



WATERLOGIC IS PROUD TO BE A SIGNATORY TO THE UNITED NATIONS GLOBAL COMPACT

COMMUNICATION ON PROGRESS 2009





EXECUTIVE STATEMENT



Reflecting on the forward momentum achieved, as well as the trials and accomplishments of another year gone by, we present our Communication on Progress for 2009.

Among other notable actions, this past year marked the global launch of our latest product, the Waterlogic 4. It sets a new benchmark in the industry, and demonstrates the talent and dedication of a team of innovators who brought it from concept to reality. This groundbreaking product contains many new technologies, offering users a truly unprecedented and unique water dispenser.

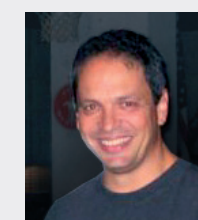
The Waterlogic 4 was designed with environmental considerations as a driving factor and notably uses less energy than other Waterlogic products, in itself a great product development achievement. Even as we continue to promote the inherent advantages of point-of-use water dispensers over more wasteful and environmentally costly alternatives such as bottled water, we continue to evolve and improve our own technology to bring it to the next level.

We remain a committed signatory of the Global Compact, a concerned global citizen dedicated to ongoing improvement operating inward and outwardly to uphold and promote the shared values of Waterlogic and the Global Compact.

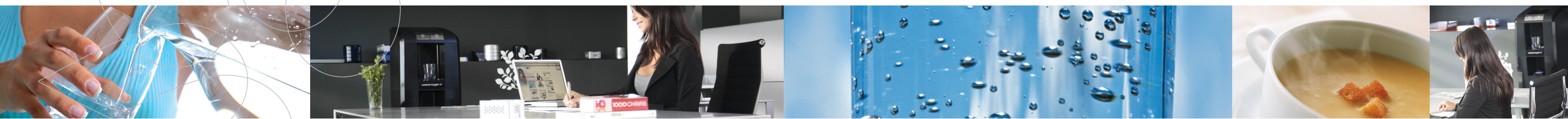
***We are delighted
to once again share
our progress in further detail
in the following document.***



Jeremy Ben-David
Group Managing Director



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HUMAN RIGHTS

BUSINESSES SHOULD:

1. Support and respect the protection of internationally proclaimed human rights

Within its sphere of influence, Waterlogic continues to support and respect the protection of all human rights. Exceptional work conditions are maintained in Waterlogic's Chinese manufacturing facility, resulting in an extremely low employee turnover rate of less than 1%, a very important indicator reflecting the positive working conditions. These exceptional working conditions are the result of careful consideration about every aspect of the factory's operations, from the 8 step quality control process to the ISO standards which are in the process of being upgraded even further to the health and safety regulations which the factory employees must follow.

In the factory, written guidelines exist concerning health & safety issues as part of standard operating procedure and ongoing employee training sessions take place on various topics such as safe work practices and hygiene in order to constantly improve the work environment. Additional safety measures include providing employees with safety shoes and uniforms for use on the job. Regular bi-weekly internal inspections take place in the factory, with risk management discussions following each inspection, and audits by external 3rd parties also take place several times per year.

The factory has even been specially recognized by the local Chinese government for its contribution to the region, in terms of strong corporate citizenship and maintaining the highest of working conditions.



This is reflected in the fact that Waterlogic pays c.10% higher than local rates and has invested significantly more in employee training and development than most other companies in its region.

Recently Waterlogic was awarded again as an "Outstanding Foreign Direct Investment Company" in the district of Ji Hong Tan, Chengyang City, Qingdao for a second consecutive year. Criteria for the "Outstanding FDI Company" award received again included: rapid growth, job creation, and uncompromising attitude with respect to Chinese regulations, social responsibility and financial responsibility. Waterlogic China not only met, but exceeded all of the benchmarks for these award criteria yet again.

The factory has issued in the past year a fully updated company handbook that unambiguously stipulates employee rights and responsibilities.

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LABOUR STANDARDS

The utmost of health and safety standards are achieved and will continue to be upheld in all Waterlogic locations beyond the factory, including its sales & logistics office in Dublin, support services centre in London, and all international subsidiaries.

