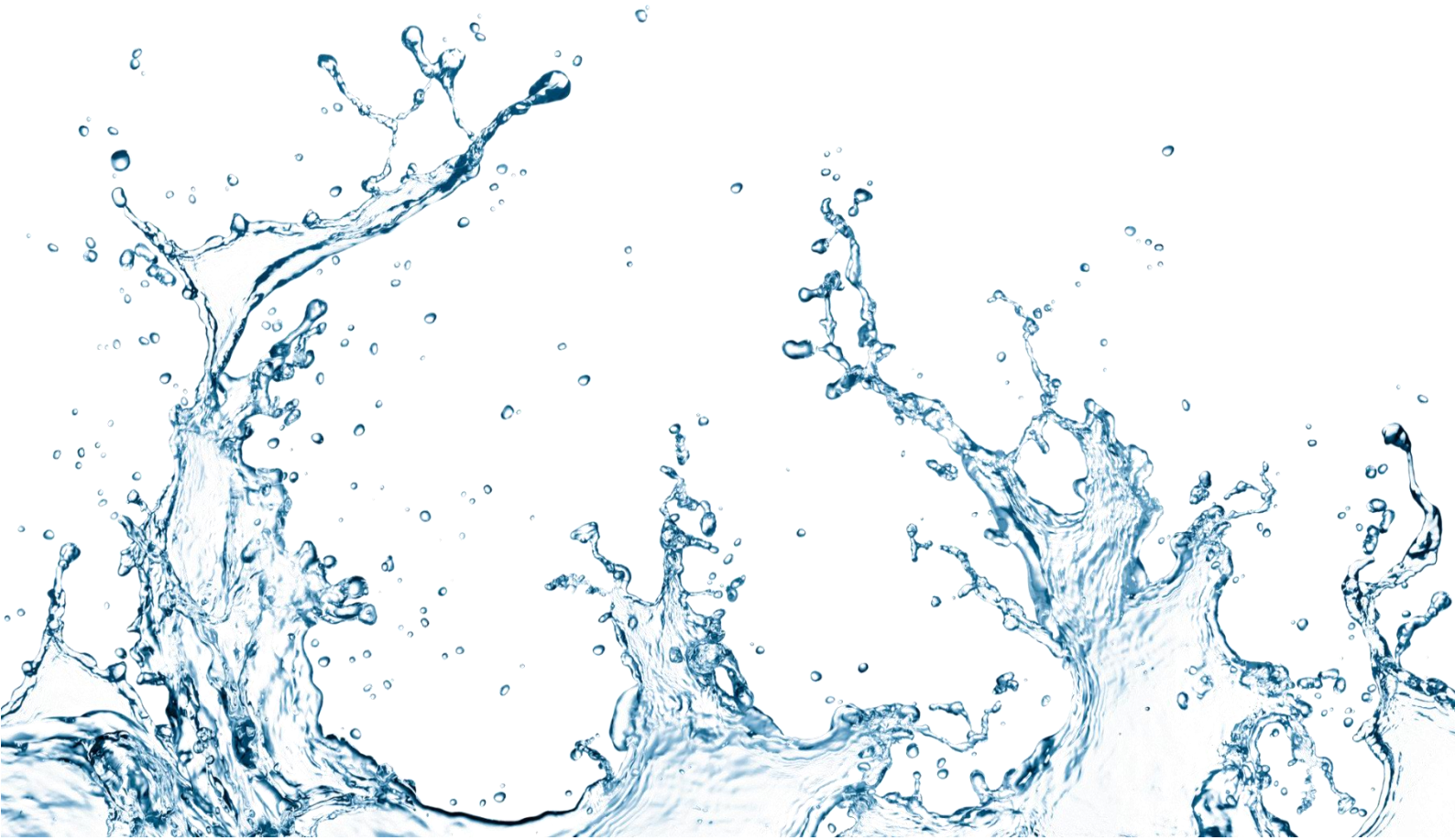


# ESG Policy

8 April 2026



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# DEFINITIONS AND ACRONYMS

*Table I: Aqua for All terms*

Aqua for All term	Definition
Concept note	Initial assessment of grantee or investee on eligibility for go/no-go decision by AC or IC.
Grantee	Recipient of Aqua for All's smart grant instruments
Investee	Recipient of Aqua for All's de-risking or investment instruments
Investment officer	Aqua for All staff that manages investments and structuring
Investment process	The process from origination to closing for all our grant- and investment-based operations
Programme officer	Aqua for All staff that manages grant-based instruments
Project	Any external operation funded by our grant, TA, and investment instruments
Project Decision Document	Document summarizing investment/grant proposal and outcomes of the due diligence phase for approval by AC or IC.

