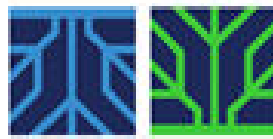


# RESPONSIBLE INVESTMENT POLICY



PureTerra Ventures  
INVEST CONTRIBUTE GROW

## 1.1 About this document

At PureTerra, we believe that the positive impact we aim to achieve through our investments in early stage technologies in the water and environmental sectors should be built on a strong foundation of responsible business practice.

As such, this Policy sets out our Principles, our Objectives, our own Commitments and the expectations we place on our portfolio companies, in terms of Environmental, Social and Governance (“ESG”) management and performance.

This document is reviewed and reaffirmed by our General Partners annually and presented to our Investor Council<sup>1</sup>. Our Managing Partner is responsible for this Policy and can solicit advice from independent experts when necessary.

This Policy should be read in conjunction with our Code of Business Conduct, our Transparency Policy and our Anti-Money Laundry Policy. Additionally, we have developed a Compliance Manual in which we detail the procedures and expectations we place on ourselves in terms of our business conduct.

## 1.2 Scope

This Policy applies to our own organisation and the Fund(s) we manage. We will make every effort to encourage our portfolio companies to agree with this Policy – through term sheets, side letters and using our Board positions – and commit to our Principles and contribute to our Objectives. We also strive to select our partners, our investors and our service providers based on their alignment with our principles and objectives.

## 1.3 Our Principles

PureTerra is an impact-driven investment firm focused on innovative water technologies aimed at water quality, efficient water treatment and water use, and circularity of water and resources for industrial water, agricultural water, and residential and municipal water.

Our sustainable investment objectives are closely aligned to the UN Sustainable Development Goals, in particular:

- SDG 6 (“Ensure availability and sustainable management of water and sanitation for all”)
- SDG 7 (“Ensure access to affordable, reliable, sustainable and modern energy for all”)
- SDG 9 (“Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”)
- SDG 11 (“Make cities and human settlements inclusive, safe, resilient and sustainable”)
- SDG 12 (“Ensure sustainable consumption and production patterns”)

combined with growing the capital market for direct water investments.

We believe our sustainable investment objectives cannot be achieved without a solid foundation in responsible business practice. It is through avoiding to do harm through responsible (internal) operations as well as contributing to solving systemic challenges through (external) impactful products and services, where the most benefit to stakeholders is found.

As such, we have set a series of Principles to guide our work, namely:

1. We incorporated ESG issues into our investment analysis and decision-making processes.

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<sup>1</sup> The Investor Council (or Limited Partner Advisory Council – LPAC) consists of a delegation of Fund members

2. We are active owners and incorporate ESG issues into our ownership policies and practices.
3. We seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We promote acceptance and implementation of the Principles within the investment industry.
5. We work together to enhance our effectiveness in implementing the Principles.
6. We report on our activities and progress towards implementing the Principles.

## 1.4 Our Objectives

Our Principles are further broken down into our Environmental, Social and Governance (“ESG”) Objectives, which guide our investment operations and processes. These are applicable to all of our investments and their related activities in all stages of the process.

### 1.4.1 Environmental

Promote an appropriate level of environmental awareness and practices among portfolio companies including complying with current environmental law in order to minimize adverse effects. This includes but is not limited to:

- Provide substantive, positive, measurable impact on the environment
- Water & Energy efficiency
- Sound resource management
- Reducing greenhouse gas emissions and pollution prevention
- Encourage the development and diffusion of environmentally friendly technologies

### 1.4.2 Social

Respect rights, dignity and wellbeing of people and contribute to an equal society. This includes but is not limited to:

- Comply with labour laws and encourage competitive employee remuneration, safe and healthy work spaces in conformance with local legislation
- Support elimination of child labour
- Avoid any kind of discrimination based on e.g. age, race, religion, sexual orientation or disability
- Comply with international conventions on human rights
- Support fair and transparent entrepreneurship by actively committing to environmental business standards
- Increase economic productivity through creativity, technological modernization and innovation

### 1.4.3 Governance

Operate with integrity and transparency, while remaining accountable for our business practices. This includes but is not limited to:

- Avoiding corruption and other unethical business practices
- Promoting sound business ethics
- Encourage building diverse teams, diverse in gender, age and cultural background
- Provide a positive working environment
- Promoting transparency and accountability
- Creating awareness and promoting compliance with relevant laws and regulations

## 1.5 Integration in our investment process

The implementation of this Policy is detailed in our ESG Investment Manual. This document contains our ESG risk management system, the risk categorisation and associated procedures to manage risk across the stages of investment. It also includes our pre-deal ESG checklist, the template used in our investment proposals and the term sheet and shareholder agreement clauses used once investments are approved by our Investment Committee.

