

# sciensWATER

Solving Water Sector Problems in the U.S.



## RESPONSIBLE INVESTMENT POLICY

August 2023

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### 1. Overall Approach to Responsible Investment:

Sciens Water Opportunities Management LLC (“Sciens”) has formed the Sciens Water Opportunities Fund (“the Fund”) with the explicit goal of addressing the big challenges facing the U.S. water sector in the 21<sup>st</sup> century. These challenges include but are not limited to water scarcity, aging infrastructure, environmental degradation of waterways, and human health. Water is a critical, finite resource that affects everyone’s lives. As such, Sciens recognizes that the identification and management of ESG factors, risks, and opportunities, are critical to the successful execution of its investment strategy, its social license to operate in the sector, and the impact its investments will have on the health, the environment, and the economies of local communities.

At Sciens Water, we are committed to responsible investing as a fundamental part of our business strategy. Our approach involves integrating environmental, social, and governance (ESG) factors throughout the investment lifecycle. We aim to create long-term value for our investors while fostering sustainable practices and positive societal impact. Our responsible investment principles will guide our decision-making, engagement with stakeholders, and continuous improvement in ESG practices.

### 2. Guidelines on Environmental Factors:

**2.1. Climate Change:** We will assess the climate-related risks and opportunities of potential investments, seeking to support companies with low carbon emissions, energy-efficient operations, and proactive climate resilience strategies.

**2.2. Resource Efficiency:** We will prioritize investment in companies in the water sector that demonstrate efficient resource use, promote circular economy principles, and reduce waste generation. We will specifically target investments in companies that address water scarcity through conservation, recycling, and reuse.

**2.3. Water Pollution:** We will target investments in companies that provide water treatment solutions to reduce the pollution of waterways and provide safe drinking water.

**2.4. Conservation:** We will invest in companies that prioritize conservation efforts and sustainable land use practices.

### 3. Guidelines on Social Factors:

**3.1. Labor Standards:** We will invest in companies that uphold fair labor practices, including non-discrimination, worker safety, and a living wage.

**3.2. Diversity and Inclusion:** We will support companies that foster diverse and inclusive workforces at all levels, recognizing the value of diverse perspectives and experiences.

**3.3. Human Rights:** We will avoid investing in companies involved in human rights violations and support those that respect and protect human rights in their operations and supply chains.

### 4. Guidelines on Governance Factors:

**4.1. Board Structure and Independence:** We will consider the independence and effectiveness of the board of directors in our investment decisions.

**4.2. Executive Compensation:** We will assess executive compensation structures to ensure they align with long-term performance and shareholder interests.

**4.3. Anti-Corruption and Ethics:** We will only invest in companies with robust anti-corruption policies and ethical business practices.

### 5. Guidelines on Sustainability Outcomes:

**5.1. Impact Measurement:** We will measure and report the environmental and social impact of our investments, striving for positive and measurable sustainability outcomes.

**5.2. Sustainable Development Goals (SDGs):** We will align our investment strategies with relevant SDGs, contributing to global efforts to address pressing challenges.

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### 6. Guidelines on Exclusions:

6.1. **Excluded Industries:** Sciens will invest only in companies that operate in the water sector and will exclude investments in all other industries.

6.2. **Human Rights Violations:** We will not invest in companies involved in severe human rights violations or violations of international labor standards.

### 7. Guidelines on Managing Conflicts of Interest Related to Responsible Investment:

7.1. **Disclosure:** We will maintain transparency regarding potential conflicts of interest related to responsible investment and address them appropriately to safeguard the interests of our investors.

7.2. **Independent Advisory:** In cases where conflicts of interest arise, we will seek guidance from independent advisors to ensure unbiased decision-making.

### 8. Stewardship: Guidelines on Engagement with Investees:

8.1. **Active Ownership:** We will actively engage with portfolio companies to encourage ESG best practices, setting clear expectations for their ESG performance.

8.2. **Collaboration:** We will collaborate with stakeholders to amplify our impact and advocate for positive change in the water industry.

### 9. Stewardship: Guidelines on Overall Political Engagement:

9.1. **Advocacy for Responsible Policies:** We will engage with policymakers and advocate for the adoption of responsible and sustainable policies that align with our investment principles.

9.2. **Transparency in Political Contributions:** We will disclose any political contributions made by our firm and ensure they align with responsible investment principles.

### 10. Stewardship: Guidelines on Engagement with Other Key Stakeholders:

10.1. **Stakeholder Consultation:** We will engage with stakeholders such as communities, customers, and NGOs to understand their concerns and incorporate their feedback into our investment decisions.

10.2. **Reporting and Accountability:** We will regularly report on our responsible investment practices and progress, promoting transparency and accountability.

### Conclusion:

This Responsible Investment Policy reflects our dedication to integrating ESG considerations into all aspects of our investment activities. By following these guidelines, we aim to achieve positive financial returns while driving positive change in the companies we invest in and contributing to a more sustainable and equitable world. We will continuously review and update this policy to stay aligned with evolving best practices and global sustainability goals.