A Word from Leadership

By the Numbers: Key Achievements

- What We’ve Accomplished: Key Data Points
  - Since Inception in 2016
  - Enabling Growth: Portfolio Expansion
  - Scaling Impact: Reaching Women & Girls
  - Furling Gender Equality
  - Solving SDG6: Results by Strategy

Portraits of Impact

- Financial Institution Borrower Profiles
- Water & Sanitation Microloan Client Profile

WaterEquity Overview

- Social Impact Objectives & Investor Community
- Areas of Investment & Investment Strategy

Raising Visibility

- Partners & Awards
- Press, Media & Thought-Leadership

High Expectations: What’s Next

- By the Numbers: Key Achievements
- Portraits of Impact
- WaterEquity Overview
- Raising Visibility
- High Expectations: What’s Next

It was this insight about the value of impact that lay behind the Ford Foundation’s decision to issue $1bn of Social Bonds at the height of the COVID-19 pandemic, allowing it to effectively bring forward impact from tomorrow to today. **“The Sustainable Development Goals Report,” United Nations, 2022.**

Allowing it to actually flow to these investments. To be sure, some of the criticism is valid. Greenwashing and the mischaracterization of debt and equity vehicles needed to allow the capital to actually flow to households. Our partners & awards.

The second criticism we wish to debunk is the idea that, left to its own devices, the free market will address sustainability and development goals, not to mention social impact on its own. This ignores the dichotomy: If donating to a cause is rational, then donate a portion of the returns later as your risk tolerance allows, the theory goes, to the recipient in a way that a donation never will.

It also misses the fact that risk—classical market failures of public goods, is the idea that, left to its own devices, the free market will address sustainability and development goals, not to mention social impact on its own. This ignores the dichotomy: If donating to a cause is rational, then donate a portion of the returns later as your risk tolerance allows, the theory goes, to the recipient in a way that a donation never will.

It also misses the fact that risk—in social impact capital offers the most effective way to increase access to safe water and sanitation globally. We also believe that sometimes too low to attract capital, and it ignores capital market barriers that render some impact areas non-investible.

Certainly, the demand and supply needed to side, a quarter of the world’s population lacks this insight about the value of impact that lay behind the Ford Foundation’s decision to issue $1bn of Social Bonds at the height of the COVID-19 pandemic, allowing it to effectively bring forward impact from tomorrow to today. **“The Sustainable Development Goals Report,” United Nations, 2022.**

Photo credit: Paul O’Connell, WaterEquity President

Gary White
CEO and Co-founder

Paul O’Connell
President

It was this insight about the value of impact that lay behind the Ford Foundation’s decision to issue $1bn of Social Bonds at the height of the COVID-19 pandemic, allowing it to effectively bring forward impact from tomorrow to today. **“The Sustainable Development Goals Report,” United Nations, 2022.**
Harnessing the Power of Capital Markets for Safe Water & Sanitation

Capital markets are the most direct and powerful tool to achieve our mission—demonstrating the significant economic benefits that can be harnessed from the water and sanitation sector. With nearly 100 investors across WaterEquity funds in 2022, representing millions in capital committed towards addressing Sustainable Development Goal 6 (SDG6), we are grateful for the systems change the water and sanitation investor network represents.

We extend our heartfelt appreciation to all who have collaborated with us since our inception in 2016. Your contributions have opened doors, sparked innovative financing initiatives, and raised industry awareness. Together, we will continue to leverage capital markets, scaling our impact while addressing critical dimensions, such as health, gender equality, climate resilience, poverty alleviation, and fundamental human rights. We remain dedicated to generating enduring benefits for low-income communities worldwide, and are confident in our mission to make a substantial impact on a global scale.

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**The WaterEquity Journey: Key Highlights**

- **2014**
  - PILOT FUND CLOSES FUNDRAISING: just 12-months after launching, with $11 million in committed capital to reach 1 million people in India over 7-years. This proof-of-concept fund demonstrates the market appetite for water and sanitation investments, paving the way for development of additional impact investment funds focused on SDG6.