*Table II: Acronyms*

Acronym	Definition
A4A	Aqua for All
AC	Allocation Committee
CITES	Convention on International Trade in Endangered Species
CN	Concept Note
DD	Due Diligence
DDQ	Due Diligence Questionnaire
EDFI	European Development Finance Institutions
ESG	Environmental, Social, and Governance
ESGAP	Environmental, Social, and Governance Action Plan
ESMS	Environmental and Social Management System
FI	Financial Institutions
FIS	Fund Investments & Structuring
HCV	High Conservation Value
HFO	Heavy Fuel Oil
IC	Investment Committee
IFC	International Finance Corporation
ILO	International Labour Organisation
IMM	Impact Management and Measurement
KPI	Key Performance Indicator
MD	Managing Director
MW	Megawatt
PDD	Project Decision Document
PRC	Portfolio Review Committee
PS	Performance Standards
SIFEM	Swiss Investment Fund for Emerging Markets
SME	Small- and Medium-sized Enterprises
SPV	Special Purpose Vehicle
ToC	Theory of Change

# 1

# ESG POLICY AND PRINCIPLES

## 1.1. Purpose and scope

Aqua for All is committed to promoting Environmental sustainability, Social equity, and strong Governance (ESG) practices as integral part to our mission to contribute to global efforts towards facilitating access to clean water and sanitation for all (SDG 6). As a foundation that supports funds, financial institutions (FIs), and enterprises, we recognise the importance of embedding ESG principles in all aspects of our operations and partnerships.

We believe that it is best to minimise negative impacts on people or planet as much as possible. Next to the adverse effects on its environment, such impacts could also erode a business' license to operate and destroy the very impact it tries to achieve. Through this ESG policy, we aim to minimise the adverse impacts of our activities and to do no significant harm to people and planet while striving to create lasting positive impact.

The ESG Policy does aim to provide selection criteria for projects or determine a "go, no-go" decision, but rather to increase the awareness of existing ESG risks while supporting our partners in improving the processes, policies, and systems to deal with these ESG risks. If significant risks are identified, we will work with our partners to improve their practices and minimise the adverse impacts of their operations.

This ESG policy applies to all Aqua for All's direct funding and investment operations, including SMEs, financial institutions, SPVs, and funds.

## 1.2 ESG commitments

Aqua for All commits to comply with the following ESG policy objectives:

- Abide by relevant local and national laws and regulations.
- Identify, track, monitor, and report on the material social and environmental impacts associated with our operations and services with direct and indirect impact.
- Aim to minimise adverse impacts and enhance positive effects on society and the environment as relevant and appropriate, of our portfolio projects.
- Encourage partners to assess climate risks that may affect the business in the medium to long term, where it is deemed material.
- Raise awareness about environmental, social, and governance issues in projects at all levels of the organisation, with business partners, contractors, and surrounding communities.
- Be active participants in all grant funding and investment activity from inception phases to exit, including but not limited to, engaging with management and directors of implementing partners, grantees, investees, and associated stakeholders on ESG issues.

Aqua for All will assign sufficient organisational capacity, capabilities, and competencies for ESG across the organisation where applicable.

## 1.3 Risk appetite

In Aqua for All's Risk Management System, the following risk appetite statement has been formulated:

*"We have a high-risk appetite for innovation and new product development in line with our vision to transform the water and sanitation market. We prioritize financial stability and customer satisfaction, with minimal tolerance for operational disruptions. Balancing growth and stability, we have a low-risk appetite for brand reputation, regulatory compliance and data breaches."*

The risk appetite statement recognizes that there are some risks that Aqua for All is willing to take, as high-risk often comes hand in hand with the possibility of higher impact. This requires approaching projects and investments with a responsible attitude even more.

## 1.4 Supporting out grantees and investees

It is recognised that Aqua for All will have limited visibility and influence on the conduct of its grantees and investees. Aqua for All recognises that not every partner it works with will be in full compliance with this ESG policy at the date of contract. Aqua for All will seek to work with the grantee or investee to improve compliance over a reasonable time frame, taking into consideration the risks and opportunities specific to the partner, its size, and resources. Aqua for All will only work with partners that are committed to improving their compliance with the determined requirements. Persistent delays in meeting these requirements may trigger options for Aqua for All to cease funding, exit an investment, and/or take remedial action.

