



Idrodepurazione srl
COMMUNICATION ON PROGRESS 2018



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Certificato N IT16-13803

Scope of this report

This annual report has the scope of informing and updating readers on Idrodepurazione's commitment to and progress through active support of the United Nations Global Compact.

Please consult <http://www.unglobalcompact.org/> for further information on this initiative.

(last consultation 10.10.2018)

Target audience

This annual report is for a range of readers such as employees, shareholders, clients past, present and future, partners, suppliers, local councils, community groups and people based in Idrodepurazione's home city and in the cities, towns, villages and camps near our project sites.

COMMUNICATION ON PROGRESS 2018

Prepared by IDRODEPURAZIONE SRL. for the UN Global Compact

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STATEMENT BY THE SOLE DIRECTOR

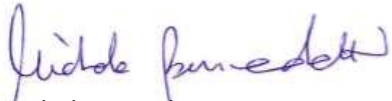
It is with pleasure that I renew my commitment to the ten principles of the Global Compact through this Communication on Progress 2018.

All our shareholders supports Idrodepurazione's commitment to the UN Global Compact and has been asked to use the ten principle as a foundation for decisions and strategy.

Through this report I communicate our renewed commitment to promoting the ten principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations.

I leave you to examine Idrodepurazione's Communication on Progress 2018.

Yours sincerely,



Michele Benedetti
Sole Director
Idrodepurazione srl

INTRODUCTION

This Communication on Progress (COP) focuses on Idrodepurazione's activities relevant to the ten principles in the last twelve months and highlights developments of particular interest.

This report will also be permanently available through our website www.idrogroup.net where we have a section dedicated to our participation in the UN Global Compact.



Idrodepurazione S.r.l. is a company specialized in the treatment of water, air and of waste, as well as the production of renewable energy.

Idrodepurazione is particularly interested in advancing research in eco-sustainable technologies for air, water and waste treatment focusing on recovering treated elements so as to increase available quantities of that element or resource. The company's objective is to combine respect for the environment with the development of new and increasingly advanced systems that can reduce the costs of such treatments.

IDRODEPURAZIONE is certified according to the following standards:

Quality Management System ISO 9001:2008

Environmental Management System ISO 14001:2004

Occupational Health and Safety BS UNI EN 18001:2007

The company has operates all over the world, contributing to the management of various humanitarian operations. Idrodepurazione is proud to actively support United Nations missions and their projects all over the world, through various ongoing supply and service contracts.

IN THIS REPORT

This COP prepared by Idrodepurazione offers succinct description of the consortium's activities in the areas of HUMAN RIGHTS, LABOUR, ENVIRONMENT and ANTI-CORRUPTION providing specific examples of . results achieved in the last twelve months.

This is Idrodepurazione's first COP and as such this document not only focuses on the company's activities relevant to the ten principles in the last twelve months but also offers relevant highlights from the Group's activities over the years, in particularly those of Idrodepurazione which celebrated 40 years of business in 2017.

As an operator in the environmental sector, Idrodepurazione is in a position to directly promote responsible management of the environment; work, according to relevant legislation in force, creating collaborations aimed at finding solutions that guarantee efficient management that protects the environment.

THE TEN PRINCIPLES

Idrodepurazione supports the UN Global Compact, a strategic policy initiative for businesses that are committed to aligning their operations and strategies with the following ten principles.

HUMAN RIGHTS

- 1. Businesses should support and respect the protection of internationally proclaimed human rights; and**
- 2. make sure that they are not complicit in human rights abuses.**

Idrodepurazione is based in a democratic country and, in all its commercial activities strives to respect the fundamental and internationally recognised principles of the Declaration of Human Rights.

Instilled in the nature of us all are the values of freedom, equality and rights of the individual, of brotherhood, of non-discrimination according to gender, religion and politics, in compliance with the most broad code of ethics.

In managing working relationships particular attention is paid to protecting people's privacy, respect, freedom of movement, workplace health and safety, and to hours of work and days off including holidays and compassionate leave.

