



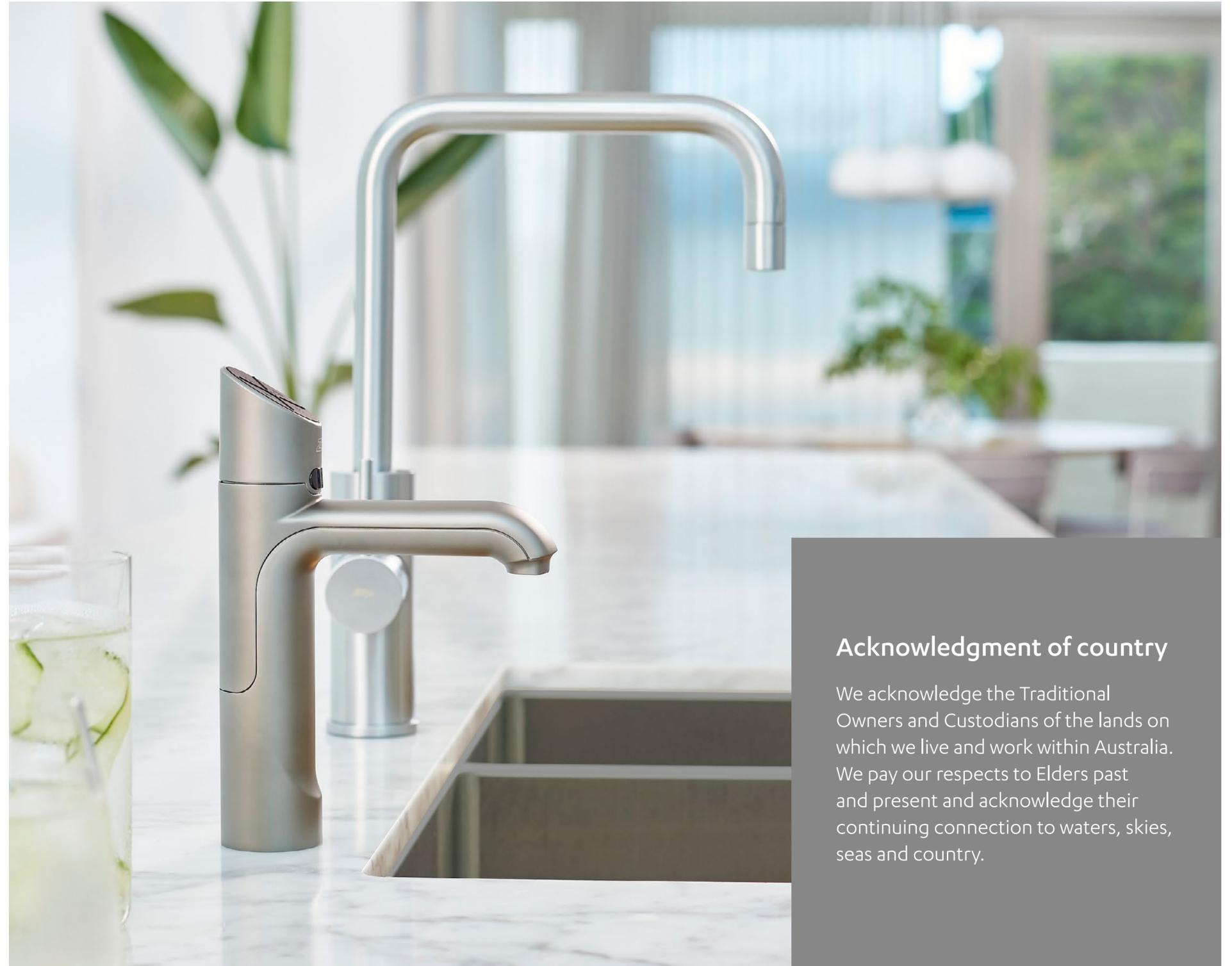
# 2022 Sustainability Report

Making a difference to the health and  
wellness of people throughout the world



# Contents

About This Report	3
From Our President	4
About Us	5
Our Impact in 2022	9
How We Approach Sustainability	10
Our ESG Strategy	13
<hr/>	
 <b>Our Products</b>	<b>15</b>
<hr/>	
 <b>Our Planet</b>	<b>21</b>
<hr/>	
 <b>Our People</b>	<b>27</b>
<hr/>	
 <b>Our Practices</b>	<b>35</b>
<hr/>	
Thank You	41
Appendices	42



**Acknowledgment of country**

We acknowledge the Traditional Owners and Custodians of the lands on which we live and work within Australia. We pay our respects to Elders past and present and acknowledge their continuing connection to waters, skies, seas and country.



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# About This Report

This is Zip Water's first annual sustainability report. It covers the year from 1 January to 31 December 2022 (unless stated otherwise). As this is our first sustainability report, we do not restate any information.

Unless otherwise stated in this report, any reference to "we", "us" and "our" includes Zip Water entities in Australia, United Kingdom and New Zealand.

The report focuses on the Environmental, Social and Governance (ESG) topics (both risks and opportunities) that matter most to our stakeholders and our business. On page 11 you can read about the materiality assessment that identified these topics, and on page 13, how they led to our strategic framework – Our Products, Our Planet, Our People and Our Practices.

We have prepared this report with reference to the Global Reporting Initiative (GRI) standards and United Nations (UN) Sustainable Development Goals (SDGs).

We are pleased to share the progress we are making and our commitments, targets and hopes for the future. We will continue to report publicly and annually. If you have questions or would like more information about our sustainability performance and approach, please contact us at: [ESG@zipwater.com](mailto:ESG@zipwater.com)



**John Doumani**  
President of Culligan APAC  
and Zip International

# From Our President

In 1962, Michael Crouch bought a small company based in Western Sydney that made kitchen and bathroom water heaters. He saw something very special in the business which we now see every day.

Because of him we have changed the way people around the world think about and experience water.

If we trace the story of Zip Water back to its beginning in 1947 when the company first started, we have always celebrated and cherished water. Our passion to deliver water at its best has driven our innovation and global expansion.

Today, we're driven by our aspiration to be the number one sustainable provider of premium drinking water solutions for consumers. We do this by delivering safe, clean drinking water to more than 20 million people around the world each day and keeping over two billion single-use plastic bottles out of landfill and our oceans each year. And these numbers are rising.

In 2017, we joined the Culligan family – a global powerhouse of companies that are passionate about water and their environmental stewardship. As part of Culligan, we share a common purpose. We transform water to impact lives and protect the planet for all, so that anyone can get the clean, safe, better-tasting water they love, anywhere. We do this through our unparalleled expertise in sustainability, science, and service.

In 2022, Culligan conducted a thorough materiality assessment to identify and understand the issues that are most relevant to our stakeholders and our business. This also helped us focus on the areas that have formed the basis of our Global Environmental, Social and Governance (ESG) strategy.

We know that our team wants to work for a collaborative, supportive company that has a positive purpose. We are passionate about our people, recognising that everyone needs to be at their best for us to do our best. Our consumers expect us to rise up to the challenges we face and be a force for good. This is something we're passionate about.

At Zip, we have been actively taking steps to reduce our impact on the environment for a number of years. This report documents our journey so far, including where our strengths lie, and areas where we could improve.

At our core, we're driven by innovation. We're never satisfied with close enough, or good enough. Whether it's in our practices or products, there is always room for us to provide health, wellness and environmental benefits to our consumers.

As the world around us rapidly changes, we are more determined than ever to ensure we are contributing to a sustainable future. By formalising our commitments and aspirations in this report, we are sharing our goals and ambitions, and holding ourselves accountable to taking action.

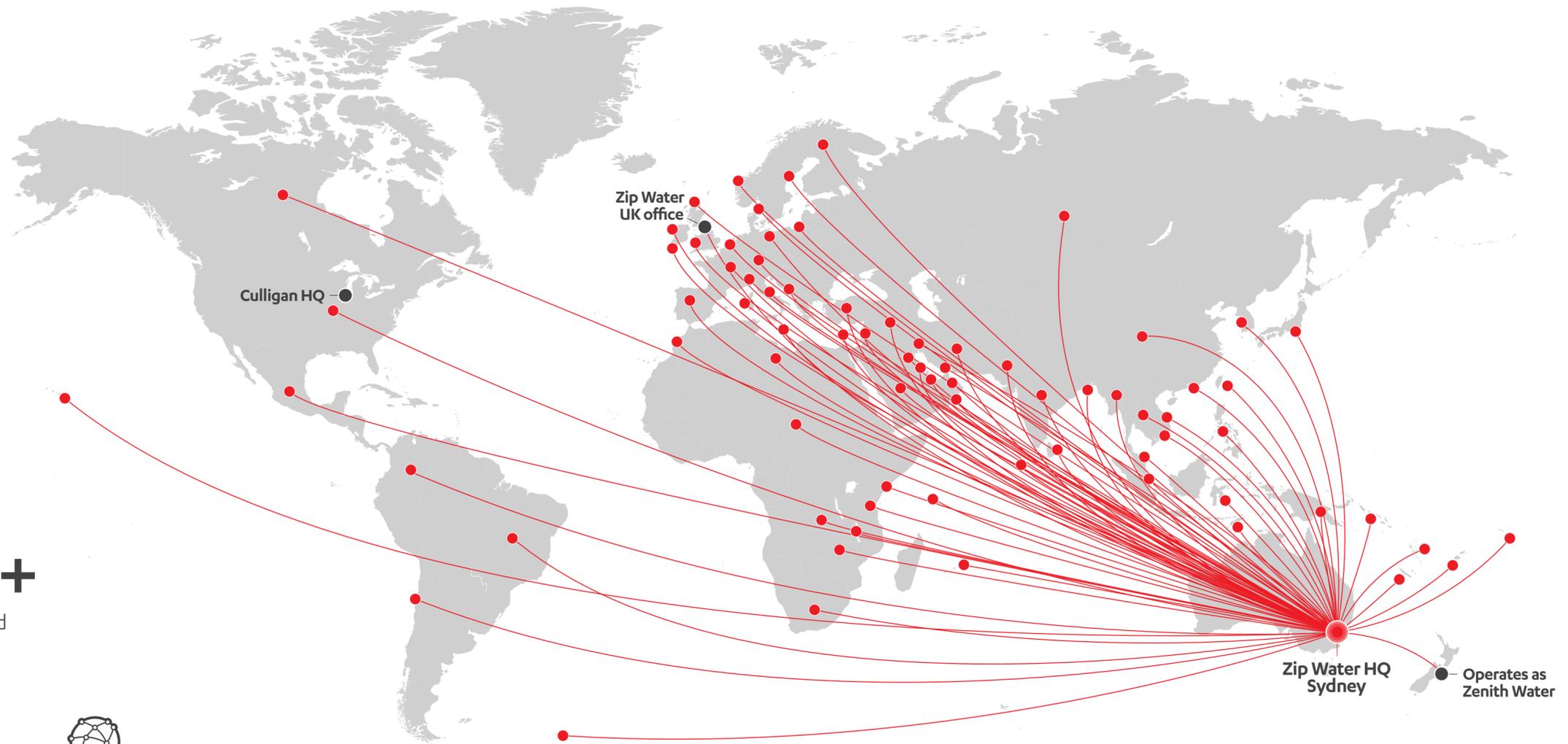
We look forward to continuing to share our progress with you in the years to come.