### 1.5.1 Exclusions

To act according to our own beliefs and in accordance of our Objectives we exclude certain segments, geographies and activities. PureTerra Ventures will not make any investment in any Company:

- which is included on the EDES database of the European Union, or otherwise excluded from contracts financed by the EU budget;
- which engages in production or trade of any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans;
- which has operations in, or trades with, countries involved in terrorist activities, severe human rights violations or corruption<sup>2</sup>;
- which is the subject of a public investigation or legal action based upon a suspected relationship with serious criminal or terrorist activities;
- which is materially and immitigable harmful to the environment and/or human life, via i) the intended use of its products or via ii) its supply chain;
- which is involved in one of the following industries: alcohol, tobacco, pornography or prostitution, gambling and/or weapons.

### 1.5.2 Positive impact

PureTerra is a water-focused investment firm that provides commercialisation and growth capital to proven disruptive water technologies. Through our investments we seek to achieve three distinct sustainable investment objectives:

1. Conservation of the water supply
2. Climate change mitigation and adaptation
3. Growth of the water capital market

Our investment strategy and focus is limited companies in three target sectors (innovative water technologies aimed at water quality, efficient water treatment and water use, and circularity of water and resources for industrial water, agricultural water, and residential and municipal water) and we aim to have each of our portfolio companies address at least one of the abovementioned objectives, and report against their impact areas, outcomes and indicators.

We apply our proprietary Water Impact Framework provided below to our investments, which has been designed following the norms and guidance of the Impact Management Project (“IMP”).

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<sup>2</sup> We use various sources to inform our investment practice, including the Human Rights Watch World Report, the Freedom House Freedom in the World Report and the Transparency International Corruption Perception Index

	AREA	OUTCOME	
CONSERVATION OF WATER	EFFICIENT WATER MANAGEMENT AND RECYCLING	Efficiency of water in agriculture and industrial processes	Recycle, reuse and reduce water in m <sup>3</sup>
		Prevention of water losses	Water losses prevented in m <sup>3</sup>
		Operational efficiency	Factor of effectiveness/efficiency improvement
	POLLUTION PREVENTION	Volume of pollutants	Reduction of contaminants in ppm
		Effectiveness of solutions	Factor effectiveness of solution to avoid or extract contaminants
		Improved efficiency in chemical usage	Factor effectiveness of solution to avoid or reduce chemicals
BIODIVERSITY CONSERVATION	Ecological degradation	Hectares of agricultural land impacted	
IMPACT ON OTHER SDG'S	Community upliftment	Number of households/people having access to clean water/air	
CLIMATE ACTION	ENERGY EFFICIENCY	CO <sub>2</sub> reduction	Assess energy saved and reduction in CO <sub>2</sub> emissions
		Increased use of renewable energy	Assess energy saved and reduction in CO <sub>2</sub> emissions
	ADAPTING TO CHANGING CLIMATE	Access to water in changing climate	Number of households/people having access to clean water/air
GROWING CAPITAL MARKET	CATALYSING CAPITAL TO WATER BUSINESSES	Grow and develop investments	EUR invested after PureTerra's commitment or involvement
	PUBLIC AWARENESS	Ambassador for leading change	Number of events resulting in education/awareness

### 1.5.3 Investment decision

The investment decision is taken by the Investment Committee after a pre-deal review of the impact thesis of the target company and a thorough due diligence process, which includes ESG related risks and opportunities. We work with our prospective portfolio companies and external experts on this as part of preparing the investment proposal.

### 1.5.4 Team training

We offer in house training on water specific matters and set aside an annual training budget, which is available for our Partners and our staff.

### 1.5.5 Portfolio monitoring and support

The pre-investment due diligence and risk assessment process will point to improvement opportunities post-investment, which are formalized in an action plan and actively monitored. We are highly involved in commercialisation efforts of our portfolio companies. We always have at least one board seat and we implement the Rockefeller Habits Scaling Up management methodology.

## 1.6 Memberships and applied Principles

We support the UN Principles for Responsible Investment (“UN PRI”) but are not (yet) a formal Signatory. We monitor and promote compliance with the UN Global Compact Principles within our own organization and our portfolio companies. We also follow developments within the VentureESG initiative and are informally involved in the work of the Responsible Investment Committee under the Dutch industry association for private equity and venture capital (“Nederlandse Vereniging van Participatiemaatschappijen”).

Due to our size and own organisational maturity we have not yet made any formal commitments, but intend to consider doing so as we grow our team and capacity.

## 1.7 Roles and responsibilities

Our team consists of experienced professionals who are all committed to operate according to the Principles set out in this Policy. This Policy falls under the direct responsibility of our Managing Partner and is reaffirmed by all Partners and staff annually. Where additional expertise is needed, we will employ external resources.

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Nic Pannekeet	Job van Schelven	Gijsbert de Bruin
Managing Partner	Partner	Partner

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Alexander Crowell	Anouk Kruijff
Partner	Partner

### **1.8 Contact**

Our contact person for this Policy is Nic Pannekeet.

This document was last updated on June 30, 2023.