Further, in the last year Waterlogic CEO Jeremy Ben-David signed on to a CEO Statement prepared by the UN Global Compact, which acted as a call on governments to implement fully their human rights obligations and to reiterate the Waterlogic commitment to respect and support human rights within its sphere of influence.

This support was further promoted externally and internally, with Waterlogic being listed (via trading arm WLI Trading Ltd) on the online version of the statement at http://www.unglobalcompact.org/Issues/human_rights/CEO_Statement_List.html.

Waterlogic promoted the CEO Statement via its newsletter, which is received by 300+ employees and business partners.



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

Waterlogic seeks to work with likeminded companies sharing its values, with regards to suppliers, clients and distribution partners. All suppliers continue to be carefully audited and must meet international certifications along with requirements for quality and employee training. Treatment of employees by potential and existing suppliers, and distribution partners will continue to be an important factor in the Waterlogic auditing process.

BUSINESSES SHOULD UPHOLD:

3. The freedom of association and the effective recognition of the right to collective bargaining

Waterlogic does not in any way inhibit the freedom of association of the effective recognition of the right to collective bargaining. In fact, all Waterlogic contracts are drawn in accordance with local laws, including for instance in the French subsidiary the inclusion of a company union leader, and are open for candid and friendly two-way discussions.

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

Waterlogic has a strict policy against forced or compulsory labour.

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LABOUR STANDARDS

5. The effective abolition of child labour

Waterlogic has a strict policy against child labour. All Waterlogic suppliers and the supply chain are also carefully audited and vetted, and to the best of our knowledge, none utilise child labour.

This past year, the factory issued a legal document to all local Chinese suppliers requiring a written response to confirm that they do not utilise any child labour for any of their activities.

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

Waterlogic is an equal opportunity employer. With subsidiaries, distribution partners, and clients around the globe, the company thrives from its employees' differences. Waterlogic further facilitates a workplace environment free from any form of discrimination or unfair treatment.

Waterlogic not only recruits and hires the industry's best and brightest, without regards to race, age, gender, ethnicity, or religion but, viewing its people as a long-term asset, offers opportunities for employee training and development to maximise employee potential as well as providing a work environment which encourages individual career growth.

Waterlogic fully complies with all local employment regulations.

ENVIRONMENT

BUSINESSES SHOULD:

7. Support a precautionary approach to environmental challenges

Waterlogic is an environmentally conscious company which facilitates the proper use of available water supplies while actively minimising the waste of resources in the process. Waterlogic actively addresses environmental considerations in numerous ways:

- **ECO-FRIENDLY COMPRESSORS**

- Waterlogic compressors currently utilise non ozone depleting recycling refrigerant r134a. A variety of newer and even more eco-friendly refrigerants continue to be examined and tested, with a careful eye on the latest innovations, with the project extending into next year. New and even friendlier refrigerants are also being examined and tested, such as CO2

- **SLEEP MODE**

- Certain Waterlogic models include a sleep mode option for reduction of energy use