**John Doumani**  
President of Culligan APAC and Zip International

# About Us

Based in Australia, Zip Water is a world-leader in designing and manufacturing instant boiling, chilled and sparkling water solutions.

We invest in continual improvement of water quality, how our products work, how they look and the energy they use. We have been recognised as a global innovator for more than 75 years. Our products are installed in over 80 countries worldwide, providing homes and workplaces with the purest-tasting, safest, cleanest water possible.



**75+**  
years in business



**80+**  
countries worldwide  
with our products  
installed



**20M+**  
consumers served  
globally per day



**80%**  
revenue from  
commercial  
customers



**20%**  
revenue from  
household  
customers



**750+**  
employees



**1000+**  
dealerships in  
80 countries

# Our history

Founded in 1947 in Sydney and originally producing water heaters, Zip Water evolved into the icon we know today under the leadership of Michael Crouch, who purchased the company in 1962.

## Innovation for workplaces

Several world-first innovations, such as the on-wall instant boiling water system (first appearing in office tearooms in 1975), made Zip Water a household name.

Driven by the desire to deliver water at its best, we have continued to innovate to reinvent and improve water, with the first HydroTap under-bench system for instant filtered boiling water, the first ever sparkling water tap and, most recently, the 100% contactless activation HydroTap, the Touch-Free Wave.

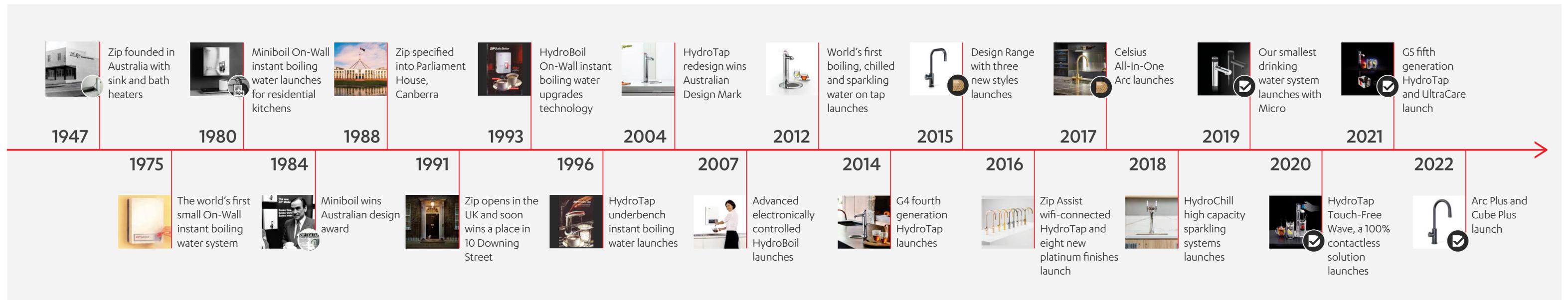
## Expanding into residential

Once only found in workplaces, Zip Water solutions are now highly sought-after in homes. People around the world look to Zip to bring the best of water to their family and friends with elegant appliances that deliver filtered boiling, chilled and sparkling water at the touch of a button.

## Best in class

For the past 75 years, we have been at the forefront of manufacturing and innovation in Australia. We have been recognised with many local and international awards, including Australian Good Design Awards that acknowledge top design and functionality. In 2021, the Australian Financial Review ranked us as the Fifth Most Innovative Company in Manufacturing and Consumer Goods.

As we look to the future, we are as determined as ever to deliver water at its best globally and contribute to a more sustainable planet.



# Becoming part of Culligan

In 2017 Zip was acquired by the Culligan International group of companies (Culligan), a global leader in delivering cleaner, safer, great-tasting water. Culligan shares our enthusiasm for water and reducing single-use plastics.

Our parent company, Culligan was founded in 1936 in the United States with the goal of making better water available to homeowners. It has long been a leader in innovative methods for cleaning and delivering water.

We are proud to be part of a stable of leading brands that includes ZeroWater, Quench, Harvey, Waterlogic and Purezza.

## Our purpose

We transform water to impact lives and protect the planet for all.

## Our mission

Give people instant access to clean, safe, better-tasting water through our unparalleled expertise in sustainability, science and service.



### Our Culligan values: the 5 Cs

Strong values guide our employees' daily decisions and behaviour and build a collaborative, entrepreneurial culture. The 5 Cs unite everyone at Culligan behind our shared purpose and mission.

For more, check out the [Culligan website](#)



#### Consumers come first

Everything we do is focused on helping people.



#### Commitment to innovation

We are constantly striving to create better ways to deliver great tasting water.



#### Culligan as one

We put the whole of Culligan before its parts. Pitch in – volunteer my knowledge, capability and networks. Build collaboration. Learn from others, including successes and failures.



#### Courage to do what is right

We believe that what's right for people is right for companies.



#### Consistently deliver exceptional results

We create a climate for others to succeed, do what we say we will and take accountability. We celebrate success and plan for succession.



### Our products and services

We have water solutions for the home and office and an in-house service support team.

Our core products are our award-winning Zip HydroTap along with other boiling, chilled and sparkling water solutions. We also offer washroom solutions, water filters, spare parts and accessories.

We offer unrivalled aftersales support: certified Zip HydroTap installations, Zip Water service and HydroCare preventative maintenance plans.

### Our product certifications

Zip Water is a global organisation that understands why compliance is important to ensure we are a socially responsible business. Zip Water is committed to meeting the highest standard certifications or approvals required for our products.

Our product certification and compliance<sup>1</sup> includes:

- > **Water** – WaterMark, WRAS, IAPMO, NSF, KTW-BWGL
- > **Product safety** – EESS, IECEE CB Scheme, CCC & CQC, UL (including Canada), KC, SABS, EU Directive, INMETRO and UKCA
- > **International Organization for Standardization (ISO)s:** ISO 9001, ISO 14001, ISO 45001

Zip Water products comply with the relevant Electromagnetic Compatibility (EMC) and Building Construction Codes/Regulations.

Our HydroTap products also have a verified Environmental Product Declaration (EPD).

<sup>1</sup> Appendix A explains these abbreviations.



Zip HydroTap



Chilled water solutions



Boiling water solutions



Washroom solutions



Water filters and CO<sub>2</sub> sparkling replacements



Spare parts and accessories

# Our Impact in 2022



## 2B+

single-use plastics saved from landfill



## 1.5B+

litres of safe, great tasting water consumed



## 30M+

kilograms of plastic avoided



## 256M+

kilograms of CO<sub>2</sub> equivalent saved

This saving in greenhouse gases is the equivalent of:<sup>1</sup>



1B+ kms driven by car



30B+ hours of LED lighting



2.5B+ kms flown by plane



4.2M+ seedlings grown for 10 years

<sup>1</sup> All data is based on our peer-reviewed Life Cycle Assessment (LCA) and Zip Water Install Base. See detail in Appendix B.



### We're helping to reduce the problem of single-use plastic

Our products help people to be less reliant on single-use plastic bottles. They encourage them to refill their bottles and glasses at home and at work.



#### Reusable water bottles

We provide all employees with reusable bottles so they can refill and refresh from our drinking water systems. See how you can help. [Read here](#)



#### Plastic-free July

We champion plastic-free July, providing advice and support to consumers on ways to consume less plastic. [Read more](#)

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# How We Approach Sustainability

Engaging our stakeholders to identify what matters to them

Our stakeholders are any group or person who influences or is affected by our business. We want to build and maintain our stakeholders' trust by being open and delivering what we promise. We also want to listen to our stakeholders' feedback and act on it.

Involving our stakeholders in a materiality assessment helps us do this. It is also a first step to identifying and understanding the ESG issues that are most relevant to them.



# Our materiality process

In 2022, through Culligan, we carried out a materiality assessment. We followed a three-step process that met GRI standards.

The process involved:

1. Understanding our industry
2. Surveying our employees (17 functions, four regions, 834 responses) and interviewing both internal and external leaders
3. Using the information gained to identify our material topics

**Our material topics**

Our assessment identified the topics we prioritise in our ESG strategy. It also guides how we will allocate our resources in the future. Table 1 shows our material topics. All the topics are important. Some are more important than others.

Table 1. Our material topics

Priority	Environmental	Social	Governance
<b>Business-critical</b>	<ul style="list-style-type: none"> <li>&gt; Water stewardship</li> <li>&gt; Responsible resource usage</li> <li>&gt; Energy and emissions</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Employee wellbeing</li> <li>&gt; Diversity, equity and inclusion (DEI)</li> </ul>	
<b>Extremely important</b>		<ul style="list-style-type: none"> <li>&gt; Customer service and support</li> <li>&gt; Community involvement</li> <li>&gt; Workers' rights and fair compensation</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Leadership and governance</li> <li>&gt; Financial health, transparency, disclosure</li> <li>&gt; Value chain responsibility</li> </ul>
<b>Very important</b>	<ul style="list-style-type: none"> <li>&gt; Other environmental impacts</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Compliance and regulations</li> <li>&gt; Market presence</li> <li>&gt; Business ethics</li> <li>&gt; Acquisition engagement and governance</li> <li>&gt; Resilient business practices</li> </ul>
<b>Moderately important</b>		<ul style="list-style-type: none"> <li>&gt; Stakeholder engagement and sustainability</li> </ul>	



# The UN Sustainable Development Goals we work to advance

The Sustainable Development Goals (SDGs) aim to end poverty, protect the planet, promote prosperity, and ensure peace for all. As a part of Culligan Group we are members of the **United Nations Global Compact**. This means we commit to the **Universal Sustainability Principles**.

We have tied our ESG strategy to 11 of the UN SDGs to ensure we play our part in the global effort.



# Our ESG Strategy

## Our priorities

Our materiality assessment helped us define four areas to focus on (our priorities). Within these priorities, our goal is to do everything we can in the areas where we are best equipped to effect change for the better.

## Our commitments

We have confirmed five commitments that will make this change happen. These commitments link to the UN's Sustainable Development Goals and are inspired by our shared Culligan Group values.

The next page explains the targets we have set to meet our commitments and the progress we are making.

## Our sustainability pillars



### Our Products

1. We commit to encouraging health and wellness through safer and cleaner water



### Our Planet

2. We commit to reducing single-use plastics
3. We commit to mitigating climate change



### Our People

4. We commit to increasing diversity, equity and inclusion



### Our Practices

5. We commit to promoting responsible business conduct



We're determined to play our part to ensure a more sustainable planet – whether that's by helping people use less single-use plastic, providing safer, cleaner drinking water, reducing climate change, or increasing and celebrating diversity, equity and inclusion.



To be recognised by EcoVadis as being among the top five percent of companies is tremendous. We're proud of what we've achieved so far, and we'll continue to work towards our ambitious ESG plans.



