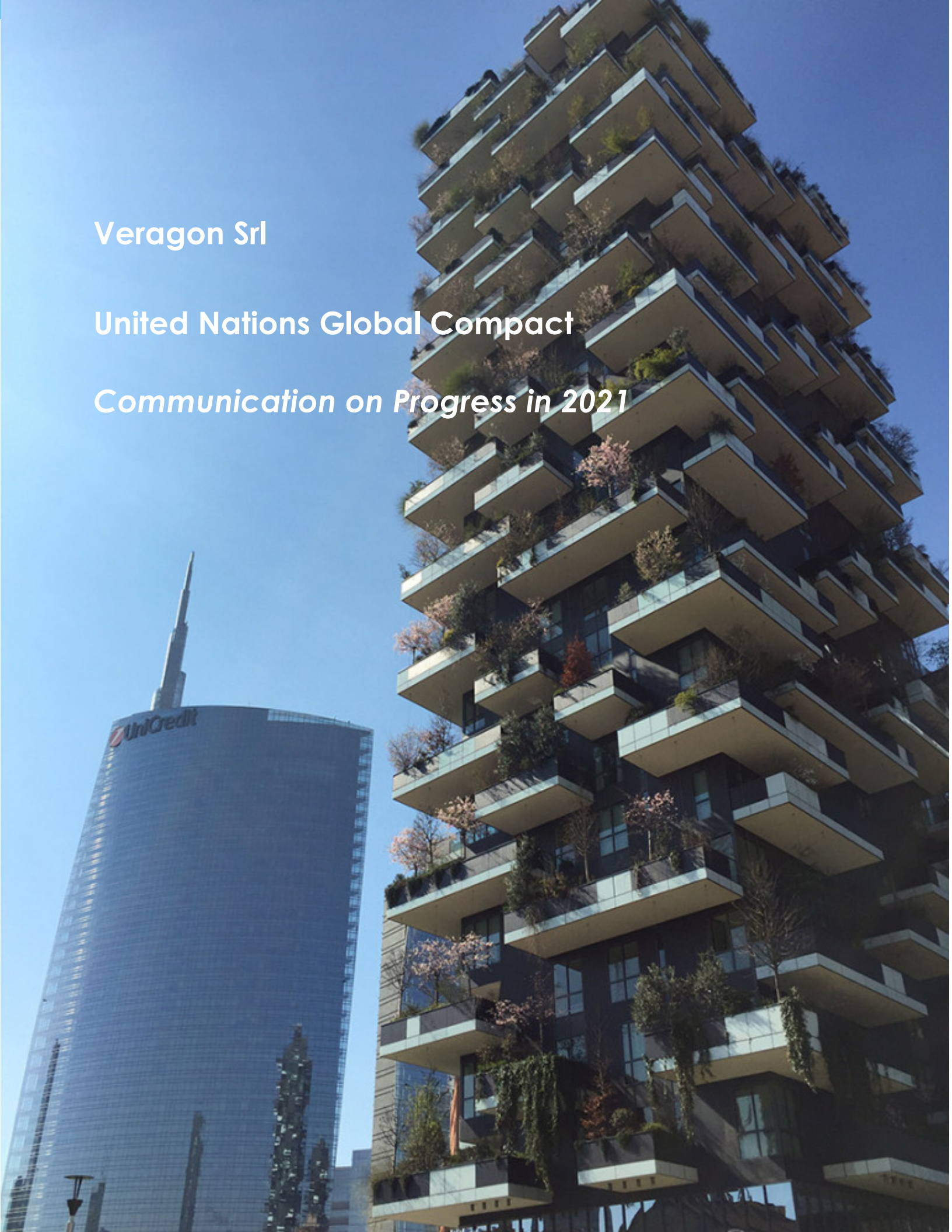


Veragon Srl

United Nations Global Compact

Communication on Progress in 2021



About Veragon: Our Mission



“To provide a reliable source of clean, mineralised drinking water, where and when it is needed most, in an economically viable and environmentally sustainable manner”

UN Global Compact

Communication on Progress in 2021

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15 Dec 2021

A letter to our Stakeholder

2021, a year unlike any other has brought us to an inflection point. The single biggest change in human behavior in history, triggered by the pandemic, has now triggered the single biggest reinvention of industry in living memory.

We are seeing a world awakened to an incredible opportunity to reimagine and rebuild responsibly and sustainably, and, in turn, transform our global economy into one that works for the benefit of all.



Shared success will depend on the ability to understand all stakeholders; connect the power of technology, human ingenuity and business value; and accelerate technology-led transformation.

Veragon has been proud signatory to United Nations Global Compact (UNGC) since 2020, and we are steadfastly committed to the principles the UNGC articulates. Integrating these principles is both the right thing to do and good for our business. We strive to integrate best practices in human rights, labour standards, community relations, environment and anti-corruption throughout our corporate culture and into our day-to-day operations

During the second half of 2021, Veragon started to develop a Sustainability Scorecard to transparently measure our progress against a number of key sustainability indicators. The scorecard will be aligned with both our corporate sustainability strategy and the ambitions of the UNGC. The Scorecard should be completed by the Q2 2022.

Some of the actions Veragon took in 2021 include updating our climate change strategy as well as update our human rights training program.

The following CoP provides an overview of Veragon's key sustainability achievements in 2021 and our objective for 2022.

Further details on our progress will found on the Veragon website as well as on our 2021 Sustainability report.

We are grateful to our people around the world for their boundless humanity and heart, and for their unstinting dedication, resilience and commitment to our clients and all our stakeholders. Together, we are driving positive change every day—and delivering true shared success.

