

Dubai

Unit N306, Level 3,
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Statement of continued support by the Chief Executive Officer

I am pleased to confirm that Averda reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations.

Regards

Mr Malek Sukkar
Chief Executive Officer
Averda

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Human Rights

Assessment, policy, and goals:

The Averda human rights policy is based on the elements set out in the UN Guiding Principles on Business and Human Rights. This policy sets out how Averda respects people by identifying, preventing, mitigating, and accounting for how it addresses any adverse human rights impacts.

Implementation:

- The Human Rights policy scope will be part of standard audit process across all business units in conjunction with the People Standards Audit. The annual audit and compliance results will clearly and sufficiently be aligned with and demonstrate Averda's human rights record.
- An interactive onboarding programme with key stakeholders from across the business, covering HR policies/procedures, HR systems and processes.
- Averda has a Human Rights policy, which is implemented across each market and is overseen by Averda's management team, ensuring appropriate procedures are implemented and remedial actions are taking, if required. Ultimate responsibility for Human Rights at Averda lies with the Executive Committee and Senior Management team, who ensure the complete accountability to the Human Rights Policy and related policies and procedures.

Measurement of outcomes:

- Grievance management analysis (number of grievances and turnaround time to address these by line of business and/or HR). Grievances can be raised via:
 - Directly with line manager and/or Human Resources Business Partner (HRBP)
 - Suggestion boxes allocated across sites and employee accommodations
 - Averda's employees and other stakeholders can report suspected misconduct through Averda's Speak Up Platform in line with the Averda Speak Up Policy, managed by Averda's Ethics & Compliance

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Function. Individuals can report anonymously, or otherwise, suspected breaches of human rights through the Speak Up Platform and reporters are protected by Averda's Non-retaliation Policy.

Labour

Assessment, policy, and goals:

Averda's Employee Welfare Charter is our pledge toward the wellbeing of our front-line and skilled employees and our commitment to ensuring their wellbeing, health, safety and security.

The employee welfare for frontline and skilled employees is covered through the following key policies:

- Frontline and Skilled Employees' Recruitment, Employment Contract and Conditions
- Frontline and Skilled Employees' Payment of Salaries and other Benefits, End of Service and Repatriation
- Frontline and Skilled Employees' Accommodation Standard
- Frontline and Skilled Employees' Welfare Committee
- Frontline and Skilled Employees' Welfare Compliance Reporting

The purpose of the Employee Welfare (EW) Standards is to give effect to the principles and objectives of the Employee Welfare Charter by setting out minimum mandatory requirements with respect to frontline and skilled labour to ensure their welfare is always maintained.

Implementation:

The successful implementation of Averda's employee welfare related policies determines the well-being and engagement of our frontline and skilled employees and thereby plays a key part in the success of our business.

Averda will perform quarterly internal audits to measure its compliance with these EW standards. The audit will be conducted by Business Unit HR and Health, Safety, Security, Environment and Quality (HSSEQ), and as per the Compliance Reporting checklist.

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The Employee Accommodation Manager/Supervisor will cooperate with Business Unit HR and HSSEQ personnel to ensure that all required documents and evidence are made available for audits and expeditiously provide any further information if requested.

The process flow for the auditing and reporting will be as per the RACI model defined for EW standards compliance reporting.

Averda will allow for external audits where required by, and in accordance with, the applicable local laws and regulations, client appointed auditors and Averda appointed auditors with approval from Country Business Units (CBU) Leadership and Group HR Operations Director.

Averda will ensure it includes audit rights in contracts with its' contractors and ensure these are exercised as required to monitor contractor compliance with the EW standards.

Measurement of outcomes:

- Leavers/ separation analysis, including any forms of misconduct
- Number of audit non-conformities observed by random samples provided by an external/internal audit
- Number of claims and/or disputes raised by an active or former employee to the ministry of manpower/labour or other judicial, governmental and/or regulatory bodies
- Number of employee accommodation non-conformities raised by the Employee Accommodation Manager/Supervisor

Environment

Assessment, policy, and goals:

Our Environment and Social policy prioritises the protection and responsible stewardship of the planet as our obligation to current and future generations. In addition to offering tailor-made, environmentally friendly services and treatment options to

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help meet our clients' environmental goals, we also minimise our own environmental footprint, focusing on the following the following areas:

1. Carbon impact
2. Circularity
3. Pollution prevention and resource conservation

Over the last year, we have implemented a group environment and social management system (ESMS), aligned to ISO 14001 and IFC PS1, across all operations.

We have reviewed our environment procedures and standards to align to IFC performance standards and the World Bank's industry guidelines.

Furthermore, Averda appointed a Chief Sustainability Officer and has a Sustainability and Safety board sub-committee strengthening environmental sustainability as a priority for the company.