### Mike Abbott

Managing Director,  
Zip Australia and New Zealand

## Being recognised for our sustainability work

In 2022 EcoVadis, the world's largest provider of ratings for business sustainability, recognised our work with a gold medal rating. This rating is a relative one that compares us to other companies in EcoVadis' database. It covered our work in four areas – environment, ethics, labour and human rights, and sustainable procurement – and placed us in the 93rd percentile of companies assessed.



# Our sustainability pillars



Priority

## Our Product

Focus areas

- > Responsible production and consumption
- > Responsible and ethical supply network

Sustainability creates value at every stage of our product portfolio. We will ensure our partners and vendors uphold Culligan's core values.



Commitment

**1. We commit to encouraging health and wellness through safer and cleaner water** by practising responsible production and consumption in our product innovation, lifecycle and stewardship and by extending these expectations to our partners throughout our value chain.



## Our Planet

- > Water
- > Energy and emissions
- > Waste

We are setting ambitious targets within our control to ensure we are the best environmental stewards possible.



**2. We commit to reducing single-use plastics** by using less plastic internally and encouraging others to use less too.



**3. We commit to mitigating climate change** by reducing our inputs, waste and emissions, and increasing recycling across our operations.



## Our People

- > Diversity, equality and inclusion
- > Employee wellbeing
- > Community involvement

We celebrate and amplify the diversity, inclusivity, and global impact of Culligan. We are thoughtful and intentional about the communities we live and work in.



**4. We commit to increasing diversity, equity and inclusion** by creating an organisation free of discrimination that benefits our employees and the wider community.



## Our Practices

- > Transparent reporting

We hold ourselves accountable and to the highest standards of ethics and human rights.



**5. We commit to promoting responsible business conduct** by reporting regularly (internally and externally), ensuring our employees understand what they need to do to comply and being honest about the progress we are making and where the gaps are. We are always striving to do better.

UN SDG Goals





# Our Products

We have a long-term plan to become more sustainable and lead the way for our customers and consumers to become more sustainable too. Our products advance several of the UN's Sustainable Development Goals. How we make these products, and who we work with to make them, contribute to these goals too.

## Our commitment



1. **We commit to encouraging health and wellness through safer and cleaner water** by practising responsible production and consumption in our product innovation, lifecycle and stewardship and by extending these expectations to our partners throughout our value chain.

## Our targets



### Responsible production and consumption:

- > Reduce emissions across the lifecycle of Zip Water products (as measured by Life Cycle Assessment)
- > 100% of core products incorporate Design for Sustainability concepts and practices by 2025
- > Eliminate 100% of unnecessary and problematic packaging materials through redesign, innovation and alternative packaging methods by 2025
- > 100% of core product portfolio is lead-free in market by 2025

### Responsible supply network:

- > 100% of preferred suppliers participate in supplier engagement program by end of 2025



## What we are achieving

### Product safety and sustainability

#### Responsible and ethical production and consumption

Responsible and ethical production and consumption is embedded in our product innovation, lifecycle and stewardship, and we extend these approaches to our partners throughout our supply chain. Innovating and improving is at the heart of what we do and doing this makes us a more environmentally and economically sustainable business.

#### Responsible manufacturing (ISO 14001) and low-impact design

We use Life Cycle Assessment to understand and reduce the environmental impacts of our products. LCA considers every stage of a product's lifecycle – sourcing and transporting the raw materials, making the products and transporting them to our customers. This also includes our customers using our products and disposing of or recycling them at the end of their service life.



The Zip HydroTap produces up to 90% fewer carbon emissions than single-use plastic bottles in a commercial setting, and up to 33% fewer than a kettle.

\* Based on LCA

 What we are achieving

### Life Cycle Assessment (LCA) of our HydroTap products

We have completed two peer-reviewed LCAs of our award-winning HydroTap products. The results of these LCAs feed into our work to continuously improve our products.

#### Our Environmental Product Declaration

An Environmental Product Declaration (EPD) tells the environmental story of a product over its life cycle in a clear, simple format that a wide audience can understand. It is science-based, independently verified and publicly available.

In 2017 we worked with sustainability firm thinkstep-anz to produce an EPD for our HydroTap products. In 2022 we updated the EPD to reflect innovative changes in our product development. We have registered and published our EPD with **EPD Australasia**.

#### Our first HydroTap Impact Calculator

We commissioned sustainability consultants Edge Environment to produce an LCA in 2022 and launched it in early 2023. The study is peer-reviewed and conforms to ISO 14040-44. The LCA measures the environmental impacts (carbon emissions and resources used) of HydroTap products across their full life cycle and compares them with the impacts of relevant alternative products.

The **Impact Calculator** helps our team and consumers understand the impact of using a Zip HydroTap. It is engaging, educational and easy to use. Users select where they will be using the HydroTap and provide information about their water preference, how many people will use the product and for how many years.

The Calculator measures and displays the HydroTap’s environmental impact based on the number of plastic bottles saved and the amount of plastic and carbon emissions avoided. It explains these benefits in familiar terms: equivalent savings in kilometres driven in a car, hours flown in a plane, seedlings grown over a ten-year period and hours of LED lightbulbs used.

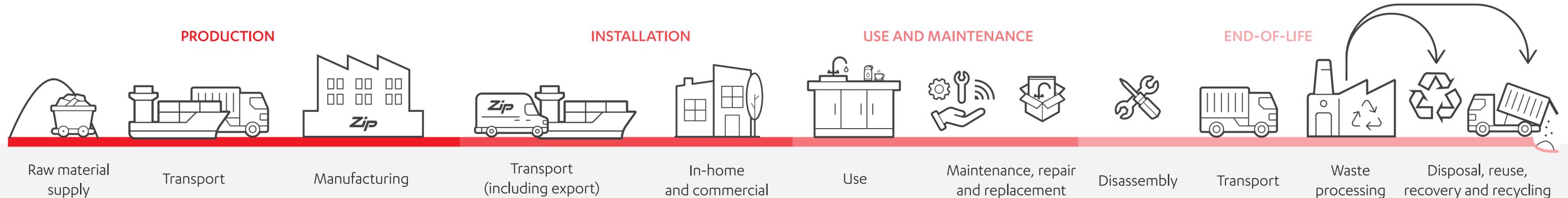
The Calculator is on our website and thousands of people have already used it. We will continue to use the results to educate consumers about the benefits of our solutions, to innovate and develop new products.



We’re proud to have achieved another first for our industry and to be able to communicate the environmental impacts of our HydroTap to our consumers in such a transparent way. Our Impact Calculator truly sets a new and significant industry benchmark.



**Vivian Zurlo**  
Marketing and Innovation Director



 What we are achieving

### Responsible product stewardship

Responsible product stewardship means managing our products' health, safety and environmental risks at every stage of their life cycles – when we research and develop, produce, distribute and market our products and when our customers use them and dispose of or recycle them at their end-of-life.

- > **Using low Global Warming Potential (GWP) refrigerant.** We use low GWP refrigerant R290 in the United Kingdom and European markets for our core product range (Zip HydroTap). We are working currently within our innovation pipeline to implement new technology and introduce this refrigerant across all our markets in the future.
- > **Our CO<sub>2</sub> cylinder.** We are working on finding a more sustainable solution for the residential CO<sub>2</sub> cylinders we offer. Our aim is to minimise the number of empty cylinders disposed of in landfill.
- > **Expanding our lead-free certification.** We are working hard to ensure that the composition of all of our core products is completely lead-free in market by 2025. Currently we certify that all new products with brass parts (including dezincification-resistant (DZR) brass) that come into contact with water are manufactured lead-free. All Zip Water products meet WaterMark-approved lead levels as well as the International Association of Plumbing and Mechanical Officials (IAPMO) NSF372 requirement for lead content. We aim to comply with NSF61 for our USA products by 2024.

### Manufacturing standards

Throughout our 75-year history, we've become known globally for our innovation and manufacturing expertise. We have tested the mechanical components that make up our HydroTap G5 models and the water they produce. The components and water meet the requirements, regulations and by-laws of WaterMark, the relevant plumbing authority in Australia, where they are made. They also meet global standards.



### Investing in innovation

Zip continues to use consumer insights to drive innovation. Over the last three years, we have successfully launched nine new consumer solutions. Through our passion for insight-driven innovation, we are living our commitment to manufacturing excellence within Australia and across the globe.





 What we are achieving

### HydroTap advanced technology

We are known globally as experts in multi-functional taps that provide instant filtered boiling, chilled and sparkling water and for pursuing innovation to deliver water at its best. Our products provide health and wellness benefits for people and the planet by:

- > **Reducing hazardous substances**  
Our low-impact design complies with the European Restriction of Hazardous Substances (RoHS) Directive 2002/95/EC.
- > **Reducing impurities and potentially harmful contaminants**  
HydroTap Clean is a safe, natural, certified organic, pH-neutral biodegradable solution produced by electrochemically activated water. MicroPurity filters are certified to reduce impurities and potentially harmful contaminants larger than 0.2 microns.
- > **Saving energy**  
Once the set boiling temperature is reached, our Zip PowerPulse™ technology delivers small, precise pulses of energy to maintain the target temperature. Neopor® next-generation insulation and our HydroTap’s four energy-saving modes use energy as efficiently as possible.
- > **Saving water**  
HydroTap uses air in the environment to remove the heat generated when water is chilled. This means it is 100% water-efficient.

  
FILTERED  
BOILING

  
FILTERED  
CHILLED

  
FILTERED  
SPARKLING

  
FILTERED  
AMBIENT

  
UNFILTERED  
HOT & COLD

### Designing products with end-of-life in mind

We design our products with their end-of-life in mind. Our aim is to ensure that we waste as few materials as possible and that customers can dispose of our products safely with as little going to landfill as possible. We collect and dismantle products at their end-of-life, sort components, reuse and recycle components where we can, and dispose of CO<sub>2</sub> safely. We meet the requirements of the Australian Refrigerant Council.



Some refrigerants harm the ozone layer. They also contribute up to 10% of global CO<sub>2</sub> emissions. We reclaim and reuse harmful R134a refrigerant, reducing the amount that needs to be produced.

 What we are achieving**Our packaging**

We are eliminating unnecessary and problem materials (e.g. Styrofoam) from our packaging by redesigning them or reusing them in crates and pallets to deliver products to our consumers. We believe in circular solutions to eliminate waste and pollution. We have started by making the packaging of our main products more recyclable. Our HydroTap packaging is 100% recyclable and made from up to 70% recycled materials.

**Our partnership with Better Packaging Co.**

We partner with Better Packaging Co. to make our packaging more sustainable across our business. The company's POLLAST!C range is one of the lowest-carbon sources of packaging commercially available. Better Packaging Co. works with communities in the world's most polluted coastal regions to recycle plastic pollution into packaging. By buying the plastic pollution collected, the company provides these communities with a regular source of income that raises their standards of living.

All the packaging Better Packaging Co. produces for us will be made from 100% recycled ocean-bound plastic (excluding zip seals and inks).

As we move to using POLLAST!C packaging across our business, we estimate it will equate to keeping 2.5 tonnes of plastic out of the natural environment every year and saving 21.5 tonnes of CO2 emissions.