- **2016**
  - WATER.ORG EXPLORES how the capital markets can solve for SDG6. This research spurs the eventual formation of WaterEquity as an independent asset manager to raise and deploy capital for expanding water and sanitation to low-income communities globally.

- **2016**
  - PILOT FUND CLOSES FUNDRAISING: with 90 investors and $11 million in committed capital to reach 1 million people in India over 7-years.

- **2017**
  - WATEREQUITY SPINS OFF from Water.org and becomes an independent asset manager with a focus on raising and deploying dedicated capital for the water and sanitation sector.

- **2017**
  - FUND II CLOSES FUNDRAISING: launched in 2017 as a follow-on fund, with $50 million in committed capital to reach 3.1 million people over 7-years. Fund II expands WaterEquity’s geographical reach beyond India, adding Cambodia and Indonesia to the portfolio.

- **2019**
  - “WATER IS PPE” The COVID-19 pandemic underscores the importance of access to safe water and sanitation. WaterEquity’s funds continue to deliver impact despite a volatile market—reaching 1.8 million people with access to safe water and sanitation across funds.

- **2020**
  - REGISTERED INVESTMENT ADVISER STATUS: WaterEquity’s Fund Manager, WaterCredit LLC, meets requirements to become a Registered Investment Adviser with the U.S. Securities & Exchange Commission.

- **2021**
  - FUND III CLOSES FUNDRAISING: launched in 2019, oversubscribed with $153 million in committed capital to reach 5 million people over 7-years. Fund III expands the geographic reach from Asia to include Africa and Latin America.

- **2022**
  - CUMULATIVE IMPACT: Since inception, WaterEquity’s capital continues to be hard at work—reaching more than 4.1 million people across 16 countries with access to safe water and sanitation.
Areas of Investment

WaterEquity is purpose-built to develop and execute an investment strategy that mobilizes private capital to address the SDG6 financing gap on both the demand and supply sides of water and sanitation.

MICROFINANCE

WaterEquity has deployed more than $260 million in water and sanitation microloan portfolios, as well as on-lend to local enterprises delivering water and sanitation products and services. To date, financial institutions use this capital to grow their underserved households and enterprises. These creditworthy financial institutions in emerging markets to expand water and sanitation lending to vulnerable populations.

CLIMATE-RESILIENT INFRASTRUCTURE

Continuing our work towards increasing access as piped water systems and wastewater treatment facilities. Working on the supply side of water and sanitation, such equity and risk capital for projects and growth companies working on the supply side of water and sanitation, such as on-lend to local enterprises delivering water and sanitation, this strategy aims to invest private infrastructure financing went toward water and sanitation infrastructure, specifically. WaterEquity's investment strategy is built upon the following fundamentals:

• ACCESS: Providing safe and affordable water and sanitation access for millions globally, while at the same time delivering attractive, risk-adjusted returns for investors.

• QUALITY: Providing water and sanitation that meets the highest quality standards, reducing freshwater pollution levels has positive impacts on human health and economic growth, as well as ecosystems.

• SCARCITY: Managing water resources to ensure withdrawals don't exceed available supply is critical, especially in the face of climate change.

WaterEquity's investment strategy is built upon the following fundamentals:

- **TARGET GROWTH**
- **PRIORITIZE IMPACT & RESPONSIBLE INVESTMENTS**
- **MINIMIZE RISK & MAXIMIZE RETURNS**
- **MEASURE SUCCESS & ACTIVELY MANAGE ASSETS**

Mark Berryman, Managing Director, The Caprock Group, LLC

A Growing Investor Community
By the Numbers: Key Achievements

What We've Accomplished: Key Datapoints Since Inception in 2016

**WATER & SANITATION**
4.1M+ people reached with safe water or sanitation

**Investments Made**
since 2016
65+

**Gender Equality**
97% of water & sanitation microloan end-clients are women

**SDG Alignment**
8 including water & sanitation, health, gender, economic security, and climate action
Enabling Growth: Portfolio Expansion

Since 2016, WaterEquity’s funds have made more than 65 investments across a portfolio of

Asia, Latin America, and Africa

Entering New Markets:

WaterEquity has investments around the world and continues to expand into new geographies | Since 2016, WaterEquity’s funds have made more than 65 investments across a portfolio of Asia and the Pacific, Latin America and the Caribbean, and Central and South Asia.