## 1.5 Applicable standards and frameworks

Aqua for All strives to align its ESG approach to international best practice standards and frameworks. To align with best practice in private sector investments in emerging markets and developing countries, this ESG policy is based on the *IFC Performance Standards*<sup>1</sup> (IFC PS)<sup>2</sup>. These standards set out the key requirements of grantees and investees for their environmental and social management system (ESMS) and their safeguards for dealing with potential environmental and social negative impacts. Aqua for All uses a risk-based approach, where projects will be screened for potential risks early in the project design phase. During the due diligence phase, we will require further assessment of the identified ESG risks. This way, we can support our grantees and investees in managing these risks throughout the project or investment period.

As the IFC Performance Standards focus on the environmental and social aspects of ESG, we have expanded our ESG due diligence by including governance aspects and client protection aspects for our FI and fund engagements. These elements are inspired by the *IFC Corporate Governance Methodology*<sup>3</sup> and *Cerise+SPTF Universal Standards for Social and Environmental Performance Management*<sup>4</sup> respectively.

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<sup>1</sup> <https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards> , including the *IFC Guidance note on Financial Intermediaries*, the *IFC Interpretation Note on SMEs*, and the *World Bank Group Environmental, Health, and Safety Guidelines for Water and Sanitation*.

<sup>2</sup> Aqua for All is aware that the IFC Performance Standards are undergoing a major update as part of the update of IFC's Sustainability Framework. As soon as the new Performance Standards will be published, Aqua for All will review its ESG Policy where needed.

<sup>3</sup> <https://www.ifc.org/en/what-we-do/sector-expertise/corporate-governance/cg-methodology-tools>

<sup>4</sup> <https://cerise-sptf.org/universal-standards/>

## 1.6 Integration of ESG

As much as possible, we integrate ESG into existing policies, processes, systems, and manuals. This ESG policy should be read in conjunction with Aqua for All's Impact Management and Measurement (IMM) manual that outlines Aqua for All's Theory of Change (ToC), as well as Aqua for All's entire policy house.

## 2

# ROLES AND RESPONSIBILITIES

Aqua for All is committed to a practical and implementable approach to ESG related topics and is based on an inclusive management policy of training and assigning responsibility to ESG topics to a broader group of employees and stakeholders than typically seen in the industry. Roles and responsibilities include (non-exhaustive list):

*Table 1: ESG roles and responsibilities*

Role/Team	Responsibilities
Managing Director	Holds ultimate responsibility for Aqua for All's ESG performance
Impact & Knowledge	Oversees the development and implementation of Aqua for All's ESG and Impact Policy and actively supports programme/ investment officers to execute their relevant ESG duties. Serves as a centre of expertise and as the second line of responsibility with regard to the implementation of ESG standards in all projects and investments.
Finance & Operations	Manages the effectiveness of the Quality System and is responsible for Aqua for All's risk management.
Market Development and Fund Investments & Structuring	First line of responsibility for ensuring compliance. These teams are responsible for integrating ESG considerations throughout the investment process.
Partnerships & Investor Relations	Responsible for ensuring that marketing material, website, and product disclosures are consistent with this Policy.
Investment Committee	Reviews and decides on all new investments and/or engagements above €300,000.
Allocation Committee	Reviews and decides on all new allocations and investments below €300,000. Most of these allocations use grant-based instruments.
Portfolio Review Committee	Monitors ongoing projects for changes in risks, project scope, timelines, and budget. Monitoring ESG risks is a key responsibility for the PRC.

# 3

## INTEGRATION IN THE INVESTMENT PROCESS

ESG is integrated in various stages of the investment process at Aqua for All. The process consists of six different stages, which are applied similarly for both Market Development and Fund Investments & Structuring