**Our partnership with Australian Packaging Covenant Organisation (APCO)**

We are a member of APCO, a co-regulatory not-for-profit organisation that is leading members to develop a circular economy for packaging in Australia. In our recent submission, APCO rates our progress in making our packaging more sustainable as 'advanced'.

Through our partnerships with APCO and Better Packaging Co. we are determined to meet Australia's 2025 national packaging targets:

- > 100% of packaging is reusable, recyclable or compostable
- > 70% of plastic packaging is recycled or composted
- > Average recycled content of packaging is 50%
- > Problematic and unnecessary single-use plastics packaging is phased out.

**>95%**

of the product packaging materials we use are recyclable





# Our Planet

Our work improves the health and wellness of people around the world by providing clean, safe, great-tasting water and reducing the use of single-use plastics. To ensure we can deliver water at its best for generations and have a positive impact on people and the planet we are making changes to our business and setting ambitious targets.

## Our commitment



- 2. We commit to reducing single-use plastics** by phasing it out internally and encouraging others to eliminate it, where possible.



- 3. We commit to mitigating climate change** by reducing our inputs, waste and emissions, and increasing recycling across our operations.

## Our targets



### Using water more efficiently:

- > Ensure our HydroTaps remain 100% water-efficient
- > Eliminate 100% of wastewater in the manufacturing processes of our core products by 2025

### Reducing energy and emissions:

- > Increase proportion of renewable energy consumption by 50% by 2025
- > Reduce absolute GHG emissions (Scopes 1 and 2) by 50% by 2030
- > Develop a Science Based Target for net zero by 2025

### Reducing our waste:

- > Eliminate 100% of on-site single-use plastics by 2025
- > Divert 70% of our on-site waste from landfill by 2025
- > Use more than 50% of reusable, renewable, recycled or compostable content in our product packaging by 2025.



## What we are achieving

### Measuring and monitoring our environmental impacts

To continue to become a more environmentally sustainable business we need to set targets and track our progress.

Some of the emissions targets you see in this report are indicative only. We are exploring different ways to reduce emissions and the resources we will need to reduce emissions in line with current climate science.

### Reducing the water we use

We will continue to reduce carbon emissions generated by the water we use.

### Improving the health of our oceans

For the past two years, Zip Water has partnered with **Ocean Impact Organisation** (OIO) to support their mission to improve the health of the ocean. Over this time, we have contributed \$30,000 each year, which includes \$10,000 to sponsor the Plastic Pollution Spotlight Award. This global award supports startups to speed up the work they are doing to reduce plastic waste in our oceans.

We have been privileged to meet many people and companies through OIO who are challenging the status quo, standing up for our planet, and forcing us to consider how we do business. For example, we met Better Packaging Co. at OIO's Pitchfest 2021.

### Using more renewable energy

Renewable energy from geothermal, hydro and wind powers 100% of our New Zealand operations. Solar energy from our Zip Water head office operation in Australia contributes to the power we use in manufacturing: 17% in 2021, 15% in 2022.

In 2023 we will increase the number of solar panels at our manufacturing facility so we can generate more of our own renewable energy. We will work on sourcing more renewable energy for all our Zip Water premises.

Carbon emissions generated by our water use

4.62 tCO<sub>2</sub>



100%

of our New Zealand operation is powered by sourced renewable energy

15%

of our Australian manufacturing operation is powered by on-site solar renewable energy



## ✓ What we are achieving

### Responsible manufacturing: what, how, where, how much?

Our environmental management systems are certified to ISO 14001. To gain this global certification and continue to improve, we've had to ask ourselves some big questions – and answer them. That's because **limiting the impact our products have on the environment is as important to us as what we make**. So we asked ourselves: how can we make our products and affect the environment as little as possible?

One answer to this is through dry manufacturing. In 2022, our Australian-based operations team improved HydroTap production process, completely eliminating the need for water. Dry manufacturing has greatly reduced the amount of wastewater generated by the HydroTap production line. Over time it will reduce the amount of water we use too, addressing one of our top materiality topics: using water responsibly.

Where we make our products matters too. By manufacturing in Australia, we keep full control

of our operations. Our team sees opportunities to improve, simplify our processes and become better environmental stewards first-hand.

Finally, measuring the impacts of our products keeps us accountable. Tools like environmental Life Cycle Assessment (LCA) help us here. We can measure our products' impact on the world around us at every stage of their life cycle, including use. We can also identify where we can reduce our impact – and act.

 What we are achieving

### Reducing carbon and our impact on climate

#### Our carbon footprint

Our carbon footprint measures our greenhouse gas emissions (GHGs), expressed as carbon dioxide equivalents (CO<sub>2</sub>e). Our footprint consists of three types of emissions.



##### Our Scope 1 emissions

These are our direct emissions. They come from the day-to-day activities involved in running our organisation, such as powering our fleet of owned vehicles.



##### Our Scope 2 emissions

These are indirect emissions. They come from the electricity we use to run our business and the heat, steam and cooling we buy too.



##### Our Scope 3 emissions

These are indirect emissions. They come from our value chain, including from the goods and services we buy, from the transport we use, and from our consumers using our products.

We began measuring our carbon footprint annually in 2022. Understanding our footprint is the first step to reducing it.

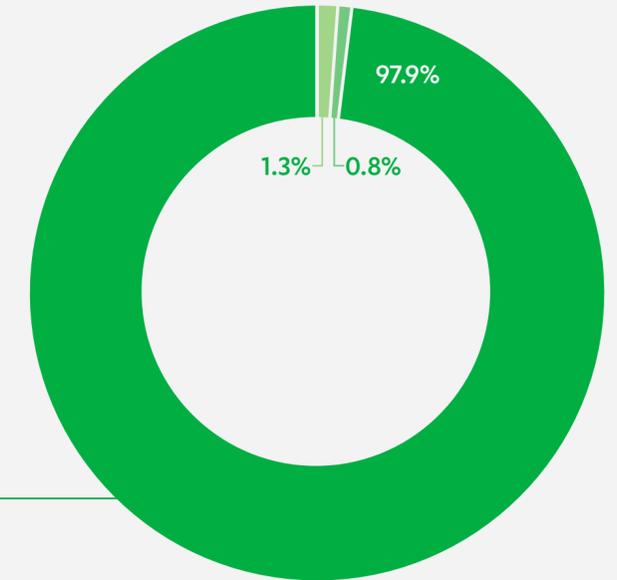
Carbon accounting technology company **Emitwise** helps us calculate and report our GHG emissions. In addition to this, we plan to have all our ESG data, including our emissions, assured by a third party by 2024.

#### Our emissions

**Total emissions**  
139,025 tCO<sub>2</sub>e

##### Emissions by Scope

-  Scope 1 - 2022: 1,859 tCO<sub>2</sub>e
-  Scope 2 - 2022: 1,056 tCO<sub>2</sub>e
-  Scope 3 - 2022: 136,110 tCO<sub>2</sub>e

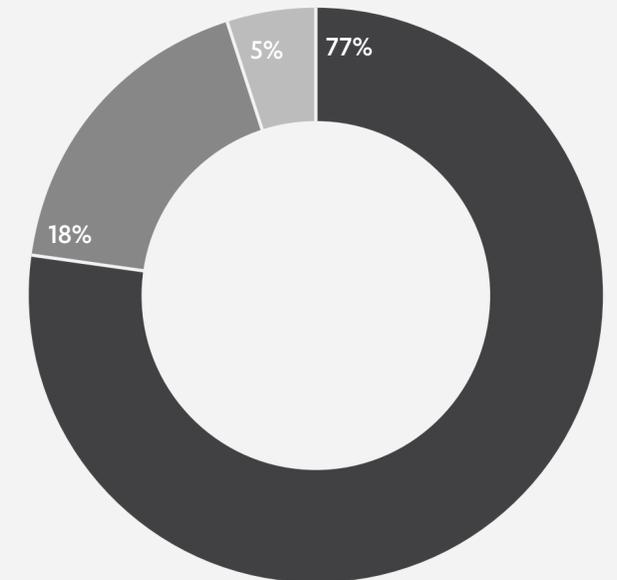


##### Top contributors to Scope 3 emissions:

- > Use of sold products: 75.9%
- > Purchased goods and services: 15.6%

##### Emissions by country operations

-  Australia
-  United Kingdom
-  New Zealand



 What we are achieving

### Setting a Science Based Target (SBT) to reduce our GHGs

We are working to set a Science Based Target (SBT) by 2025. A SBT is a credible, public target based on the latest science and approved by the global Science Based Targets initiative (SBTi). It tells us how much carbon we need to take out of our business, by when and from what baseline to play our part in keeping the rise in the global average temperature to well below 2°C above pre-industrial levels (ideally 1.5°C).

Having a public target will show that we are taking climate action seriously. It will help us hold ourselves accountable and enlist support from stakeholders like suppliers to reduce our GHGs.



We have major projects underway to tackle energy and emissions (one of our top material topics). We are focusing on areas we can directly control.



#### Converting to low-GWP refrigerant (Scopes 1 and 3)

We want to convert all refrigerant gas in our HydroTap products from R134a to R290 refrigerant. This will help us reduce leakage of refrigerants (Scope 1 emissions) and the GHG emissions involved in using our products (Scope 3 emissions).

We have completed this project in our UK and EU markets. We are working currently within our innovation pipeline to implement new technology and introduce this refrigerant across all our markets in the future.



#### Converting our motor vehicle fleets (Scope 1)

Resources, equipment and infrastructure differ across the countries we operate in. Electric vehicles are readily available to our United Kingdom (UK) business. In addition, they meet our requirements for sales and service operations. Our UK team has converted 52% of its fleet to electric and is targeting 100% conversion to electric or hybrid by 2027.

The situation is more challenging in Australia and New Zealand. Electric and hybrid vehicles that meet our servicing requirements, and the infrastructure such as charging stations needed to support them, are less available than in the UK. This is an area we continue to focus on. Across our trans-Tasman operations our target is to convert 100% of our sales fleet to hybrid/electric by 2027.

#### Roadmap to convert Australian sales fleet

Year	Actual	Forecast				
	2022	2023	2024	2025	2026	2027
Running conversion	18%	60%	67%	80%	82%	100%

 What we are achieving**Reducing our waste**

We have set up internal processes for end-of-life recycling on-site at our factory in Condell Park, New South Wales. The processes cover wood, cardboard, liquids, gas and plastic. We collect these materials separately to avoid contamination, separate all parts of Zip end-of-life products for recycling and remove CO<sub>2</sub> safely. We are investigating providing a refillable option on CO<sub>2</sub> cylinders for residential consumers. This will reduce the number of empty cylinders that go to landfill.

**Biodiversity**

We take our operational impact for biodiversity seriously. Biodiversity supports living things, protects against climate change and fights food insecurities. None of our sites is near biodiversity sensitive areas.

Carbon emissions  
generated by  
our waste

**160** tCO<sub>2</sub>e

**One Tree Planted**

In 2022 we took part in the Culligan One Tree Planted initiative that donated and planted more than 115,000 trees globally on behalf of our employees.