The consortium puts people and their rights first and is guided by laws in force. Employees within the Group are hired on the base of a collective contracts in the metalworking and mechanical engineering industry (*industria metalmeccanica*) which provide for 40 hour working weeks.

As required by law all workers are registered for health cover, social security and workers compensation in Italy (INPS and INAIL).

In line with labour laws Idrodepurazione companies are able to treat employees as individuals and accept with great flexibility, and in line with labour laws, their requests for time off for medical or personal reasons.

A personnel manager is in place to protect this balance, giving full attention to all kinds of questions and requests, supporting legitimate ones and efficiently resolving small questions and differences.

If an employee feels that he or she can always find a solution to any work related problem and that they have the respect of those in positions of responsibility, and that the company has a vested and positive interest in their professional growth, they will likely work better and possibly be more committed to work and their employer.

Training and refresher course, tradeshow, conferences and seminars, national and international events all go towards promoting our rights to education.

Idrodepurazione collaborates with academic institutions. For three consecutive years Idrodepurazione hosted engineering students from Milan's Bicocca University providing them with lectures presented by Idrodepurazione Environmental Engineers, field demonstrations of working drinking water treatment plants. These events are possible thanks to the collaboration and coordination of the Italian Red Cross.

Idrodepurazione also encourages employees to follow further studies to stay up to date with new technologies, standards and practices and also to widen their sphere of work. Naturally this has a direct benefit for the company which gains from having more qualified employees.

Idrodepurazione has also financially supported the MBA master's degree course at the Catholic University of two students from Ghana and Uganda, thus supporting integration and providing opportunities for formative and intercultural exchange.

Idrodepurazione works in different places around the world including in areas without political systems favourable to the protection of human rights. For this reason it has become important for Idrodepurazione, in the course of business dealings with stakeholders (clients, partners, suppliers, subcontractors) to ask for compliance with the principles of human rights and the avoidance of their abuse, in order to avoid being implicated.

It must be remembered that in this context of cultural diversity both parties have to work to understand each other's ideologies and the survival challenges being faced on a daily basis, all of which can result in very different beliefs, values and behavior.

Idrodepurazione has joined the new Welfare system applicable in Italy since 2017 to Collective Contract of Metalworkers. The system grants all workers a sum supplementing health insurance and benefits also extended to family members and cohabitants. In addition there is a onetime annual sum for shopping vouchers going towards fuel, groceries or other goods or services.

Idrodepurazione has staff working outside of their main offices so worksite safety is very important and the company is vigilant in respecting health and safety regulations and the individual. Idrodepurazione arranges special insurance cover for employees travelling abroad. Senior management pays special attention to situations taking staff to remote and/or dangerous places and will make special arrangements as necessary (including escorts in some places).

Idrodepurazione members manage and maintain occupational health and safety system approved according to the standard BS OSHAS 18001. A tool facilitating the management of workplace safety, through priori evaluation of the risks and their reduction through preventive actions identified in a customized continuous improvement plan.

The implementation of a health and safety management system tends to reduce the number of workplace injuries by preventing risks and monitoring areas classified as being at risk of due to serious accidents, property losses resulting from accidents and production interruptions.

The availability of an integrated management system also protects the aspects related to quality and environment, compliance with mandatory regulatory requirements, also allowing proper management of human resources including staff engagement and motivation.

LABOUR

- 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;**
- 4. the elimination of all forms of forced and compulsory labour;**
- 5. the effective abolition of child labour; and**
- 6. the elimination of discrimination in respect of employment and occupation.**

Idrodepurazione continues to manage and maintain safety and environmental management systems approved according to the standards UNI EN ISO 14001 and BS OSHAS 18001. As required all staff attended occupational health and safety training (staff members are required to attend courses within one month of being employed and to then regularly attend refresher courses throughout their employment). Course conclude with testing and the issue of personalized certificates attesting to individual participation and comprehension.