Implementation:

All environmental incidents are reported to the group platform that enables root cause assessment and corrective and preventative actions to be taken with appropriate assignation of accountability, learning and escalation.

Climate

We continue to ensure that all our vehicles are fuel efficient, appropriate for the purpose and are operated by drivers trained in smart driving techniques that cut engine idling and over-revving. Most effectively, we have – as part of the digitalisation of the company – employed a route optimisation solution which provides dynamic options to avoid traffic and reduce travel distance whilst optimising delivery efficiency. This has yielded further greenhouse gas (GHG) reductions in the current year.

Landfill methane constitutes a potent GHG; Averda is accelerating where possible the implementation of landfill gas extraction and the evaluation of its alternative use as a replacement for fossil fuels in our own operations.

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**Circularity**

In-house sorting of generated waste has been reinforced across our facilities with the aim to maximise diversion from landfill. This is driven by environmental knowledge sharing and awareness sessions and activities delivered to employees.

Averda prioritises sustainable waste treatment solutions that enable waste diversion from landfill for us and our customers. In this context, Averda will launch new plastic recycling projects and focus on food waste solutions for customers.

Our hazardous waste blending plant converts our customers' high calorific value liquid waste to a fuel used in the cement industry, replacing fossil fuels.

The collection and treatment of used cooking oil has commenced in the UAE with the intention of expanding this to other markets as a fuel alternative. These solutions enable our clients to meet their carbon reduction and circularity goals.

Measurement of outcomes:

Scope 1 and Scope 2 carbon impacts have been assessed in-house using science-based methodology.

Potential environmental impacts at landfill sites are mitigated by construction design and ongoing operational monitoring includes groundwater, surface water, air quality & noise to monitor and control the potential impacts of our activities.

Where applicable biodiversity management and monitoring plans are in place to prevent negative impacts on the ecosystem. Future rehabilitation projects are designed to preserve the local biodiversity.

Anti-Corruption**Assessment, policy, and goals:**

Averda has zero-tolerance for any form of bribery and corruption. We are committed to conducting our business activities with integrity and in full compliance with applicable laws and regulations, including anti-corruption laws. Our Anti-Bribery and Corruption Policy sets out our responsibilities in observing and upholding our position on bribery and corruption and is applicable for all Averda employees and anyone working on our behalf.

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In addition to the Anti-Bribery and Corruption Policy, our principles and core standards of conduct are outlined in the Averda Code of Business Conduct, 'How We Do Business'. The Code of Conduct is included in the on-boarding process for all new joiners and is annually reviewed by Averda's Ethics & Compliance Function. These policies do not stand alone: they are supplemented by a range of other company policies as well as applicable laws and regulations.

We conduct risk-based due diligence on all our business partners and operations in line with the Averda Compliance Due Diligence Policy. Where there is perceived to be a heightened risk of corruption, comprehensive due diligence steps are taken to mitigate the risk.

Averda aims to only do business with third parties who share the same zero tolerance approach to bribery and are committed to international frameworks on bribery. As such, we require all suppliers and vendors to operate, at minimum, in accordance with the principles and requirements, in the Averda Supplier Code of Conduct ("Code"), and in full compliance with all applicable anti-corruption laws and regulations.

We care for our planet, so it is our goal to continue to advocate for ethical business practices across all our operations and with our business partners.

Implementation:

Averda's Board of Directors have implemented the Ethics & Compliance Function, tasked with assisting Averda management with ensuring Averda upholds its commitment towards ethical business practices and zero tolerance approach. We annually conduct mandatory anti-bribery and corruption training for employees with corruption risk exposure.

Anti-bribery and corruption terms and conditions are added to all contracts with our business partners following the bribery and corruption due diligence steps and commitment requirements of our business partners.

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Averda has implemented a whistleblowing framework to encourage and support Averda's employees and stakeholders to report suspected instances of misconduct. The whistleblowing (Speak Up) Policy and Speak Up Platform is regularly communicated to all employees in all the major languages.

Measurement of outcomes:

Averda has made significant improvements to our anti-corruption controls in the last reporting period. We have implemented the Ethics & Compliance Function, who monitor Averda's Speak Up framework, Anti-bribery & Corruption Policy, and Compliance Due Diligence Policy to measure and ensure our current control measures are effectively preventing and/or detecting suspected corruption. This includes ensuring we conduct risk-based corruption due diligence on all our business partners, all our employees exposed to corruption risk are up to date on their training, and the Speak Up Platform for reporting corruption concerns is adequately accessible.

Our anti-corruption controls are audited by Averda's Internal Audit Function to identify any control weaknesses or potential corrupt activities. In addition to this, Averda's financial statements are externally audited on an annual basis.