One Tree Planted is a not-for-profit that allows donors to choose where to plant their adopted trees in projects across the globe. Through the initiative, we arranged for ten trees per employee to be planted in locations of our team's choice. These locations included the Amazon Rainforest and throughout Australia and the United Kingdom.

When all our trees are mature, they should sequester (store) more than 1,100 tonnes of carbon each year. This will help clean the air and protect the environment for many years to come.





# Our People

Our people are the reason for our success. To meet our ambitious commitments and targets we need to attract and retain the best people.

## Our commitment



**4. We commit to increasing diversity, equity and inclusion** by creating an organisation free of discrimination that benefits our employees and the wider community.

## Our targets



### Diversity, equity and inclusion:

- > Continue to report to the Gender Pay Equality Agency on gender pay gaps and put in place initiatives to address the gaps
- > Review opportunities to provide targeted learning and development opportunities for employees from diverse backgrounds
- > Introduce and act on the Reconciliation Action Plan (Reflect) in 2023

### Employee wellbeing:

- > Achieve an above-average engagement score in the 2024 Global Engagement Survey
- > Maintain Zip's low voluntary turnover rate
- > Maintain our ISO 45001 and ISO 14001 certifications

### Community involvement:

- > Create a formal programme for community partnership



## What we are achieving

### Recruiting and retaining our team

#### Recruiting our employees

We have developed our candidate selection processes to ensure we are hiring from a diverse pool of applicants. We review these regularly to ensure we are achieving our objectives and meeting the expectations of our stakeholders.

#### Equal opportunity

Our policy requires that no applicant or employee receives more or less favourable treatment than another. We train our people at all levels of the business to ensure everyone understands their responsibilities.

#### Unconscious bias

In 2021, all hiring managers took part in unconscious bias training. This training aimed to reduce biased attitudes and behaviours at work and in hiring and promotion decisions.

#### Shortlisting for interview

Hiring managers are encouraged to include a minimum of two qualified female and/or diverse candidates in the shortlist for managerial positions, when these candidates are available. All candidates must meet the requirements of the role. We hire the best person for the job, whatever their age, gender or ethnicity.

#### New hires

We want to foster an inclusive, multi-generational workforce. Our hiring process reflects our commitment to diversity and inclusion. We prioritise skills, experience, ability and matching values and are confident this will help us meet our diversity goals. By actively hiring people from different age groups, we have introduced many different views and enriched our teams.

#### Retaining our employees

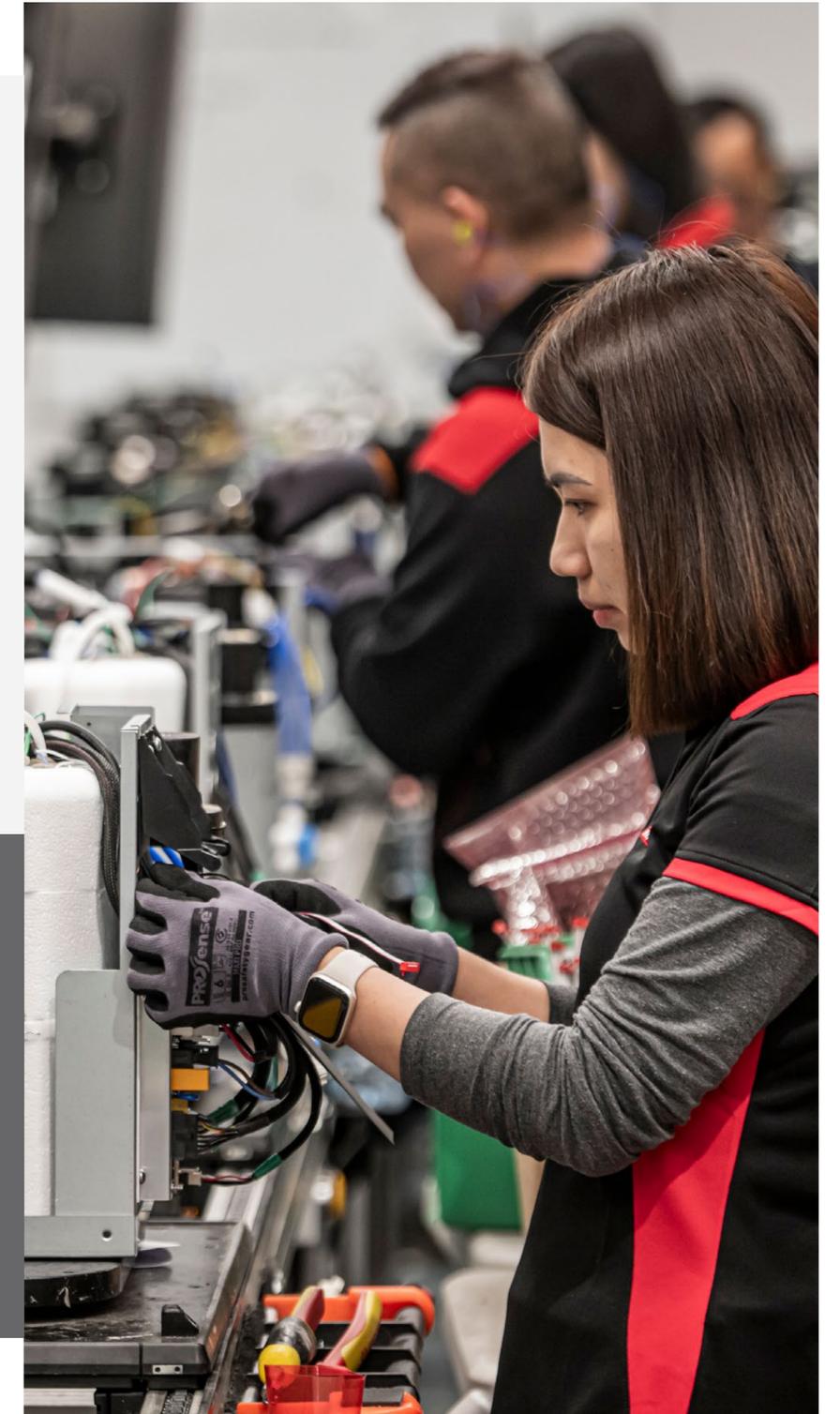
Our high retention rates reflect our efforts to engage and support our employees, provide them with the skills, tools and environment they need to work effectively and foster our shared business values. Policies that provide work-life balance, promote autonomy and encourage people to advance their careers complement these efforts.



Average length of service:

**13yrs**  
in manufacturing

**8yrs**  
across the rest  
of the business



 What we are achieving**Our employee remuneration**

We offer competitive, performance-based remuneration that recognises how important it is to compensate employees fairly and equitably and acknowledge their contribution to our success. We reward high performance and achieving business objectives through both our annual salary review process and incentive programs.

**Pay equity**

We welcome Australia's 2022 legislation that prohibits employers from keeping employees' pay secret and allows them to discuss this information. Reducing pay secrecy will achieve greater equality.

**Gender**

We recognise that employer action is key to speeding up the pace of change for gender equality in the workplace. Zip Water Australia reports to the Australian Workplace Gender Pay Equality Agency's 'WGEA Gender Equality Scorecard' and analyses our gender pay gap. In 2022 this gap was 14% (based on total remuneration). While it compares favourably with Australia's pay gap of 22.8%, we want to reduce it. We will continue to monitor wages across all reported categories to do this.

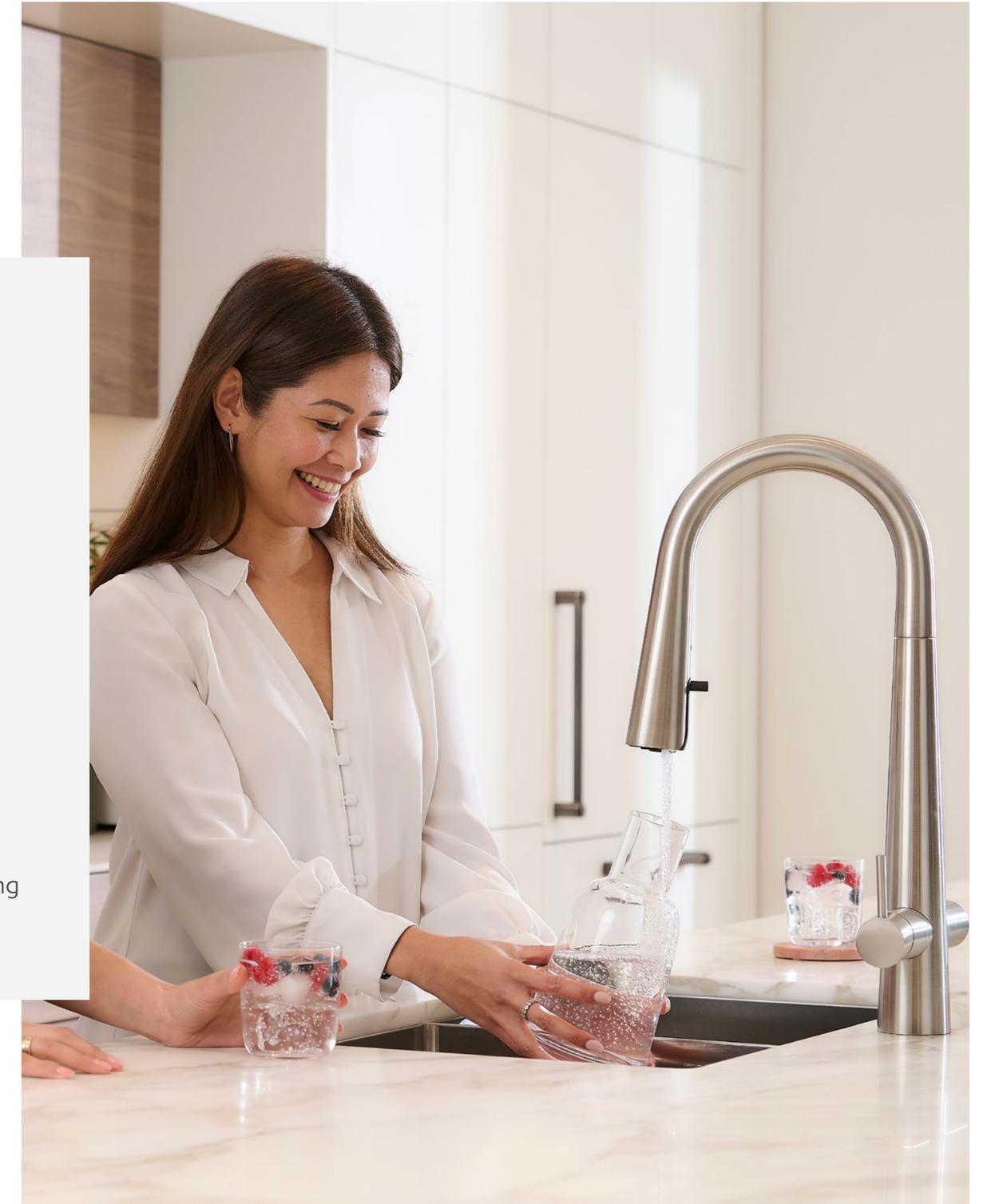
Zip Water UK reports its gender pay gap publicly. [Read the report here.](#)

**Our employee benefits****Our leave entitlements**

We offer generous leave entitlements and support our employees to meet their personal, family and community commitments. For example, we offer extra paid parental leave to help working parents when they give birth to or adopt a child. These provisions are on top of what the Fair Work Act requires.