The courses are always specific to occupational area with office workers, construction site technical staff and warehouse employees all receiving work specific information and first aid refresher courses where necessary.

Idrodepurazione has an emergency plan and elected representatives to follow necessary procedures however Italian law doesn't require an office to be equipped with acoustic alarms signaling evacuation for any reason (earthquake or fire for example). Idrodepurazione's offices have significantly expanded over the last few years and are somewhat detached from one another, therefore the company is evaluating the possibility of installing acoustic alarms to increase safety for all who use or visit the buildings.

In our first COP we would like to present some key data. This data is collected with a view to accurately identifying problems and risks and to plan for and demonstrate improvement. The information was recently compiled ahead of a periodic inspection by the ISO 14001 and BS 18001 certifying body in 2017. Idrodepurazione is pleased to report that the inspection for all members was positive, the group was found to be in compliance and to have improved upon points worthy of remark in the previous evaluation.

These statistics are included in this section because they relate to the Group's primary place of business and project sites which are particularly relevant to staff health and safety.

Indicator	Target	Total 2015	Total 2016	Total 2017	Year on Year
No. of accidents at work		0	0	0	=
No. of accidents at project sites		1	1	0	<
No. of accidents during transfer		0	1	0	<
Energy consumption (kW)		80.979	80.733	72.851	<
Water consumption (m ³)		4.571	4.333	4.430	=
Diesel consumption (lt)		10.222	10.632	15.828	<
Gas consumption (heating) (m ³)		26.418	26.910	27.027	>
Packaging disposed of (kg) (not recycled)		1850	1530	1250	<

Idrodepurazione has not registered any injuries in the offices, warehouses, on construction sites or during business trips in 2017. The consumption of energy is slightly decreasing, the other parameters remain constant.

Diesel consumption: this figure refers to the fuel consumption of Idrodepurazione vehicles. With the creation of a new operative of a member of Idrodepurazione in the province of Mantova, about 200 km away from the headquarters, the number of trips from office to office has increased.

Diesel consumption: although the winter 2017-2018 was not particularly cold, it was very long and as a consequence the increase in the values in the statistics is due to the use of heating for several weeks, as during the winter months the activity of Idrogroup has never stopped.

Non-recycled packaging: this figure has improved. Idrodepurazione is committed to increasing the activity of re-using packaging, and in particular this initiative is a useful tool for us to reduce economic expenditure. Idrodepurazione appreciates the importance of continuous monitoring in order to observe not only trends, but also to identify useful statistics and significant targets.

ENVIRONMENT

7. **Businesses should support a precautionary approach to environmental challenges;**
8. **undertake initiatives to promote greater environmental responsibility; and**
9. **encourage the development and diffusion of environmentally friendly technologies.**

Water, an indispensable and precious asset which, in part due to climate change, pollution and waste, has become a scarce resource. According to a new analysis by the University of Twente in the Netherlands, the lack of resources is one of the most dangerous challenges facing the world. To meet the daily needs of a home, water is taken directly from the public water supply (where available), and used for personal hygiene, cleaning, cooking food, in appliances and for irrigating gardens and plants. Research, again from the University of Twente, says around 500 million people live in places where the annual consumption of water is twice that of the amount of replenishing rain resulting in degradation of groundwater and making entire communities vulnerable.

To remedy what looks like a problematic water future, technology can provide invaluable help by offering tools and solutions that facilitate recovery.

For this reason Idrodepurazione, through product development, is optimizing and promoting their of gray water recovery system that allows a saving of more than 50% of the drinking water consumed in a home and at the same time reducing waste and inefficiencies.

Through a multi stage process of biological treatment, ultrafiltration and UV sterilization the gray water is returned to a hygienically pure state meeting the requirements of the EU standard for bathing water, thus allowing for re-use in, for example washing machines, toilets, household cleaning and for garden irrigation.

Idrodepurazione has also implemented the new Italian Biomethane Decree of 2 March 2018 which promotes the use of biomethane and other advanced biofuels in the transport sector.