Dr. Alessio P. Lucattelli

Founder and Chief Executive Officer

The Ten Principles of the UN Global Compact

The UN Global Compact is a voluntary international initiative that asks companies to operate in a manner that meets fundamental responsibilities for human rights, labour, environment and anti-corruption. Veragon is committed to making a strong contribution to society and delivering value for all.

The principles of the UN Global Compact align with and are integrated into our strategies, policies and procedures, as well as our Sustainability Scorecard which we are planning to be deliver in 2022.

The UN Global Compact's Ten Principles draw on:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The UN Global Compact 's Ten Principles:

- Human Rights:
 - Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
 - Principle 2: make sure that they are not complicit in human rights abuses.
 - Labour
 - Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
 - Principle 4: the elimination of all forms of forced and compulsory labour;
 - Principle 5: the effective abolition of child labour; and
 - Principle 6: the elimination of discrimination in respect of employment and occupation.
 - Environment
 - Principle 7: Businesses should 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
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- *Anti-Corruption*

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

Implementing the Ten Principles

Human Rights

Absolute respect for human rights is a foundational value at Veragon and a crucial part of our sustainability vision. Over the past few years, we worked across a diverse range of social, economic and political contexts, as well as different countries. We acknowledge our responsibility, and the opportunity, to contribute to protecting human rights of people around the world.

We have zero tolerance for human rights violations wherever we operate. We avoid causing or contributing to human rights violations and actively facilitate access to remedies. Our commitment to respect human rights is codified in our standalone Human Rights Policy and informed by the expectations of the UN Guiding Principles on Business and Human Rights (UNGPs).

During 2021, we begin the process to review and revise our human rights training program and updated several standards. Further information on our Human Rights Program will be available in the Sustainability Report.

Labour Standards

Having an open and frank communication is at the heart of our approach to labour relations. We have a several of communication channels to obtain a two-way communication between workers and management. Starting from 2022 with adoption of the Sustainability Score Card will be easier to track the improvement on a yearly base. Further information on Veragon's approach to human capital and people management can be found in the Human Right Policy.

Environment

Environmentally friendly conduct is a fundamental responsibility of any modern company and a critical part of our business strategy. Independently of the strength and rigor of the environmental management practices in place, the reality is that air to water generators do have an impact on the natural environment. We are therefore committed to managing and minimizing these impacts. Responsibly managing our environmental impacts not only reduces risk, but it also helps to deliver



a sustainable legacy for the areas in which we operate. We relentlessly apply the highest standards of environmental management, using energy efficiently, recycling and reducing waste, and working to protect biodiversity, we can deliver significant cost savings to our business, and help build strong stakeholder relationships.

Water

Water is our core business, and our mission is to deliver good quality water using our technology, while at the same time protecting the resources of water available.

Our commitment to responsible water use is codified in our Environmental Policy, which compels us to:

On the production site:

- Recycle as much water as possible especially during the production process;
- Manage the wastewater in order to minimize our impacts on existing water sources;

On the areas where we operate:

- Encourage the use of reusable bottle in order to minimize the usage plastic bottle
- Engage with stakeholders, including local communities to maintain sustainable management of water resources for the benefit of all local users.

Given the diverse geographies in which Veragon operates, we are keen to improve the water situation in all those areas and meet these commitments varies from site to site. Further details on Veragon's progress will be available on the Sustainability Score Card that will be available in 2022.

Climate Change

We recognize that climate change, including raise in temperature, precipitation and more frequent severe weather events, could affect our operations in a range of possible ways. Currently we are developing a Climate Change Strategy which should be completed and published in 2022.

Below summarized there are the main objectives of our Climate Change Strategy

Become carbon neutral by 2023 and Carbon negative by 2025 embracing all the necessary activities.

Improve the Climate Change Strategy with an annual review of the targets and expectations, disclose the results to the market in order to improve the communication and feedback.

Meet the emission target of our factory as well as increase the proportion of the renewable energy used to run the units

Further detail on Veragon's approach to climate change including emissions calculation processes will be detailed in the Sustainability Report.

Biodiversity

At Veragon we constantly work to actively manage our impact on biodiversity and strive to protect the ecosystems in which we operate. Wherever possible we aim to achieve a net neutral biodiversity impact, particularly for ecologically sensitive environments.

For biodiversity we decide to have an approach similar to the Climate Change and develop a Biodiversity Action Plan (BAP) by the end 2022. The target is to put in place the BAP in all our operational sites. Further details regarding Veragon's approach to biodiversity management can be found in the Sustainability Report

Anti-corruption

Last but definitely not least the final principle relates to corruption.

At Veragon we have absolutely zero tolerance for bribery and corruption.

This is specified in our Anti-Bribery and Anti-Corruption Policy as well as our Code of Business Conduct and Ethics. Not only that but also every contract we sign with our agent or distributor have anti bribery and anti-corruption clause. At Veragon we believe that taking a stance against corruption, bribery and fraud is one of our foundational value. Our commitment to operate responsibly applies to employees at all levels and to our third parties, through the Supplier Code of Ethics. We work to achieve these commitments through our Anti-Corruption, Business Integrity and Ethics program, which includes:

- Strong due diligence
- Risk Evaluation
- Protecting the supply chain
- Protecting the Stakeholder

Conclusions:

2021 has been our first year as UNGC signatory and despite the challenges from the global pandemic we believe the progress were tangible. We look forward to complete by the end of 2022 all the actions started this past year.