**Our Employee Assistance Program**

We offer confidential, short-term professional support for employees and their immediate families. The service supports the emotional, mental and general psychological wellbeing of all employees. Employees can use it for coaching purposes too.



 What we are achieving

## Developing our team

We want all our employees to reach and exceed their potential in our business. It is important to us to offer them a rewarding career, not just a job.

### Our Career Development Hub

We are developing our Hub in 2022 and will be launching it in 2023. The Hub aims to engage our workforce and promote internal career moves.

This major initiative highlights the many career pathways our team can follow within their departments and across other departments, including leadership roles. The Hub will include engaging, helpful videos in which members of our Leadership Team and department heads share the qualities and attributes they seek in their teams.

### Building our team's skills and knowledge

We are determined to help our employees continuously improve and develop their skills, knowledge and careers. We offer an extensive suite of in-house Learning & Development programs tailored to meet individual teams' needs and learning goals. Some are specialised programs that develop our current and future leaders. Others meet the needs of different departments and the challenges they face.

In 2022 we launched a tailored program to help the Leading Hands in our factory succeed and advance their careers. In 2023 we aim to introduce a leadership program for Service Technician leaders.

Our in-house program complements modules available on our online learning platforms, including Culligan University. In Australia and New Zealand our employees also use Kineo for onboarding and compliance training.

### Our performance planning and management (PPM)

We want every employee to understand their role, their performance objectives and how they help our business succeed. Our approach is an inclusive one that supports our employees' professional and personal development. Our process includes an annual performance review and six-monthly check-in with their manager.



 What we are achieving**Promoting diversity, equity and Inclusion (DEI)**

A diverse workforce leads to better results for everyone. We are cultivating an inclusive environment where we work together to improve outcomes for all members of our workplace and contribute to a more equitable society. These are some ways we are creating a more inclusive workplace.

**Flexible work**

Flexible work arrangements encourage a more diverse, equitable and high-performing workforce. They also help us retain our team. Our flexible and hybrid working policies allow eligible employees to access hybrid working.

**Transitioning to retirement**

We value our senior, experienced employees. We participate in an informal retirement transition program to support employees to work for as long as they choose. We conduct 'Transition to Retirement' seminars for team members as they near retirement.

**Diversity by gender**

According to the 2022 WGEA, 27% of Australia's manufacturing workforce is female. By contrast, 32% of Zip's operations workforce is female. We want to continue to increase the number of women in manufacturing roles. The policies and processes outlined will help us do this by helping women at Zip build their skills, knowledge and careers with us.

**Diversity by age**

Our workforce is relatively diverse and inclusive by age, ranging from 18 to 70 years. This age diversity attests to a multi-generational workforce that can contribute many different ideas and experiences.

**Empowering women in leadership: voices from manufacturing at Zip Australia**

At Zip, creating a diverse, empowered workforce is as important to us as our innovation. We are proud to make the manufacturing industry more inclusive by encouraging the aspirations of everyone in our team. In our factory, we have recognised the exceptional work and talent of many women who joined us in entry-level roles, and promoted them into leadership roles. They have excelled in their careers and are central to our success.



**Thi (Hang) Nguyen**, HydroTap Dayshift Supervisor, says this about how continuous learning and development have supported her in her leadership role at Zip:

“ Since I started at Zip, I have learned a lot. First on the production floor – how to install and connect each part and understand the working of the whole unit step by step. As I moved from role to role, Zip has always been supportive and encouraging. If I want to learn something, they will let me go learn, which is fantastic, because I always want to learn more. ”



**Thi Nguyen**, Leading Hand for Spares, says this of our workplace culture:

“ Zip gave me the first job I had since I came to Australia, and 15 years later, I'm still here. When I first applied, I was very nervous. But today Zip is like my second home. I love my job and my day passes so quickly as I keep busy. You can ask everyone – I smile every day when I come to work. ”

✓ What we are achieving



### Our Reconciliation Action Plan (RAP)

Our RAP is an important part of our commitment and contribution to Australia’s journey of reconciliation. This journey includes acknowledging the pain, disparity, inequality, and injustices Aboriginal and Torres Strait Islander peoples have experienced and their continuing impact. It is based on three pillars (relationships, respect and opportunities) and involves four phases (reflect, innovate, stretch and elevate).

Reconciliation Australia accredited our Reflect RAP late in 2022. We are acting on it through 2023. Our RAP will build relationships with Aboriginal and Torres Strait Islander stakeholders, commit to the vision for reconciliation and explore and understand their sphere of influence. It involves activities that bring together Aboriginal and Torres Strait Islander employees and other stakeholders within business and the community.

To support the Plan, we have appointed a RAP Champion and employee working group that includes Aboriginal and Torres Islander members.



We’re proud to be taking active steps towards reconciliation, elevating our commitment to Aboriginal and Torres Islander Peoples through our Reconciliation Action Plan.

The RAP will see us promote cultural learning opportunities, review our HR policies and build a case for further Aboriginal and Torres Strait Islander employment at Zip. This is an important example of Culligan being locally accountable, listening, learning and taking action.



#### **Louise Crawshaw**

Director of Human Resources ANZ and RAP Champion



 What we are achieving

### Health and safety

The safety of our employees is our top priority and part of our company values. Our collective safety goals are simple: zero accidents, zero injuries, zero violations. All employees must commit to and deliver on these goals every day. We are working hard to keep improving safety at all our sites year-on-year to protect our employees, business partners and communities.

### Training

We train our employees to identify hazards, assess risks and investigate incidents. This training starts from their first days with us. During their onboarding, employees cover modules including safety inductions, driver safety and manual handling. All employees complete refresher training in manual handling every year through our online learning system.

### Our Occupational Health and Safety Management System

Our system is certified to ISO 45001.

- > Total Recordable Injury Rate (TRIR): 14.6<sup>1</sup>
- > Lost Time Injury Rate (LTIR): 14.6
- > Occupational Illness Frequency Rate (OIFR): As we have no history of occupational illness, we do not track this.

### Labour relations

We recognise that our employees have the right to join, or not join, a union without fearing reprisal, being intimidated or harassed.

### Responding to COVID-19

We put in place a COVID-19 Safety Plan and COVID-19 Safe Principles.

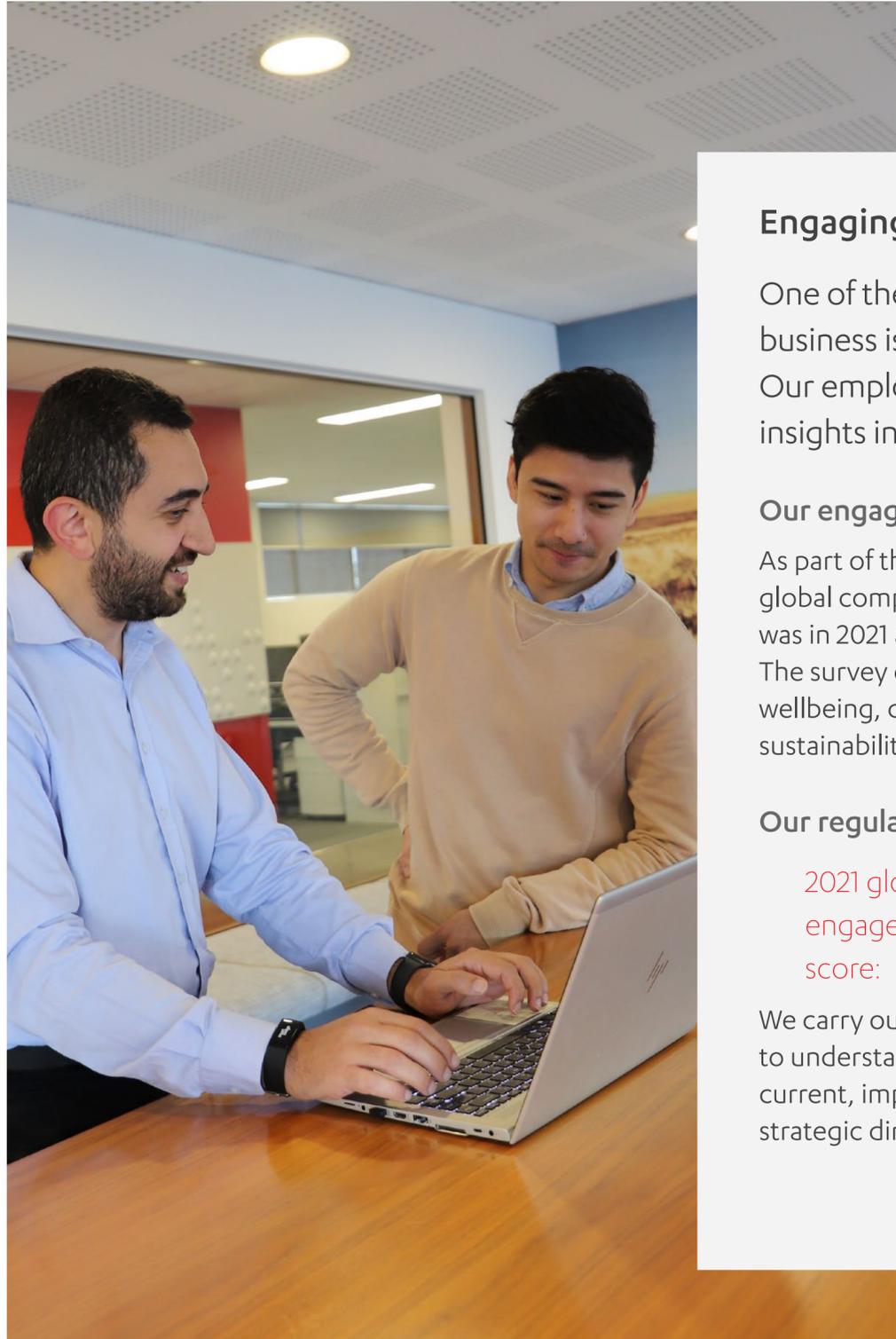
<sup>1</sup> TRIR (annual) = (recordable injuries / hours worked) x 1,000,000

LTIR (annual) = (number of lost time injuries / hours worked) x 1,000,000



Our collective **safety goals** are simple:

**0** zero accidents  
zero injuries  
zero violations



### Engaging our employees

One of the best ways we can improve our business is to ask and listen to our people. Our employee surveys help us gain vital insights into their workforce’s views.

#### Our engagement survey

As part of the Culligan family, we take part in a global company-wide survey. The last survey was in 2021 and the next survey is due in 2024. The survey explores areas such as health and wellbeing, diversity, equity and inclusion and sustainability, as well as employee satisfaction.

