



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

COMMUNICATION ON PROGRESS 2008





EXECUTIVE STATEMENT



We are pleased to continue our support of the UN Global Compact.


As a signatory of the Compact and a concerned global corporate citizen, we have made great continued progress over the past year toward even further embodying the ideals set forth by the Compact, especially with regard to developing and adopting environmentally friendly technologies.

These innovations are ground-breaking within our industry and sure to be implemented across it with time.

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

As we move toward a new year, we resound our dedication to continuously striving to act and think as a responsible and responsive global corporate citizen.

Sincerely,



Jeremy Ben-David
Group Managing Director



UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS

HUMAN RIGHTS

BUSINESSES SHOULD:

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

Within its sphere of influence, Waterlogic supports and respects 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.

Recently Waterlogic was awarded as an "Outstanding Foreign Direct Investment Company" in the district of Ji Hong Tan, Chengyang City, Qingdao was .Criteria for the "Outstanding FDI Company" award received includes: 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.

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.



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 office in Dublin, logistics centre in London, and all international subsidiaries.

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.

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LABOUR STANDARDS

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 or 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.

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.

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. 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
- **LOW ENERGY REQUIREMENTS** - Waterlogic units are designed for low energy consumption
- **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.

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This year, Waterlogic has issued a “Green document” to communicate environmental information on its products including the environmental advantages of using point of use water dispensing technology over other water alternatives which generate more waste and use more energy.

- **PRODUCT CERTIFICATIONS**

CE 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 **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 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 supported its exclusive UK distribution partner PHS Waterlogic in participating in “The Green Road Initiative” as part of The Cooler Show at Avex in April 2007, where it identified its many efforts in addressing environmental challenges and made these openly known to those attending the exhibition through official exhibition materials. The Green

Road was designed as a unique guide for the exhibition that allowed visitors to readily identify exhibitors who shared their environmentally conscious aims.

It served not only to highlight the industry’s efforts but also acted as a call to arms to those who are more restrained in tackling these issues.

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.

In the last year, Waterlogic promoted its environmental responsibility through the Environmental Expert website (www.environmentalexpert.com) , encouraging overall awareness of the benefits of Waterlogic machines (against other alternatives) for office drinking water.



ENVIRONMENT

Furthermore, this was also highlighted in an environmental brochure called The Green Document which was distributed to all customers during 2007/2008 and is publicly available on its website at: http://www.waterlogic.com/viewdoc.asp?co_id=1759

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

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 utilising 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. Waterlogic is further developing filters, an integral part of our product, which dramatically reduce the disposable contents thereby reducing landfill waste.

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 2008, 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 further demonstrates its dedication to strong global citizenship through its various charitable activities, including but not limited to: participation through distribution partner PHS Waterlogic in WaterAid, whose mission is to overcome poverty by enabling the world's poorest people to gain access to safe water, sanitation and hygiene education, and through recent company sponsorship of a selected school in an impoverished area of China, where a water purification system and Waterlogic machines are to be donated to ensure that the thousands of students have access to clean drinking water.