Scaling Impact: Reaching Women & Girls, Furthering Gender Equality

In 2022, WaterEquity significantly expanded its impact in Africa through a $12 million loan to Bayport Management LTD, specifically targeting increased access to safe water and sanitation across Botswana, Ghana, Mozambique, Tanzania, Uganda, and Zambia.

Women as Microloan Customers & Beneficiaries:

In addition, when women take leadership roles in the workforce, they are better performers in gender inclusive employment policies, product design, and leadership roles. Additionally, WaterEquity conducts a gender inclusion analysis for every investee as part of an ESG assessment. This analysis identifies areas where an investee is a strong performer in gender inclusive employment policies, product design, and leadership roles, as well as where there is scope to improve.

Women in Leadership, the Workforce & the Community:

To understand how water issues affect gender equality, consider that millions of people, mostly women, spend time and energy each day collecting water from local wells, streams, or other sources. In fact, women spend a collective 266 million hours gathering water each day.⁷ Women and girls also spend 200 million hours collecting water from local wells, water connections, and toilets. As a financial services provider to low-income or underserved individuals, many living in remote areas, the services offered by Bayport promote financial independence and economic growth and significantly expand its impact in Africa through a $12 million loan to Bayport Management LTD, specifically targeting increased access to safe water and sanitation across Botswana, Ghana, Mozambique, Tanzania, Uganda, and Zambia.

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Solving for SDG6: Results By Strategy

Climate-resilient infrastructure investments in Water & Sanitation products & services

**HOUSEHOLD LOAN ACTIVITY & USE**

- **$393**
- **774K**

**ENTERPRISE LOAN ACTIVITY & LOCATION**

- **$45K**
- **313**

**Portrait of Impact**

_Nancy’s Microloan Story_

Nancy and her children live in Huanca, Peru, and for many years didn’t have access to a private toilet. This meant using unhygienic methods to manage their sanitation needs—using shared toilets or practicing open defecation in a secluded alley or field. After learning that this practice could be the cause of her children’s many illnesses, Nancy secured a microloan from a local financial institution to construct a toilet in her home.

“I saw a bank advertisement explaining I could take a loan to build a toilet or water connection in my home. The fact that I could pay monthly payments for a toilet, rather than pay for it all at once, is the only reason I now have one. I could never save enough to pay for one upfront.”

Since constructing her household toilet, Nancy has seen a decrease in her medical bills and an increase in the amount of time she is able to spend at her provisions shop. Her business is now providing enough income to send her sons to school, feed the family, and pay back the modest loan for her toilet. Nancy’s story is similar to many borrowers across Asia, Africa, and Latin America who have experienced the opportunity to access affordable financing to solve their family’s water and sanitation needs thanks to WaterEquity and its financial institution borrowers.
EXECUTIVE LEADERSHIP

CO-FOUNDERS

BOARD OF DIRECTORS

INVESTMENT MANAGEMENT

INVESTMENT MANAGEMENT

COMPLIANCE, INVESTOR RELATIONS, & COMMUNICATIONS

ACCOUNTING & OPERATIONS

Gary White
Board Chairman & CEO

CO-FOUNDERS

Matt Damon

BOOK RELEASE!

Amazon Live: Author Series

Bill Clinton Podcast: Why Am I Telling You This?