#### Our regular pulse surveys

2021 global engagement score: **80%**

We carry out shorter, more regular ‘pulse’ surveys to understand how our employees feel about current, important topics. The results inform our strategic direction, priorities and focus.

### Supporting community activities



#### Bankstown Chamber of Commerce Partnership

We take part in the Chamber of Commerce’s CEO for a Day program. The program connects senior high school students with a Senior Executive who continues to mentor them and encourage them to pursue higher education.



#### Bennelong Cup

We sponsor the Bennelong Cup. This is an initiative of Bennelong Electrical Services, a majority-owned Indigenous business working with the facility management community and NSW National Rugby League (NRL). The Bennelong Cup involves a touch football competition and lunch with the South Sydney Juniors. Funds raised support the School to Work Program that helps Aboriginal and Torres Strait Island students into the workplace, plus two charities – the NRL’s North Queensland Cowboys Community House, and South Sydney Rabbitohs’ South Cares Program.



**Hens Matthews**, our Sales Manager for Western Australian State, sits on the council of the National Association for Women in Construction (NAWIC). NAWIC is a not-for-profit that supports women in the construction industry. Its chapters across Australia connect local members and encourage them to expand their networks, improve their skills and support other women in this traditionally male-dominated industry.



# Our Practices

Our work is guided by our purpose and our values. We hold ourselves accountable to the highest standards of governance practices and hold ourselves and our suppliers accountable. We review our risk assessments and management policies regularly to ensure we meet the demands of a changing world and we are committed to reporting transparently.

## Our commitment



### 5. We promote responsible business

**conduct** by undertaking regular internal and external reporting, ensuring our employees understand their role to play in compliance, and being honest about the progress we are making and where the gaps are. We are always striving to do better.

## Our targets



### Reporting

- > Produce our first annual Sustainability Report in 2023
- > Improve sustainability reporting to best-practice standards
- > Assess 100% of new suppliers using ESG Scorecard from 2023



## What we are achieving

### Our corporate governance

Every member of our Senior Leadership Team believes in the highest standards of corporate governance. Our policies and procedures create a solid, transparent corporate governance framework that is central to the success of our business.

Maintaining and building on the confidence of our employees, customers, suppliers, and the broader community is vital to become a more sustainable business.

### Our management roles and responsibilities

The President of Zip International reports to the CEO of Culligan Group International. The Managing Directors of our Australia and New Zealand and United Kingdom businesses manage the day-to-day business of Zip Water and Zenith (NZ). They are supported by their respective Leadership Teams and report to the President of Zip International.

### Our ESG governance

Our ESG Committee is a cross-functional group. It is made up of members from our Leadership Team and senior representatives from different parts of our business. The Committee meets monthly to review our sustainability approach and progress. It updates our Leadership Team regularly and they approve initiatives and commitments. We communicate our sustainability goals, initiatives and progress with employees so they understand and can support our ambitions.

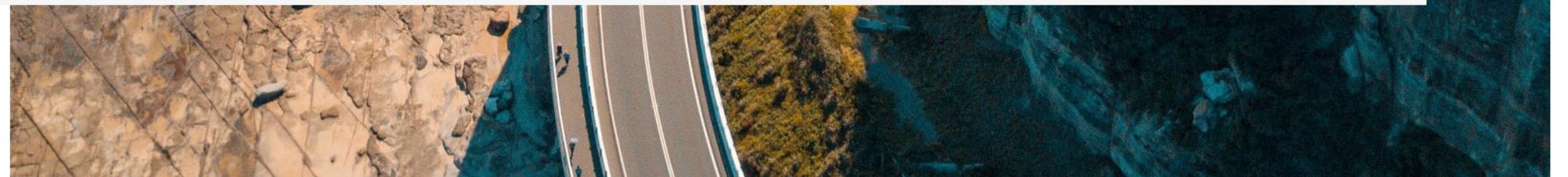
We will refine our sustainability governance, including how we track performance, as we continue to roll out our strategy.

### Our sustainability reporting

We report regularly, both internally and externally, to ensure we meet our ESG targets and commitments. We are honest about where we are making progress and where there are gaps, and we always strive to do better.

### Validating our sustainability claims

We want our sustainability claims to stand up. We peer review them and validate them with third parties, including consultancies and relevant certifications. We are careful with the language we use and honest about what we are achieving.



 What we are achieving

## Integrity, ethics and compliance

We are a values-based business and maintain the highest legal and ethical standards across all areas of our business. We uphold the rule of law and have a zero-tolerance policy on bribery, fraud, corruption and other unacceptable business behaviour.

We have built an environment where we expect open, honest communication. We encourage employees to have the courage to speak up.

## Our code of conduct

Our Code of Conduct sets out what we expect of our employees. We introduce it in our onboarding and refer to it during annual reviews, compulsory training and at our company-wide Town Halls. The Code sets out the standards of behaviour employees must meet when they deal with customers, suppliers, clients, co-workers, management and the public. It also alerts them to potential legal and ethical issues and explains how to report issues without fearing retaliation.

## Anti-discrimination

We are determined to ensure that all our employees and applicants for employment are protected from being unlawfully discriminated against in their employment. We are an equal opportunity employer and believe that all employees should be treated, and should treat one other, with dignity and respect.

We comply with all laws that forbid unlawful employment discrimination based on, but not limited to, the employee's race, skin colour, sex, sexual orientation, age, physical or mental disability, marital status, family or carer's responsibilities, pregnancy, religion, political opinion and country of origin.

## Our Equal Opportunity policy

No applicant or employee will receive more or less favourable treatment than another.

## Training

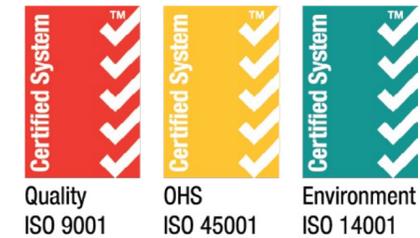
We train employees at all levels of the business regularly to ensure everyone knows what they need to do. This training covers (where relevant) anti-discrimination, bribery, corrupt foreign practices, unconscious bias, bullying and harassment.

## Annual compliance training

All employees complete their annual compliance training in July. We target topics based on employees' roles. Topics include DEI, DEI for managers and anti-bribery and corrupt practices. We had a 97%+ completion rate for this training in 2022.

## Audit

We audit our internal business and throughout our supply chain to ensure our employees and suppliers comply with our policies and expectations.



## SAI Global Standards

We hold these standards: ISO 9001 (Quality Management), ISO 45001 (Occupational Health and Safety) and ISO 14001 (Environmental Management System).

## Raising and reporting issues

We have built an environment where we expect open, honest communication. We encourage employees to have the courage to speak up.

To call out ethical issues, our employees can use EthicsPoint by Navax, a third-party provider, 24/7.

## Our grievance policy/process

Our grievance procedure outlines how we address employees' work-related grievance or complaints. We deal with these issues at the nearest appropriate level, as quickly and openly as possible and without prejudice.

 What we are achieving**Managing our risks and opportunities**

To continue to grow and succeed we need to understand and respond to the challenges (both risks and opportunities) we face. Doing this will provide greater certainty and confidence for all our stakeholders and help us achieve our growth strategy in a sustainable way.

**Our Quality, Compliance and Risk Committee**

Our Leadership Team appoints this Committee to review and provide governance support to the business to ensure we comply with operational, health, safety, environmental and general regulatory requirements at all times.

The Committee develops risk matrices to assess quality, compliance and general business risks and advises our Quality, Compliance and Risk Management Teams. It also reviews and responds to complaints and allegations that we have failed to comply with laws and regulations. The Committee meets at least four times each year. It provides a quarterly report to the Leadership Team.

**Anti-corruption**

Our employees must not participate in offering, giving, receiving or arranging a bribe or kickbacks. They must not use procedures that could conceal or support bribery, kickbacks, or any other illegal or improper payments or receipts, or that could be perceived as wrongdoing.

**Political action**

Our Equal Opportunity Policy protects employees' and applicants' rights of association. We do not lobby government at any level.

**Tax and compliance**

We believe in transparency and meet high standards of tax governance and compliance. This includes complying with all tax laws in the countries in which we operate and other governance, accounting and reporting standards too. External auditors and advisors assess our compliance annually.

As we are a part of a multinational corporation, Culligan Group, we are considered to be a Significant Global Entity (SGE). This means we adhere to country-by-country reporting obligations.



 What we are achieving

### Our supply chain

We believe in responsible procurement and work hard to ensure our supply chain meets our expectations for legal and ethical conduct.

#### Setting clear expectations

Our Supplier Manual is available in **English** and **Mandarin**.

This confirms the quality, compliance, delivery and ethical standards (including modern slavery) we expect current and potential suppliers to meet. We update our supplier manual regularly and refer to it in all new supply agreements. It is also available on our website.

#### Auditing our suppliers

We audit our suppliers to confirm that they can meet our standards and identify risks to supply, quality, compliance and cost. We assess their management structure and business practices against ethical standards.

### Human rights

Complex supply chains harbour the risk of modern slavery.

#### Modern Slavery Statement

Our **Modern Slavery Statement** sets out our commitment to human rights, dignity and integrity. We support this commitment throughout our business practices, by complying with all applicable laws and standards in regions where we operate directly, and by making it clear to our suppliers that we expect them to do the same in the regions they operate in.

#### Supplier questionnaire

To become an approved supplier, all existing suppliers that provide goods and services valued at more than \$100,000 (AUD) each year must comply with our latest supplier manual and complete our supplier questionnaire. From 2023 all new suppliers, whatever the value of the relationship, must complete the supplier questionnaire in our **Supplier Manual**.

#### Employee training

All employees responsible for procurement receive detailed, annual training so they understand what the Modern Slavery Act 2018 involves and how they should report any risks. To reduce the risk of modern slavery in our supply chain, all other employees need to understand this issue too. We will roll out compulsory training company-wide in 2023 to raise awareness.





## ✔ What we are achieving

### Keeping data private and our IT operations secure

All systems and applications that store customer and supplier data must have strong passwords and use multi-factor authentication to prevent unauthorised access. Employees have access to customer and supplier data on a need-to-know basis only.

We keep all software and systems up to date with the latest security patches and updates. We have not experienced any recordable breaches in the past two years.

#### Training

We train all employees on best practices data security every quarter. This includes how to identify and avoid phishing attacks and other common security threats.

#### Auditing

We carry out regular security audits to identify and address vulnerabilities or weaknesses in our systems and processes that handle customer and supplier data.

#### Testing

We perform annual penetration tests and tabletop exercises to find gaps and work on being ready to face inevitable cyber attacks effectively.

#### Reviewing global practice

Our team reviews the global compliance landscape (including GDPR and CCPA) regularly. We want to make sure we meet standards and put in place the right policies and tools to capture and protect all our data.



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# Thank you

Many people and organisations are helping us become a more sustainable business. Thank you to everyone who helped us have an impact in 2022. Special thanks to our capable, hard-working team, our Culligan colleagues, our valued customers, community partners, business partners and suppliers.