Table 2: ESG in in the investment process

Stage	ESG Activities
<b>1. Origination / Call for proposals</b>	During the origination phase, our teams will pursue new opportunities for investments. Aside from selecting organisations that match our impact ambitions, a first screening of ESG risks is made as well. The main tools deployed at this stage are our exclusion list (Annex 1) and our list of high-risk sectors (Annex 2).
<b>2. Initial screening</b>	The goal of the initial screening stage is to make a go/no-go decision on whether we want to invest time in further exploring the investment opportunity. Next to a check against our exclusion list and high-risk sector risk, the programme officers and investment officers will make a first assessment of the ESG risks involved. Aqua for All has developed an initial ESG screening questionnaire to guide programme/ investment officers in assessing the most salient and material ESG risks. The programme/investment officer will put forward a concept note to the AC or IC for decision. The concept note should highlight the key characteristics of the project and the identified ESG risks. Based on the identified risks, the project will be assigned a preliminary risk categorization by the AC/IC (for more information, see the next chapter). The preliminary risk categorization will inform the programme/investment officer which IFC Performance Standards are triggered and which particular ESG elements require further analysis during due diligence.
<b>3. Due diligence</b>	The due diligence (DD) stage forms the core of our ESG assessment of a potential investment. Building on the outcomes of the concept note and the preliminary risk categorization, programme/investment officers will use the Aqua for All ESG DDQ to fully assess the ESG risks involved. The result of the DD phase is a project decision document (PDD) that is send to the IC/AC for approval. The IC/AC will assess whether ESG risks have appropriately been identified and will judge whether mitigation measures are in place, for example in an ESG Action Plan (ESGAP). The IC/AC will also assign a final ESG risk categorisation to inform the monitoring of the project.
<b>4. Contracting</b>	After approval by the IC/AC, the project can be contracted. During the contracting stage, the programme/investment officer will make sure that the investee or grantee signs and understands our Code of Conduct. In addition, contractual clauses can be added regarding specific ESG requirements for the investee or grantee.
<b>5. Disbursement and monitoring</b>	After contracting, funding or finance will be disbursed and the project will start. Throughout the project, the programme/investment officer will keep close contact with the investee to monitor the program and address arising issues. The programme/investment officer will also assess ESG risks during these encounters.

## **6. Closing**

After completion of the project, the programme/investment officer will draft an end memo. Such a memo will not only assess whether the project was implemented in time, in budget and within scope, but also how (ESG) risks were managed. Such reporting is also essential for informing the development of new policies or for adjusting our investment processes. In addition, it allows for documented accountability towards donors of Aqua for All.

# 4

## RISK IDENTIFICATION, MONITORING, AND REPORTING

Throughout the investment process, Aqua for All identifies ESG risks for projects. These risks will be monitored and reported on a regular basis.

### 4.1 ESG risk categorisation

As part of the initial screening, a preliminary ESG risk category shall be assigned to the proposed investment by the IC or AC. The categorisation reflects the initial assessment of ESG risks. Based on the due diligence, a final ESG risk category will be assigned. The initial risk category will inform the level of DD required, whereas the final risk category will inform the level of monitoring of ESG risks throughout our engagement.

Aqua for All will allocate an ESG risk rating (A (high), B+ (medium-high), B (medium), C (low)) to each project/investment based on the identified risks. The team will then provide an outline of how these risks are mitigated (for example through specific actions in an ESGAP or close monitoring). The outcomes of the risk assessment, and if applicable the ESG action plan and mitigation measures are included in the AC/IC papers.

Prospective direct investments will be categorised as either high, medium-high, medium, or low respectively, according to the level of exposure to potentially adverse ESG risks and impacts, as follows:

- **High (Category A):** The investee (and its supported entities) is expected to deploy activities with significant potential adverse ESG risks/impacts that are diverse, irreversible, or unprecedented. Impacts cannot be mitigated or can be mitigated but only at significant cost.
- **Medium-High (Category B+):** The investee (and its supported entities) is expected to deploy activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures, but having some specific features which can have significantly larger adverse social or environmental impact. Businesses that trigger extensive application of IFC Performance Standards, typically including IFC Performance Standards 5, 6, 7 and/or 8.
- **Medium (Category B):** The investee (and its supported entities) is expected to deploy activities with the potential for limited adverse ESG risks or impacts that are few in number, generally site specific, largely reversible, and readily addressed through well-known mitigation measures.
- **Low (Category C):** The investee (and its supported entities) is expected to deploy activities with minimal or no adverse environmental or social risks and/or impacts.

When providing financing to a fund, its existing systems and ability to manage risks and impacts through these systems and resources is a key contributing factor to the level of risk exposure associated with the financing. This includes ESG risk management policies, procedures, tools, and reporting mechanisms.