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ENVIRONMENT

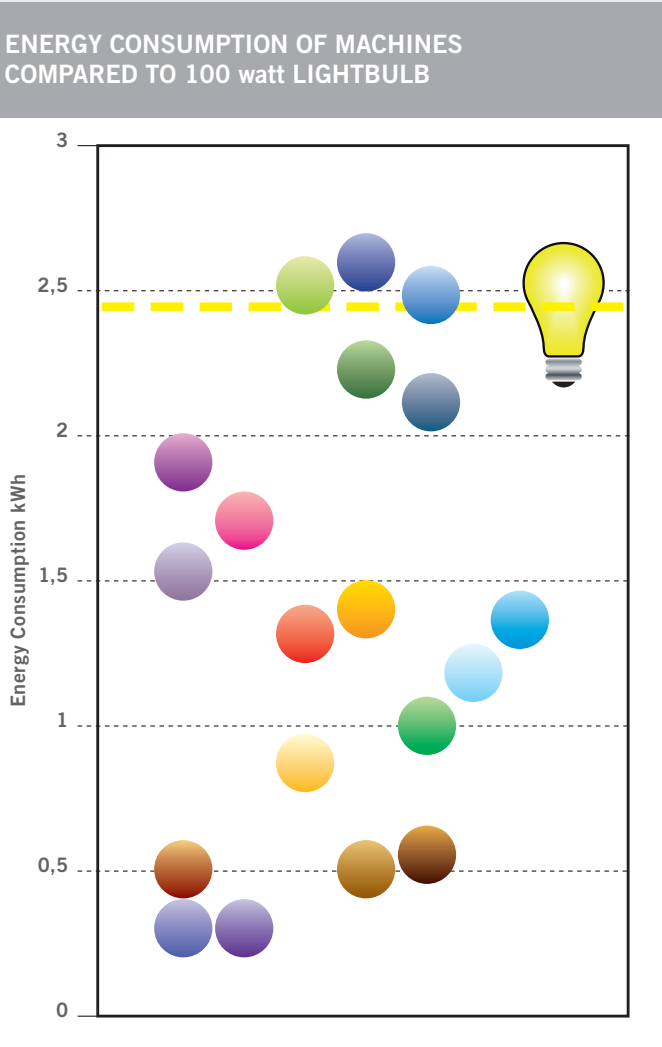
• **LOW ENERGY REQUIREMENTS**

- Waterlogic units are designed for low energy consumption.

Testing in the last year indicates that most Waterlogic products consume significantly less energy than a 100 watt light bulb, with the recently launched Waterlogic 4 performing impressively at 0.52 - 1.92 kWh (depending on exact model), well below the 2.4kWh usage of a standard 100 watt light bulb.

This reduction in energy consumption quantifies a remarkable product development improvement by Waterlogic to environmental benefit.

waterlogic 4



Waterlogic – Simply Pure, Simply Green

SEE HOW LOW THE ENERGY REQUIREMENTS OF WATERLOGIC PRODUCTS ARE IN COMPARISON TO A 100 WATT LIGHTBULB:

	ITEM EQUIPMENT DESCRIPTION	ENERGY CONSUMPTION IN OPERATION	ENERGY CONSUMPTION IN STANDBY MODE	TEST CRITERIA FOR ENERGY CONSUMPTION IN OPERATION OVER 24 HOUR PERIOD DISPENSING		
					WT	RT
	WL3000 Cold Only	1,2 kWh	–	10 litres cold	22.5°C	23°C
	WL3000 Cold & Sparkling	1,3 kWh	–	10 litres cold, 4 litres sp	22.5°C	23°C
	WL3000 Hot & Cold	2,47 kWh	2,11 kWh	10 litres Hot, 10 litres cold	20°C	20°C
	WL3000 Hot, Cold & Sparkling	2,59 kWh	2,21 kWh	10 litres Hot, 6 litres cold, 4 litres sp	20°C	20°C
	WL2500 Cold & Ambient	1,01 kWh	–	10 litres cold	22.5°C	23°C
	WL2500 Hot & Cold	2,51 kWh	–	10 litres Hot, 10 litres cold	22.5°C	23°C
	WL2000 Cold Only	0,38 kWh	–	10 litres cold	22.5°C	23°C
	WL2000 Cold & Ambient	0,38 kWh	–	10 litres cold	22.5°C	23°C
	WL2000 Hot & Cold	1,53 kWh	–	10 litres Hot, 10 litres cold	22.5°C	23°C
	Waterlogic 4 Hot, Cold & Sparkling	1,92 kWh	0,92 kWh	10 litres Hot, 6 litres cold, 4 litres sp	20°C	20°C
	Waterlogic 4 Hot & Cold	1,71 kWh	0,52 kWh	10 litres Hot, 10 litres cold	20°C	20°C
	Waterlogic 4 Cold only	1,29 kWh	0,52 kWh	10 litres cold	20°C	20°C
	Waterlogic 4 Cold & Sparkling	1,46 kWh	0,56 kWh	10 litres cold, 4 litres sp	22,5°C	23°C
	Comparison 100 watt tight bulb	2,4 kWh	2,4 kWh	Left on continuously for same period as Waterlogic machine (24 hours)		

WT = Average temperature of incoming water
RT = Average room temperature

NOTE: This information is provided as guidance only. Energy consumption will be effected by incoming water temperature, room - temperature and usage patterns.

