



COMMUNICATION ON PROGRESS 2021



Scope of this report

This annual report has the scope of informing and updating readers on Idro Group srl'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 January 2021)

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 Idro Group srl's home city and in the cities, towns, villages and camps near our project sites.



COMMUNICATION ON PROGRESS 2020

Prepared by IDRO GROUP SRL 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 2021.

All our shareholders supports Idro Group srl'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 Idro Group srl's Communication on Progress 2021.

Yours sincerely,

Michele Benedetti
Sole Director
Idro Group srl srl



INTRODUCTION

This Communication on Progress (COP) focuses on Idro Group srl'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.



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

Idro Group srl 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.

IDRO GROUP SRL 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

In progress: SA8000:2014 Social Accountability

The company has operates all over the world, contributing to the management of various humanitarian operations. Idro Group srl 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 Idro Group srl 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 Idro Group srl'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 Idro Group srl which celebrated 40 years of business in 2017.

As an operator in the environmental sector, Idro Group srl 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

Idro Group srl 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.**

Idro Group srl 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 Idro Group srl 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.

Idro Group srl collaborates with academic institutions. For three consecutive years Idro Group srl hosted engineering students from Milan's Bicocca University providing them with lectures presented by Idro Group srl 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.



Idro Group srl 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.

Idro Group srl 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.

Idro Group srl 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 Idro Group srl, 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.

Idro Group srl 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.

Idro Group srl 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. Idro Group srl 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).

Idro Group srl 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.

ABOUT SAFETY to protect our workplace from COVID-19

In January 2020 the World Health Organization (WHO) declared the outbreak of a new coronavirus disease in Hubei Province, China to be a Public Health Emergency of International Concern. WHO stated there is a high risk of the 2019 coronavirus disease (COVID-19) spreading to other countries around the world.

How COVID-19 spreads

When someone who has COVID-19 coughs or exhales they release droplets of infected fluid. Most of these droplets fall on nearby surfaces and objects - such as desks, tables or telephones. People could catch COVID-19 by touching contaminated surfaces or objects – and then touching their eyes, nose or mouth. If they are standing within one meter of a person with COVID-19 they can catch it by breathing in droplets coughed out



or exhaled by them. In other words, COVID-19 spreads in a similar way to flu. Most persons infected with COVID-19 experience mild symptoms and recover. However, some go on to experience more serious illness and may require hospital care. Risk of serious illness rises with age: people over 40 seem to be more vulnerable than those under 40. People with weakened immune systems and people with conditions such as diabetes, heart and lung disease are also more vulnerable to serious illness.

We illustrate here how we try to prevent the spread of COVID-19 in our workplace and how to manage COVID-19 risks when organizing meetings & events. Things to consider when our employees travel

1. Prevent the spread of COVID-19 in our workplace

The low-cost measures below will help prevent the spread of infections in our workplace, such as colds, flu and stomach bugs, and protect our customers, contractors and employees.

- workplaces clean and hygienic:

Surfaces (e.g. desks and tables) and objects (e.g. telephones, keyboards) need are wiped with disinfectant regularly

We promote regular and thorough hand-washing by employees, contractors and customers

We put sanitizing hand rub dispensers in prominent places around the workplace.

We display posters promoting hand-washing

We ensure face masks¹ available at our workplaces

- We promote the message that people need to stay at home even if they have just mild symptoms of COVID-19.
- We favour the smart working: people work from their home
- We favour the call conference meeting

DURING the meeting or event

- We provide information or a briefing, preferably both orally and in writing, on COVID-19 and the measures that organizers are taking to make this event safe for participants.

- o We build trust. For example, as an icebreaker, practice ways to say hello without touching.

- o We encourage regular hand-washing or use of an alcohol rub by all participants at the meeting or event

- o We encourage participants to cover their face with the bend of their elbow or a tissue if they cough or sneeze. Supply tissues and closed bins to dispose of them in.

- We arrange seats so that participants are at least one meter apart.



- We open windows and doors whenever possible to make sure the venue is well ventilated.
- If anyone who starts to feel unwell, we follow our preparedness plan or call your hotline.
 - o Depending on the situation in your area, or recent travel of the participant, we place the person in the isolation room.

THINGS TO CONSIDER WHEN EMPLOYEES TRAVEL

- Before traveling
 - o Make sure our employees have the latest information on areas where COVID-19 is spreading at <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports/>
 - o Based on the latest information, our organization should assess the benefits and risks related to upcoming travel plans.
 - o We will not send employees who may be at higher risk of serious illness (e.g. older employees and those with medical conditions such as diabetes, heart and lung disease) to areas where COVID-19 is spreading.
 - o We make sure all persons travelling to locations reporting COVID-19 are briefed by a qualified professional (e.g. staff health services, health care provider or local public health partner)
 - o We consider issuing employees who are about to travel with small bottles (under 100 CL) of alcohol-based hand rub. This can facilitate regular hand-washing.
- While traveling:
 - o Encourage employees to wash their hands regularly and stay at least one meter away from people who are coughing or sneezing
 - o Ensure employees know what to do and who to contact if they feel ill while traveling.
 - o Ensure that our employees comply with instructions from local authorities where they are traveling. If, for example, they are told by local authorities not to go somewhere they should comply with this. Our employees should comply with any local restrictions on travel, movement or large gatherings.
- When our employees return from traveling:
 - o Employees who have returned from an area where COVID-19 is spreading should monitor themselves for symptoms for 14 days and take their temperature twice a day.
 - o If they develop even a mild cough or low grade fever (i.e. a temperature of 37.3 C or more) they should stay at home and self-isolate. This means avoiding close contact (one meter or nearer) with other people,



including family members. They should also telephone their healthcare provider or the local public health department, giving them details of their recent travel and symptoms.

How to stay informed:

<https://www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports/>

Advice and guidance from WHO on COVID-19

<https://www.who.int/emergencies/diseases/novel-coronavirus-2019>

<https://www.epi-win.com/>



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.**

Idro Group srl 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.

Idro Group srl 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). Idro Group srl'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. Idro Group srl 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 2017	Total 2018	Total 2019	Year on Year
No. of accidents at work		0	0	1	=
No. of accidents at project sites		0	0	0	=
No. of accidents during transfer		0	0	0	=
Energy consumption (kW)		72.851	78.345	78.400	>
Water consumption (m ³)		4.430	3.350	3.010	<
Diesel consumption (lt)		15.828	12.828	11.670	<
Gas consumption (heating) (m ³)		27.027	26.790	26.400	<
Packaging disposed of (kg) (not recycled)		1250	1420	1450	>



Idro Group srl has not registered any injuries in the offices, warehouses, on construction sites or during business trips in 2019. The consumption of energy is slightly decreasing, the other parameters remain constant.

Diesel consumption: this figure refers to the fuel consumption of Idro Group srl vehicles. With the increment of personnel in the second site of Idro Group srl in the province of Mantova, about 200 km away from the headquarters, the number of trips from central office to secondary site has increased.

Diesel consumption: although the winter 2019-2020 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. Idro Group srl 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. Idro Group srl 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 Idro Group srl, 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.

Idro Group srl 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, Idro Group srl 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 Idro Group srl, 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 Idro Group srl operates.

Idro Group srl 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.

Idro Group srl 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, Idrodepuration, 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 Idro Group srl 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 Idro Group srl 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.

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



COMMUNICATION

Idro Group srl 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 Idro Group srl, 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.
- Section of UN Global Compact on Idro's company profile.

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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