## 4.2 ESG risk category and due diligence

The preliminary ESG risk categorisation will be used to further determine the scope of due diligence necessary for the investment as follows:

- **Category A:** Very careful analysis and decision-making process to decide whether to move forward with the transaction. ESG due diligence required to be performed by an externally appointed specialist ('external').
- **Category B+:** ESG due diligence performed by competent and qualified internal resources unless in instances of limited in-house capacity, expertise and/or specialist areas requiring further interrogation through the appointment of an externally appointed specialist.
- **Category B/C:** Desktop ESG due diligence performed by competent and qualified internal resource.

Projects listed on Aqua for All's high-risk sector list are automatically assigned Category B+ at the initial screening phase and will need to undergo additional due diligence based on the triggered IFC Performance Standard(s).

## 4.3 ESG risk monitoring

Throughout the project, the programme/investment officer will be responsible for monitoring whether the project performs as expected. Any material deviations in ESG risks will be reported to the Portfolio Review Committee (PRC). Additionally, the programme/investment officer will report on a regular basis following the impact reporting cycle as mentioned in the IMM manual of Aqua for All.

The PRC will on a quarterly basis assess the performance of the portfolio as a whole. Projects with risk category A or B+ will be particularly assessed. During these Quarterly Portfolio Reviews, the PRC will develop a report for the Management Team and the Supervisory Board. Any significant ESG risks will be highlighted.

## 4.4 ESG risk reporting

Aqua for All includes ESG risk reporting in several reports throughout the year. Three types of reporting can be distinguished:

1. **Quarterly Portfolio Review:**  
On a quarterly basis, the PRC will review Aqua for All's portfolio and report to MT and the supervisory board on material ESG risks. These reports are intended to inform these bodies on the progress of managing arising ESG risks. Additionally, the reports are used to discern lessons learned with regard to specific ESG issues.
2. **Annual report (audited reports):**  
Aqua for All, like any organisation, needs to draft an annual report that is audited by a chartered accountant. As part of the annual report, Aqua for All will share information about key risks which will include material ESG risks of its projects as well.
3. **Donor reports:**  
Many of our donors require bespoke reporting about the programmes financed with their funding. The timelines for these reports differ, but it allows Aqua for All to communicate to our donors about ESG risks in the portfolio and how we have managed them.

## 4.5 ESG indicators

Based on all relevant ESG requirements, Aqua for All has developed key ESG performance indicators (KPIs) to track its ESG results. Aqua for All's ESG indicators for 2026 are focused on the integration of ESG in the investment process. The indicators include:

Table 3: ESG indicators

Investment process stage	Indicator	Number (#) transactions	% of transactions	Committed / Invested volume (€)
<b>Screening</b>	# proposals rejected based on exclusion list	-	-	-
	# proposals rejected based on high risk ESG category (A)	-	-	-
	Initial ESG risk category assigned (A, B+, B, C)	-	-	-
<b>Due diligence</b>	# IMM/ESG DD conducted by A4A team	-	-	-
	Final ESG risk category assigned (A, B+, B, C)	-	-	-
<b>Risk review</b>	# proposals reviewed by the IMM/ESG team	-	-	-
<b>Negotiation/ Contracting</b>	# of contracts that have IMM/ESG clauses	-	-	-
	# investees/grantees who need an ESGAP	-	-	-
<b>Monitoring</b>	# of investees/grantees visited for IMM/ESG monitoring	-	-	-
	# of investees/grantees who reported on IMM/ESG indicators	-	-	-
	# of material ESG incidents or accidents reported	-	-	-

# 5

## TRANSPARENCY

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Aqua for All aims to be transparent about its investments. Aside from our regular reporting to donors, we also share information about our work with the broader stakeholder community. We communicate through our website, LinkedIn channel, and direct contact with our stakeholders both online and offline.

We also disclose the following information linked to the investment process:

- Our ESG Policy is publicly available on our website.
- Our calls for proposals are publicly shared through our website, our LinkedIn-page, and other channels.
- We only share relevant information about projects that we invest in on our website or channels, following our confidentiality agreements strictly.
- We publish our Annual Reports on our website.

# Annex 1: Exclusion list

Aqua for All believes that some businesses or sectors come with an inherent damage to the environment or surrounding communities. We have therefore carefully composed an exclusion list that excludes these activities from our portfolio. The list is based on exclusion criteria from leading institutions such as IFC Exclusion List (2007), SIFEM Exclusion List (2018), and the Harmonized EDFI Exclusion List. Any investee or indirect investee of Aqua for All cannot engage in any activity mentioned on this exclusion list. A reasonableness test will be applied when the activities of the project company would have a significant development impact, but circumstances of the country require adjustment to the Exclusion List.