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- **LEAK PROTECTION MECHANISM** - The leak protection mechanisms which are a feature of Waterlogic products, varying slightly by model, cut down on the waste of water
- **RECYCLABLE PRODUCT MATERIALS** - All polymers and steels used in Waterlogic machines are fully recyclable.
- **RECYCLABLE FILTER MATERIALS** - The carbon in Waterlogic carbon filters is recyclable and all of Waterlogic's filter suppliers comply with the EN 12915 standard
- **RECYCLABLE UV LAMPS** - The UV lamps which are an integral part of the Waterlogic patented in-tank UV system are recyclable
- **USE OF ENVIRONMENTALLY-FRIENDLY CHEMICALS** - All of the chemicals used by Waterlogic are non toxic and environmentally-friendly
- **ROHS/WEEE Requirement Achieved to Address Electrical/Electronic Waste** - All electronics and wiring within Waterlogic products are ROHS compliant. Waterlogic also meets the requirements of the WEEE (Waste Electrical and Electronic Equipment) Directive concerning the collection, recovery & recycling of equipment. RoHS compliance is not assumed, but tested by third party laboratories to ensure full compliance with this directive, with re-certification due to take place over the coming year.

Building upon last year's "green document," designed to communicate environmental information on the Waterlogic product range , an update

has been issued in 2009 with updated information to include the latest product put into the market, the Waterlogic 4. The "green document" highlights the environmental advantages . . . The updated version of the document has been distributed to all employees and customers, and is publicly available on the Waterlogic company website at: http://www.waterlogic.com/viewdoc.asp?co_id=1759

• PRODUCT CERTIFICATIONS

CE - In addition to other certifications, Waterlogic products bear several that pertain to environmental considerations including the CE Certification Marking, which is a manufacturer's declaration that the product complies with the essential requirements of the relevant European health, safety and environmental protection legislations

WRAS APPROVED PRODUCT - WRAS Approval - WRc-NSF Ltd. Certificate, certifies that the products do not cause waste, improper use, improper consumption or water resource contamination

• **COMPANY CERTIFICATION** - Waterlogic is commencing the process of attaining ISO 14001 and 18000 certifications, which give the requirements for an environmental management system (EMS), a tool for helping organizations to implement good environmental practice and

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to aim for continual improvement of their environmental performance. These certifications have become the international benchmark for EMS, implemented in 138 countries and now thoroughly integrated with the global economy.

- **RECYCLABLE PRODUCT PACKAGING** - The cardboard packaging that Waterlogic products are shipped in is 100% recyclable. In addition, the plastic bags with which Waterlogic products are wrapped are reusable and/or recyclable.
- **OVERALL RECYCLABILITY** - Waterlogic machines are made of a minimum 80% of recyclable parts.

The very nature of Waterlogic's products support a precautionary approach to environmental challenges as Point-of-Use dispensers are a disruptive technology replacing bottled water dispensers and promoting a positive effect on the environment in comparison to bottled systems by:

- Reducing fuel consumption and traffic congestion of delivery trucks on the road moving bottles
- Reducing wasted plastics from used bottles, which can only be re-used 4-5 times
- Reducing detergent use for bottle cleaning



BUSINESSES SHOULD:

8. Undertake initiatives to promote greater environmental responsibility

Waterlogic actively supports and distributes information regarding various initiatives (such as Think Outside the Bottle, Drink Tap, Take Back the Tap, Inside the Bottle, London On Tap, etc) that promote the shift from bottled water, which has high environmental costs, to more environmentally friendly options. Links to these initiatives appear in the Waterlogic "green document" as well as on the Waterlogic's Twitter account.



