall™ technology are certified to P231 which means that they produce quality water, removing the various bacteria and impurities from the water.

Waterlogic has chosen to remain in the point of use market and the very nature of this means that we have products that are kinder to the environment than our biggest competitor – bottled water coolers. Mains connected, or point of use water coolers have a more positive effect on the environment because:

- They use the existing water supply to the building so no unnecessary fuel consumption or energy is used in transporting bottled water which is transported from elsewhere
- Point of Use reduces waste of plastic bottles. Whilst many of them can be recycled, the energy used in shipping and processing the recycling process still has a negative effect on the environment.



NSF P231
Protocol for Microbiological Purifiers

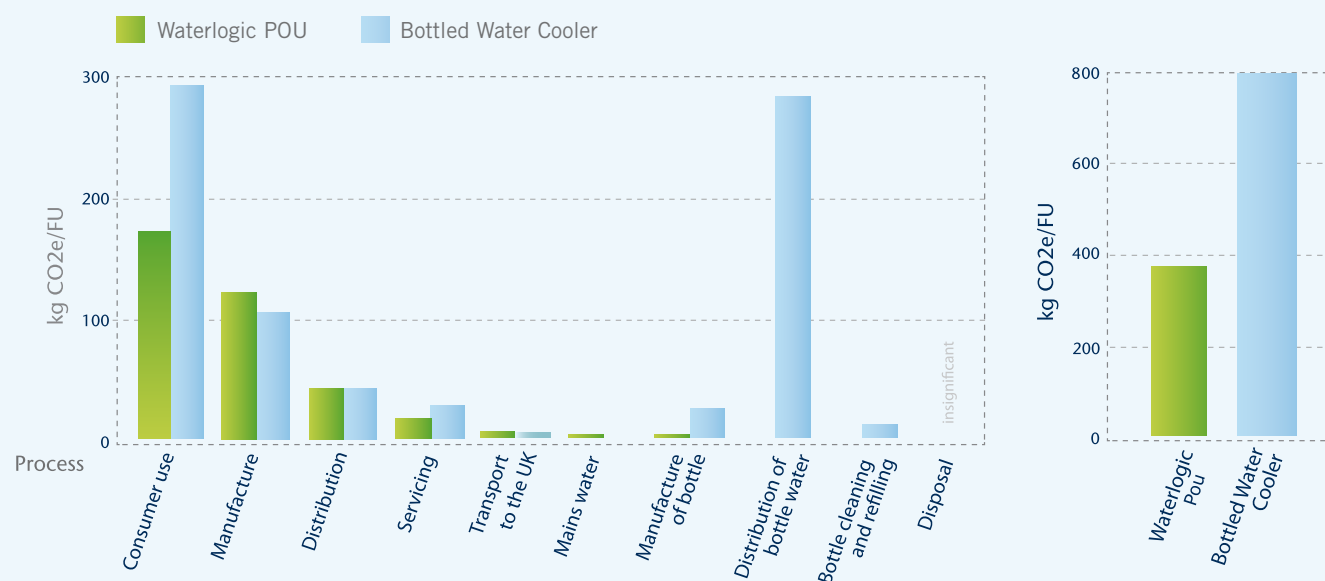
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In order to measure our environmental impact, an independent study was undertaken by the environmental consultancy Sustain, on the carbon footprint of a Waterlogic POU dispenser compared with a standard Bottled Water Cooler (BWC). The study focused on the impacts of production, use and disposal of a single Waterlogic cooler and BWC equivalent over a lifespan of five years. This included all aspects from composition of material, manufacturing process, delivery of machines and energy used during use.

The carbon footprint for the Waterlogic POU dispenser and the Bottled Water Cooler is based on the life cycle phases and a water consumption of 72 litres per month. The conclusion was that organisations that install a Waterlogic POU machine (in place of the bottled water cooler) can reduce their carbon footprint by 55% over 5 years.

This detailed analysis has enabled us to accurately measure, map and identify our carbon footprint. At Waterlogic we are proud of our products and our commitment to better manage the environmental impact of our services.



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ANTI-CORRUPTION

PRINCIPLE 10. Businesses should work against corruption in all its forms, including extortion and bribery.

Waterlogic abides by a code of business practice which strictly forbids all forms of corruption including extortion and bribery.

Waterlogic is open and honest about its own financial dealings. As part of the project to float on the London Stock Exchange we have disclosed and will continue to disclose our financial results and practices. An Investor Relations website has been set up (<http://ir.waterlogic.com/>) to be open about our work and financial dealings. Our integrity on this website demonstrates our willingness to show that we act in a legal and ethical way.

Waterlogic has continued to demonstrate its global citizenship by supporting charities. In the past year, some of our charitable partnerships have included:

- In Sweden, we have supported local charity events by providing purified water free of charge
- In Denmark, we support cancer research



- In Germany we made donations in lieu of customer gifts to support less well-off people living in the local city
- Internationally we are planning a partnership with WaterAid who give people in the developing world access to safe water.



The planned partnership with WaterAid could enable children in the developing world to gain access to safe water. A set of WaterAid water dispensers is planned and for each one sold, Waterlogic will donate enough for one child in the developing world to get safe water for life. One of the reasons that Waterlogic chose to support WaterAid is because they support the motion of transparency about where the donations go. This reduces the opportunity for corruption and WaterAid are currently lobbying for improvements in how and where money is spent.

Although it is only a simple idea, it is essential in helping so many people across the developing countries. Where corruption is being prevented, money is instead going directly towards its intended use in helping so many people in need.