## Aqua for All exclusion list

- Forced labour<sup>5</sup> or child labour<sup>6</sup>
- Religion-related or missionary objective
- 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 such as:
  - Ozone depleting substances, PCBs (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals;
  - Wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or
  - Unsustainable fishing methods (e.g. blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length)
- Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations
- Destruction<sup>7</sup> of High Conservation Value areas<sup>8</sup>
- Trade in wildlife or wildlife products
- Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without fully documented consent of such peoples
- Radioactive materials<sup>9</sup> and unbounded asbestos fibres
- Pornography or prostitution
- Racist and anti-democratic media
- In the event that any of the following products form a substantial part of a company's primary operations, or a financial institutions, investment fund, or company's financed business activities<sup>10</sup>
  - Distilled alcoholic beverages;
  - Tobacco & related products;
  - Gambling, casinos and equivalent enterprises;
  - Weapons and munitions.

<sup>5</sup> Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

<sup>6</sup> Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

<sup>7</sup> Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

<sup>8</sup> High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>).

<sup>9</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment where Aqua for All considers the radioactive source to be trivial and/or adequately shielded.

<sup>10</sup> This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

Furthermore, the following investment exclusions are considered as a minimum requirement for all new direct financing (grants, debt, or equity), for indirect equity through new commitments to investment funds, and new dedicated financing<sup>11</sup> via financial institutions:

- Coal prospection, exploration, mining, or processing
- Oil exploration or production
- Standalone fossil gas exploration and/or production
- Transport and related infrastructure primarily<sup>12</sup> used for coal power generation
- Crude oil pipelines
- Oil refineries
- Construction of new or refurbishment of any existing coal-fired power plant (including dual)
- Construction of new or refurbishment of any existing HFO-only or diesel-only power plant producing energy for the public grid and leading to an increase of absolute CO2 emissions
- Any business with planned expansion of captive coal used for power and/or heat generation

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<sup>11</sup> “Dedicated financing” is defined for these purposes as loans/equity/guarantees conditioned by a use of funds clause specifying that such financing will be used for one or more of the purposes described.

<sup>12</sup> “Primarily” means more than 50% of the infrastructure’s handled tonnage.

# Annex 2: High-risk sectors list

The following sectors are generally considered to be typical High Risk industry sectors, for both new developments (Greenfield) and existing projects (Brownfield). Depending on project specifics, the ESG risks of individual projects may be considered to be medium. The contrary could also be applicable: projects which are considered to be medium risks from the sector perspective may prove to be high risk. Therefore, detailed rationales for categorization must be documented. The sectors listed below cover activities as defined under the heading 'Applicability' of the corresponding World Bank Group's Environmental, Health, and Safety Guidelines as defined under IFC's Performance Standards or directly trigger IFC Performance Standard 5-8.

## Aqua for All High-Risk Sector List

### Infrastructure

- Pipelines<sup>13</sup>
- Large dams (hydro power plants / irrigation/water supply)
- Run-of-river hydro power plants (> 50 MW)
- Waste management / Waste treatment facilities<sup>14</sup>

### Large Scale Primary Production (Plants / Animals)

- Plantation crop production
- Forestry

### Socially Critical Projects

- Projects with large groups of low-skilled labour, for instance in free trade zones etc. (e.g. textiles manufacturing projects which may affect indigenous or tribal populations)
- Projects which may affect areas of archaeological or cultural significance
- Projects which cause or have caused (during last 5 years) physical or economic resettlement
- Projects which cause retrenchment of more than 10% of the present work force (or > 50 workers)

### Environmentally Critical Projects

- Projects in or bordering ecological sensitive or protected areas (e.g. agriculture in Amazon area, large scale tourism projects)
- Large scale conversion of natural habitats
- Large scale land reclamation
- Projects that have potential to heavily impact ecosystem services (e.g. due to intensive use of ground water)

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<sup>13</sup> Pipelines here refer to piped distribution of gas or other industrial products as per the World Bank Group Industry-Sector Environmental, Health, and Safety (EHS) Guidelines for Infrastructure. Piped water distribution or piped sewerage systems do not fall within the scope of this high-risk sector.

<sup>14</sup> This sector refers to the treatment of hazardous and non-hazardous waste, but does not include wastewater treatment, wastewater management, or faecal sludge management.