Gary White & Matt Damon, How to Measure the Worth of Water

CNBC: How a trip to rural Zambia, backed by U2 singer Bono, led Matt Damon to campaign for clean water

Firing Line with Margaret Hoover

Infrastructure Investor: Why infrastructure can move the dial for women’s equality

Impact Entrepreneur: Meeting the Demand for Investments in Water and Sanitation

Raising Visibility

Paul O’Connell, President

Catherine Colyer, Chief Operating Officer

Elan Emanuel, Chief Investor Relations Officer

John Moyer, Chief Investment Officer

PRESS, MEDIA, & THOUGHT LEADERSHIP

We are on an intentional journey to determine how we can champion diversity, equity, and inclusion not only within our organization but also within our industry. We are committed to creating a diverse work environment that is characterized by engagement, a sense of connection, and respect for the differences and contributions of all our professionals. Our core values are the pillars with which we work and show up in the world together. WaterEquity recently joined ILPA’s Diversity in Action Initiative framework as a signatory amongst a robust network of LPs, GPs, and investment consultants.

COMMITMENT TO DIVERSITY

Please see Disclosures at the end of this report regarding selection criteria and fees paid in relation to these awards.

Marie Milligan, Chief Compliance Officer

Lane Beaman, Director, Investor Relations

Jeso O'Neill, Director, Communications

Sydney LaRoche, Manager, Marketing

COMPLIANCE, INVESTOR RELATIONS, & COMMUNICATIONS

INVESTMENT MANAGEMENT

Anu Valli, Director, Financial Institution Investments

Amit Agarwal, Regional Director, South & Central Asia

Hasan Andalib, Associate Director, Alternative FI Investments

Siddharth Arur, Manager, South & Central Asia

Njeri Kirumbi, Regional Director, Africa

Adysti Raissa, Regional Director, East Asia & Pacific

Vanesa Sandoval, Regional Director, Latin America & the Caribbean

Sridhar Sampath, Director, Infrastructure Investments

Lieven Jacquemyn, Regional Director, East Asia & Pacific

Chakradhar Kundu, Investment Manager, Infrastructure Investments

Arjun S R, Regional Director, South Asia Infrastructure Investments

Emma Aller, Director, Risk & Portfolio Management

Cheryl Wright, Director, Investment Compliance

George Das, Manager, Investment Compliance

Geoff Wise, Portfolio Manager

Amy Stonecipher, Investment Data Analyst

Investment Compliance, Risk, & Monitoring

Amy Bell, Victoria Boyne, Jan Creidenberg, Glenn Rockman, Terrence Trayvick, Margret Trilli

4x winner of the ImpactAssets 50 Award (2019-2022)

Industry Partners

Award-Winning Investment Team

Genevieve Edens, Director, Impact & ESG

Mónica A. Altamirano, Director, Climate Impact

Victoria Hume, Impact Analyst

Portfolio Impact & ESG

ACCOUNTING & OPERATIONS

Paul Cohoon, Director, Accounting

Casey Pessetto, Director, Fund Accounting

Jen McBrayer, Manager, Operations

Trevor Shelton, Operations Manager, Systems

ACCOUNTING & OPERATIONS

*WaterEquity team listed as of publication date
High Expectations: A Vision for What's Next

Last year we embarked upon an initiative with our sister organization, Water.org, to identify new, investible opportunities in both the financial institution and infrastructure domains. Financial institutions are our conduit to finance the “last mile” of water and sanitation access at the household level. Infrastructure opportunities are those that finance and build the potable water and wastewater systems that households ultimately connect to.

Pictured here is Panna Meena ka Kund, a 16th century stepwell located in Amer, a sub-city of Jaipur, Rajasthan that WaterEquity visited during our staff retreat. Historic stepwells, renowned for their religious and cultural significance, served as crucial sources of fresh water that remained filtered through the earth even when natural water bodies dried up.