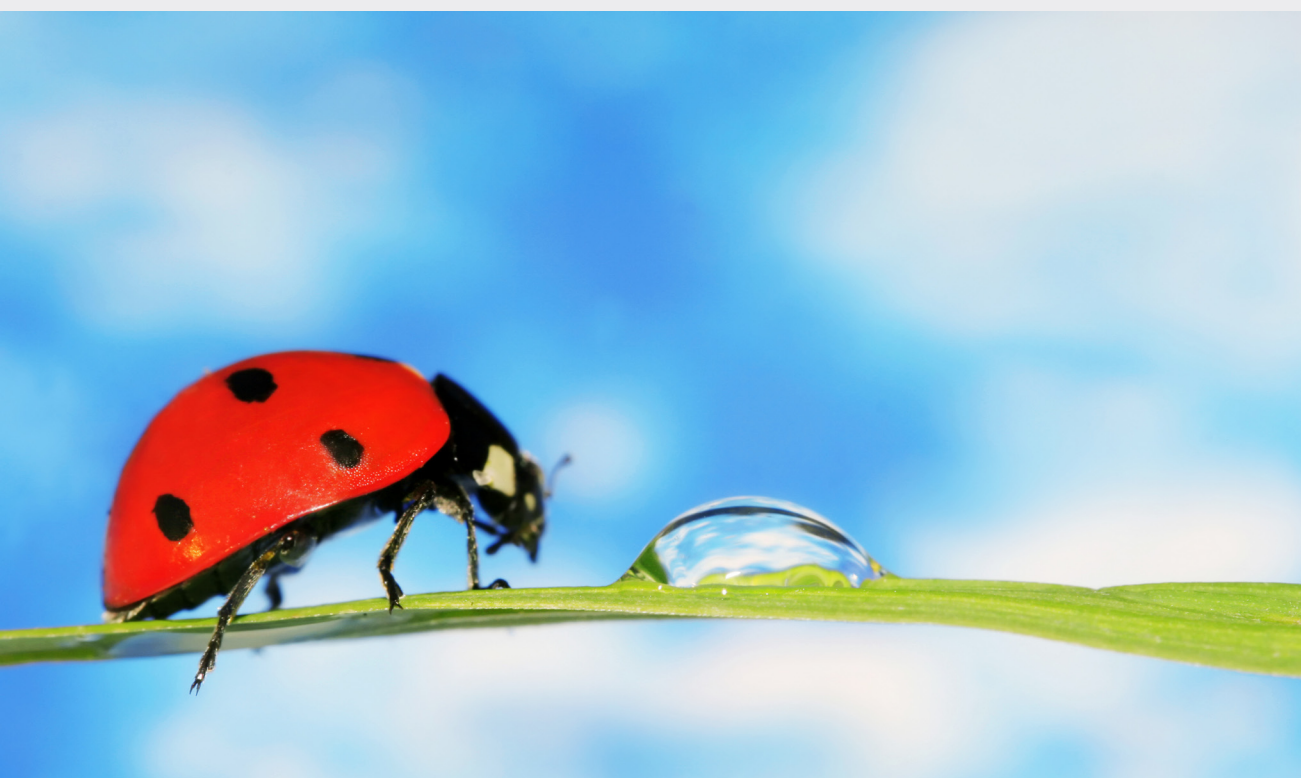
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Waterlogic machines undergo assessment of their environmental impact, and Waterlogic proactively seeks to meet and exceed all international standards and regulations regarding environmental concerns, for instance the company is currently pursuing ISO 14001 certification. It is completely voluntary to achieve this certification and as Waterlogic places great value in participating in environmental initiatives such as this, it will continue to do so.

Many Waterlogic offices have long established recycling programmes, with the UK office in particular expanding theirs to include paper/card, aluminium cans, plastic bottles/cups, toner cartridges, old mobile phones and batteries.



The company recently contributed to efforts to galvanize global business support for the “Seal the Deal” campaign, the UN global campaign urging for a comprehensive post-Kyoto global climate agreement at the UN Climate Change Conference (COP 15), to be held from 7-18 December 2009 in Copenhagen.