In line with this decree, Idrodepurazione is promoting and refining its advanced technology for the production of biomethane from agricultural biomass and the organic fraction of solid urban waste, contributing to and supporting clear advantages for the environment including:

- use of **natural gas**: reduction of imported fossil fuels
- **Lower emissions**: reduction of greenhouse gas emissions

In our next COP we intend to include important updates on the above initiatives.

ANTI-CORRUPTION

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

By law Italian companies and their Principals are required to undergo investigation when they register to ensure conformity to Italy's anti-mafia legislation, specifically: article 10 of legislation no. 575 of May 31 1965 and successive modifications by Art. 38 of Legislative Decree 163/2006 "Contract Code".

This law obliges Idrodepurazione, its directors, technical directors and attorneys, as indicated on the certificate of registration to prove to have no criminal convictions or have been involved in criminal proceedings for acts such as extortion, bribery and association with the mafia, and to have no links with companies with convictions for the same.

In turn all employees and contractors, are bound by individual contracts requiring conformity to the same. The company also tries to protect itself by obtaining declarations of the same from other companies it works with.

A future goal to pursue could be the request to sign anti-corruption certificates at the level of the individual countries in which Idrodepurazione operates.

Idrodepurazione confirms full compliance with the UN Code of Conduct. The member companies of the group also undertake to promote transparency in all communications and financial and commercial transactions.

This is done by submitting the accounts and financial reports required by law to appropriate auditing and certification procedures.

Idrodepurazione works with public entities in Italy and this puts it in a position of advantage. There are several contracts currently active with public organizations for the construction of deodorization plants, water treatment plants and the management and maintenance of existing public facilities. Work for public bodies must be carried out with integrity, seriousness and transparency.

A member of IDRO Group, Idrodepurazione, has been in possession of SOA Certification for more than 15 years (SOA Certification is an Italian Certification for the participation in tenders for the execution of public tenders). The value of this nationally recognized certification is based on the experience gained in the sector and the high quality of the work carried out over the years.

The adoption of a firm position becomes even more important as Idrodepurazione works in developing countries where years of corrupt practices have had destructive effects: misappropriation of funds undermining governments' ability to provide basic services and foster future development as inequality and injustice grows and international aid providers and investors are discouraged. Corruption appears to be the critical element in under-development economies and one of the biggest obstacles to overcoming poverty and development.

All of this is taken into account when representatives approach partners and governments in low income economies where the securing of funds is often the first and biggest obstacle to be overcome. In such cases, as mentioned above, the Group's business position remains firm.

The Group doesn't have a specific office that deals with anti-corruption policies.

The signing of the contracts, relationships with decision-makers including those in government departments and large companies, participation in public tenders national and international relationships with banks, the pre-approval of financial facilities, the definition of commission levels to be applied in agency contracts, sponsorship of events for promotional purposes including entry in new markets, the management of corporate gifts, limiting the value of gifts or donations to charities are all activities that are conducted in person by Idrodepurazione management in accordance with laws in vigor and principles of transparency and prudence.

The company doesn't have a penalty system in place for corrupt corporate officers because such acts have never been recorded and, as a SME decision making and the resolution of grievances rests with the partners.

Idrodepurazione shares and supports these ten principles and is committed to integrating them in philosophy, strategy and business practices.

COMMUNICATION

Idrodepurazione actively promotes our participation in the United Nations Global Compact and the importance of the ten principles to stakeholders and the general public.

In addition to the aforementioned engagement opportunities taken by Idrodepurazione, the company's Global Compact communication initiatives continue to include:

- General promotion of UN Global Compact participation at meeting and events;
- Section of company website www.idro.net dedicated to the UN Global Compact.

Initiatives to be launched in the next 12 months are:

- Inclusion of the WE SUPPORT logo on company letterhead;
- UN Global Compact posters displayed in offices;
- Specific presentations at meetings and events in Italy and abroad.

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