# Zip Water Group



# Appendix A

Product safety acronyms

Abbreviation	Description
CCC	China Compulsory Certificate
CQC	China Quality Certification
EESS	Electrical Equipment Safety Scheme
EU	European Union
IAPMO	International Association of Plumbing & Mechanical Officials
IECEE	International Electrotechnical Commission for Electrical Equipment
INMETRO	Instituto Nacional de METROlogia
KC	Korea Certification
KTW-BWGL	Evaluation criteria for products in contact with drinking water
NSF	National Sanitation Foundation
SABS	South African Bureau of Standards
UKCA	United Kingdom Conformity Assessed
UL	Underwriters Laboratories
WRAS	Water Regulation Approval Scheme

# Appendix B

## Assumptions used in figures on page 9:

All data is based on our peer-reviewed LCA and Zip Water Install Base.

Data presented is based on Australia Region.

- > Based on the same volume of water consumed with Zip products and vs 500 ml PET plastic water bottles.
- > Based on the total weight of plastic used in 500 ml PET plastic water bottles, minus the total weight of plastic used in ZIP product and packaging.
- > Distance driven by an average gasoline-powered passenger vehicle, based on US EPA <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>
- > Based on a nine-watt light-emitting diode (LED) bulb operated in Australia
- > Hours flown by Boeing 747-400 (used for long-distance international flights), based on Carbon Independent <https://www.carbonindependent.org/22.html>
- > A medium-growth coniferous or deciduous tree, planted in an urban setting and allowed to grow for 10 years, based on US EPA <https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references#seedlings>

# Appendix C

## Reference to the Global Reporting index (GRI)

Zip Water has reported the information listed in this GRI content index for 1 January to 31 December 2022 with reference to the GRI Standards.

GRI Standard	Disclosure	LOCATION
<b>GRI 1: Foundation 2021</b>		
<b>GRI 2: General Disclosures 2021</b>		
	2-1 Organizational details	About us page 9
	2-2 Entities included in the organization's sustainability reporting	About us page 9
	2-3 Reporting period, frequency and contact point	About this report page 4
	2-4 Restatements of information	This is Zip Water's first annual sustainability report (page 4) so there are no restatements of information
	2-5 External assurance	Not assured
	2-6 Activities, value chain and other business relationships	About us page 5
	2-7 Employees	About us page 5
	2-8 Workers who are not employees	Workers who are not employees are suppliers and are covered through the supplier manual
	2-9 Governance structure and composition	Our corporate governance pages 35 to 36
	2-10 Nomination and selection of the highest governance body	Our corporate governance pages 35 to 36
	2-11 Chair of the highest governance body	Our corporate governance pages 35 to 36
	2-12 Role of the highest governance body in overseeing the management of impacts	Our corporate governance pages 35 to 36
	2-13 Delegation of responsibility for managing impacts	Our corporate governance pages 35 to 36
	2-14 Role of the highest governance body in sustainability reporting	Our corporate governance pages 35 to 36
	2-15 Conflicts of interest	Integrity, ethics and compliance page 37
	2-16 Communication of critical concerns	Integrity, ethics and compliance page 37
	2-17 Collective knowledge of the highest governance body	Our corporate governance page 37
	2-18 Evaluation of the performance of the highest governance body	Our corporate governance page 37
	2-19 Remuneration policies	Our employee remuneration page 29
	2-20 Process to determine remuneration	Integrity, ethics and compliance page 37
	2-21 Annual total compensation ratio	Not included. However, Zip does have publicly available gender pay gap data from the UK.
	2-22 Statement on sustainable development strategy	The UN Sustainable Development Goals we work to advance page 12

# Appendix C

GRI Standard	Disclosure	LOCATION
<b>GRI 2: General Disclosures 2021 (continued)</b>	2-23 Policy commitments	Flexible working page 31, HR policies page 32, Our practices pages 35 to 40
	2-24 Embedding policy commitments	Our practices pages 35 to 40
	2-25 Processes to remediate negative impacts	There have been no negative impacts in the reporting period
	2-26 Mechanisms for seeking advice and raising concerns	Raising and reporting issues page 37
	2-27 Compliance with laws and regulations	Integrity, ethics and compliance page 37
	2-28 Membership associations	Our partnership with Australian Packaging Covenant Organisation (APCO) page 20, Ocean Impact Organisation page 22, One Tree Planted page 26
	2-29 Approach to stakeholder engagement	How we approach sustainability pages 10 to 12
	2-30 Collective bargaining agreements	Labour relations page 33
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics	How we approach sustainability pages 10 to 12
	3-2 List of material topics	How we approach sustainability pages 10 to 12
	3-3 Management of material topics	Our ESG Strategy pages 12 to 14
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	Omitted due to confidentiality constraints
	201-2 Financial implications and other risks and opportunities due to climate change	Omitted due to confidentiality constraints
	201-3 Defined benefit plan obligations and other retirement plans	Transitioning to retirement page 31
	201-4 Financial assistance received from government	Zip received no Government finance during the reporting period
<b>GRI 202: Market Presence 2016</b>	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Our employee remuneration pages 29
	202-2 Proportion of senior management hired from the local community	Information unavailable/incomplete
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	Zip is not an infrastructure company
	203-2 Significant indirect economic impacts	Zip is not an infrastructure company
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	Information unavailable/incomplete
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	Integrity, ethics and compliance pages 37
	205-2 Communication and training about anti-corruption policies and procedures	Training page 33
	205-3 Confirmed incidents of corruption and actions taken	There were no incidences in the reporting period
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no legal actions against Zip during the reporting period

# Appendix C

GRI Standard	Disclosure	LOCATION
<b>GRI 207: Tax 2019</b>	207-1 Approach to tax	Tax and compliance page 38
	207-2 Tax governance, control, and risk management	Tax and compliance page 38
	207-3 Stakeholder engagement and management of concerns related to tax	No stakeholder concerns around tax were raised during the reporting period
	207-4 Country-by-country reporting	Tax and compliance page 38
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	Life cycle assessment of our HydroTap products page 11
	301-2 Recycled input materials used	Life cycle assessment of our HydroTap products page 11
	301-3 Reclaimed products and their packaging materials	Our packaging page 20
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	Reducing carbon and our impact on climate page 24
	302-2 Energy consumption outside of the organization	HydroTap advanced technology page 19
	302-3 Energy intensity	Using more renewable energy page 22
	302-4 Reduction of energy consumption	Reducing carbon and our impact on climate page 24
	302-5 Reductions in energy requirements of products and services	HydroTap advanced technology page 19
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	About Us page 5, Our Products page 15
	303-2 Management of water discharge-related impacts	Water-discharge-related impacts are not a material issue for Zip
	303-3 Water withdrawal	Water withdrawals are not a material issue for Zip
	303-4 Water discharge	Our targets page 21
	303-5 Water consumption	What we are achieving page 22
<b>GRI 304: Biodiversity 2016</b>	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity page 26
	304-2 Significant impacts of activities, products and services on biodiversity	Impacts on biodiversity are not a material issue for Zip
	304-3 Habitats protected or restored	One Tree Planted page 26
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity page 26
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	Reducing carbon and our impact on climate page 24
	305-2 Energy indirect (Scope 2) GHG emissions	Reducing carbon and our impact on climate page 24
	305-3 Other indirect (Scope 3) GHG emissions	Reducing carbon and our impact on climate page 24
	305-4 GHG emissions intensity	Reducing carbon and our impact on climate page 24

# Appendix C

GRI Standard	Disclosure	LOCATION
<b>GRI 305: Emissions 2016 (continued)</b>	305-5 Reduction of GHG emissions	Reducing carbon and our impact on climate page 24, Setting a science based target page 25
	305-6 Emissions of ozone-depleting substances (ODS)	The Ozone Depleting Potential of the Zip HydroTap is immaterial throughout a cradle to gate (with options) life cycle (Verified EPD)
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Zip do not use or emit NOx or SOx
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	Manufacturing standards page 18, HydroTap advanced technology pages 14, Designing products with end-of-life in mind page 19
	306-2 Management of significant waste-related impacts	Our packaging page 20
	306-3 Waste generated	Reducing our waste page 26
	306-4 Waste diverted from disposal	Reducing our waste page 26
	306-5 Waste directed to disposal	Reducing our waste page 26
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	Zip do not use or emit ODS
	308-2 Negative environmental impacts in the supply chain and actions taken	Zip do not use or emit NOx or SOx
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	New hires page, Retaining our staff page 28
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	All full-time and part-time employees receive the same benefits
	401-3 Parental leave	Our employee benefits page 29
<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	Zip has no minimum notice periods for operational changes
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	Our occupational health and safety management system page 33
	403-2 Hazard identification, risk assessment, and incident investigation	Training page 33
	403-3 Occupational health services	Our occupational health and safety management system page 33
	403-4 Worker participation, consultation, and communication on occupational health and safety	Labour relations page 33
	403-5 Worker training on occupational health and safety	Training page 33
	403-6 Promotion of worker health	Health and safety page 33
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and safety page 33
	403-8 Workers covered by an occupational health and safety management system	Our occupational health and safety management system page 33
	403-9 Work-related injuries	Our occupational health and safety management system page 33
	403-10 Work-related ill health	Our occupational health and safety management system page 33

# Appendix C

GRI Standard	Disclosure	LOCATION
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	No target disclosed. Training is mentioned on pages 28, 30, 33, 37, 39 and 40
	404-2 Programs for upgrading employee skills and transition assistance programs	Building our team's skills and knowledge page 30
	404-3 Percentage of employees receiving regular performance and career development reviews	100% Developing our team page 30
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	Promoting diversity, equity and inclusion page 31
	405-2 Ratio of basic salary and remuneration of women to men	Pay equity page 29
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	There were no recorded incidents during the reporting period
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Labour relations page 33
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	No suppliers have been identified during the reporting period with incidents of child labour. Zip has a modern slavery statement which is enforced and a supplier manual that complements this. Zip undertakes routine audit procedures. This is documented in its Supplier Manual
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	No suppliers have been identified during the reporting period that has incidents of discrimination. Zip undertakes routine audit procedures. This is documented in its Supplier Manual
<b>GRI 410: Security Practices 2016</b>	410-1 Security personnel trained in human rights policies or procedures	Zip operations due to their current geographic locations do not require security personnel to be trained in specific humans rights policies
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples	There were no incidents involving indigenous peoples during the reporting period
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	Our Reconciliation Action Plan (RAP) page 32
	413-2 Operations with significant actual and potential negative impacts on local communities	Our Reconciliation Action Plan (RAP) page 32
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	Zip will report on this next year as suppliers are audited against the new requirements
	414-2 Negative social impacts in the supply chain and actions taken	Zip had no negative social impacts in its supply chain during the reporting period
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	Zip does not make political contributions
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	Product safety and sustainability page 16
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	There were no incidences of product non-compliance during the reporting period
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	Zip products meet the requirements for product information and labelling in all markets. This is included in product documentation
	417-2 Incidents of non-compliance concerning product and service information and labeling	There were no incidences of product non-compliance during the reporting period
	417-3 Incidents of non-compliance concerning marketing communications	There were no incidences of product non-compliance during the reporting period
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Keeping data private and our IT operations secure page 40

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