Waterlogic drafted a 100- word CEO testimonial message concisely detailing the reasons the company supports an effective climate agreement, as now posted on the Seal the Deal website at: http://www.unglobalcompact.org/Issues/Environment/Seal_the_Deal.html

The initiative and its related websites were also highlighted in the company newsletter, raising general awareness and encouraging employees and business partners to sign the climate petition.

“ Climate change affects us all, and we all can no longer ignore the negative repercussions of treating the environment as we, as a global society, have been. With a meeting date and agenda set to address the climate issue at hand, we support Seal the Deal’s appeal that there should be no outcome from the upcoming Copenhagen conference other than an effective climate change agreement. It is time, it is necessary, it is important, it is a business concern, it is a personal concern. Meeting this challenge head on, with accountability and with clear plans is the only tangible solution.”

Jeremy Ben-David, CEO, WLI Trading Ltd.



ENVIRONMENT

9. Encourage the development and diffusion of environmentally friendly technologies

Waterlogic continuously strives to develop the most advanced new industry technologies, with much consideration given to the environment and reduction of resource waste. These are and will continue to be issues at the top of the R&D department's list of requirements for all new machines and technology. For instance, at the moment, Waterlogic is devoting great resources to identify and utilise new types of even more environmentally-friendly refrigerant gas in its machines.

As a move toward incorporating more environmentally friendly technologies into its products, the company has recently commenced, with the production of its new product, the Waterlogic 4 this year, a shift toward developing plastic hot tanks within its units rather than steel, as plastics are fully recyclable and consume less energy. The environmental implications of this shift are as not yet measured, but sure to be substantial when rolled out across the range upon final testing and approvals on the system use. Waterlogic is further in the process of developing filters, an integral part of our product, which dramatically reduce the disposable contents thereby reducing landfill waste.

With the Energy Star rating system recently announcing that it will be establishing a category for point-of-use water coolers, Waterlogic has already volunteered to participate on the panel contributing to its development.

This will be a major step forward in the industry, increasing information transparency, setting a standard for energy claims and providing consumers

with energy assurances and detailed information from a trusted and credible source from which to make informed buying decisions.

Waterlogic is active in numerous industry associations, contributing to the advancement of the latest technology within the industry beyond a company level through industry leadership.

These memberships include:

WATER QUALITY ASSOCIATION - The Water Quality Association (WQA) is a not-for-profit international trade association representing the residential, commercial, industrial, and small community water treatment industry. WQA maintains a close dialogue with other organizations representing different aspects of the water industry in order to best serve consumers, government officials, and industry members. WQA is a resource and information source, a voice for the industry, an educator for professionals, a laboratory for product testing, and a communicator to the public.

EUROPEAN POINT-OF-USE DRINKING WATER ASSOCIATION, which has been formed "to promote, develop and maintain the highest standards of hygiene, safety and ethics within the European Point-Of-Use Drinking Water industry to the benefit of customers."

LOCAL VENDING ASSOCIATIONS - through its subsidiaries





CORRUPTION

BUSINESSES SHOULD:

10. Work against all forms of corruption, including extortion and bribery

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

In 2009, a legal letter was sent on behalf of the factory to all suppliers requiring a written & signed reply upon receipt declaring that all forms of bribery and corruption will not be tolerated by Waterlogic and vowing Waterlogic legal action against any employee and supplier should such an act to be discovered.



Furthering the UN Global Compact, Waterlogic now has a page on its website entitled “A Company That Cares About Corporate Responsibility” dedicated to sharing information about Waterlogic participation in the Compact and making previous Communication on Progress files available publicly.

The page contains links to the Global Compact website, encouraging those who wish to know more about the

Compact to read about it for themselves.

- http://www.waterlogic.com/viewdoc.asp?co_id=262

Waterlogic also participated in a recent Communicating about the Global Compact Webinar session facilitated by the UK Global Compact network to exchange ideas on how to promote the Global Compact throughout and beyond the business.

Waterlogic further took part in numerous of the Engagement Opportunities offered throughout the year by the Global Compact including:

- Vote Human Rights survey
- Global Compact Implementation survey
- Global Compact Communications survey
- Combatting Human Trafficking Risks in China survey

Waterlogic is Proud to be a Signatory to the Global Compact