Photo credit: Paul O'Connell, WaterEquity President

We are pleased to report that the first year of this initiative has been a success. We have been able to approach financial institutions in new countries and markets, especially in Africa, where we have paired WaterEquity’s capital with technical assistance from Water.org. On the infrastructure side, we have identified a pipeline of project investments that can improve both the access to, and the quality of, water and sanitation services at the municipal level. Importantly, these opportunities are screened through a climate resilience filter. To pass our screen, infrastructure must be designed and built to withstand the effects of climate change itself, and it must enhance the resilience of the community it serves to climate-related disruptions.

Over the medium term our goal is to offer an expanded menu of investment options that allow investors to put their capital to work in these opportunities. We are convinced that a well-functioning capital market for water and sanitation investments offers the straightest and clearest path towards SDG6, and our commitment to you is that we will continue to innovate along the way.
CITATIONS

6. Living income is calculated as the minimum income necessary for a family to meet their basic needs, including food, housing, and other essentials.
8. Unilever Domestos, WaterAid and WSSCC (2013). We can't wait: A report on sanitation and hygiene for women and girls.
10. UNDP (2006), Mainstreaming Gender in Water Management.

IRIS+ Metrics Cited:

- IRIS, 2021. WASH Facilities Type (PD3668). v5.2.

DISCLOSURES

Report dated as of 6/28/2023. All data represented in this report is cumulative across funds from inception through December 31, 2022. Past performance is not indicative of future results. Impact profiles are for illustrative purposes only and may not represent existing WaterEquity investment outcomes. Financial Institutions profiled are selected for being financial institutions that WaterEquity invests in and their willingness to allow us to use their name. Profiled investments are not representative of all investments made by WaterEquity. There can be no assurance of any level of returns. All investment has a risk of loss. There can be no assurance of any specific level of social or environmental impact. Photos and end-client profile provided by Water.org and WaterEquity.

Representative Investors & Testimonials:

Representative investors are chosen due to their recognition in the marketplace and their willingness to allow us to use their name. It is not known whether the listed investors approve or disapprove of WaterEquity or the advisory services provided by WaterEquity. Caprock is an investor in WaterEquity funds. WaterEquity did not compensate Caprock or Mark Berryman for their statement. There may be material conflicts of interest associated with this testimonial. The person providing the testimonial is a current investor in one or more funds managed by the Manager or one of its affiliates (each, a “WaterEquity Fund”), and may be a prospective investor of other funds managed by WaterEquity, and may provide a more positive testimonial regarding the Manager so as to ensure that the Manager is able to continue to operate its business and protect the value of such person’s investment. In addition, the Manager can determine whether to include a testimonial and which to include, and, as such, may include only the most positive testimonials about the Manager, while excluding any potentially negative testimonials.

Use of Awards:
The IA 50 Fund Manager award was granted by ImpactAssets on 3/15/2022 for the calendar year 2022. ImpactAssets assembles an annual review committee to select IA50 managers from the universe of impact fund managers with a minimum 3-year track record and $25M AUM. See the ImpactAssets website for additional information: https://impactassets.org/ia-50/. ImpactAssets is also an investor in WaterEquity funds. WaterEquity did not pay any fees associated with the IA 50 Fund Manager Award.

The World Economic Forum's UpLink Innovative Funds for our Future Award was granted on 9/21/2022. UpLink recognizes innovative investment funds with a portfolio focus on the SDGs. See the World Economic Forum’s UpLink website for additional information: https://uplink.weforum.org/uplink/s/uplink-issue/a002o0000136S2vAAE/innovative-funds-for-our-future. WaterEquity did not pay any fees associated with the Innovative Funds For Our Future Award.

The Environmental Finance IMPACT Awards recognize the work of impact investors and highlight best practices across all asset classes and geographies. See the Environmental Finance website for additional information: https://www.environmental-finance.com/content/awards/impact-awards-2022/judging-process.html. The 2021 Environmental Finance IMPACT Award was granted on 9/6/2021 for the calendar year 2021 and the 2022 Environmental Finance IMPACT Award was granted on 12/12/2022 for the calendar year 2022. WaterEquity pays a license fee to use the IMPACT Awards logos but did not pay a fee to enter the competitions or win the awards.