

February 3, 2021

Greg Murphy:

Hello, I'm Greg Murphy, Head of Impact at TortoiseEcofin. Sustainability and impact are important considerations in everything we do both as a firm and with our investments. Today, I'm delighted to continue our podcast series on the water sector by introducing you to our colleague from a not-for-profit organization called Water.org. Recently, we announced that we have agreed to support Water.org by donating 5% of our annual net revenues from our water related products. To tell us more about the organization and the impacts they're making in the water space, I'm joined by Melanie Mendrys of Water.org. Melanie, would you mind introducing yourself and telling us a little bit more about Water.org?

Melanie Mendrys:

I am happy to thank you so much for having me on the podcast series. I am Melanie Mendrys and I am the director of brand and marketing at Water.org. I've been with the organization for about eight years, and I am excited to share with everyone about who we are and what we do. And we are grateful for TortoiseEcofin's partnership.

Greg Murphy:

That's great. Can you just tell us a little bit of the history of Water.org and where you operate around the world?

Melanie Mendrys:

Yes. So Water.org is an international nonprofit organization that helps people around the world get access to safe water and sanitation. And we do this through affordable financing, such as small loans. We have actually been working to change lives with safe water for 30 years. And we're currently working in 13 countries in Africa, Asia, and Latin America. To date, we have reached more than 31 million people with access to safe water or sanitation. And it's exciting because our impact is scaling because of the effectiveness of our solution, which I think, Greg, you and I will talk about a bit later in the podcast.

You asked about our founding and history, and so we have been working as global champions of water and sanitation for 30 years, but we are co-founded by Gary White and Matt Damon. They came together and joined forces essentially to help solve what we consider to be one of the most pressing crises of modern times. So we've been working for 30 years, our impact is scaling and increasing, and it's an exciting time to be part of solving the global water and sanitation crisis.

Greg Murphy:

That's great, Melanie. Just a quick question, water, I don't think many people think about water. We walk to the tap, we turn it on and then we really don't give it too much thought. Can you maybe just outline the water crisis for us and why water is so impactful?

Melanie Mendrys:

I really appreciate how you posed the question because I think that's often one of the most helpful places to sort of ground your listeners is to think about your interactions with water already today. There's a good chance that people use it to make coffee, to brush your teeth, to take a shower, flush the toilet. You might've even had to start your dishwasher this morning, as I had to do since I forgot to do it last night. And right now, right, washing hands is something that you are doing more frequently, longer in new ways to try and protect ourselves from COVID-19. And I think for many people we don't often stop and think about the role that water is playing in our everyday. And I don't know that we often think about it as something that is really protecting and saving our life. And it is. And so because water plays such a critical role in our daily lives, I think it's incredible to think that there are millions of people around the world who don't have it. And so let's talk about that. Let's talk about the millions of people who don't have it, and the millions of people who are a part of the global water and sanitation crisis.

So today, essentially there are one in nine people that lack access to safe water at home and one in three people don't have access to a toilet. Think about that. That's one in nine don't have water and one in three don't have access to a toilet and yet it's something that you need every day to survive. I was especially struck by a statistic, which is that every two minutes a child dies from a water related disease. And this is in part really what motivated me to leave my corporate job in financial services to come and be a part of this team to work every day to change a stat like that. To think that every two minutes a child is dying from a disease that we have figured out here how to solve very easily. To think that at the time I was a new mom and to think that my child would die from something like diarrhea when I could go to the sink and essentially solve that by rehydrating her. And there are millions of moms around the world that don't have that option because they don't have access to safe water. And so we can talk about the stats and they are staggering to think that there are that many people who lack access to safe water or access to a private, safe place to go. But when you think about it in the terms of what it means to people, those numbers just change. And for me, that's really kind of why I started to work at this job. It gets to you when you think about the fact that you use water so often.

Greg Murphy:

Thanks for sharing those statistics and really bringing home the personal aspect to it. Maybe just moving along, so you've talked about the impact that can be made, the number of people without access to water or access to sanitation, maybe you can run us through the mechanism. So now you've sold me, I want to make a donation to Water.org, can you tell us how the dollars donated here in the US get to the 13 countries that you've mentioned that you're active in and how does it help solve the water and sanitation problems?

Melanie Mendrys:

I would be happy to. So I'm going to answer the question, if you don't mind, in two ways. The first way I'm going to answer it is maybe more of the technical way about how our solutions really work. And then the second way I'd love to answer it is through the story of a person who now has safe water because of donors like TortoiseEcofin, and your listeners.

So if we want to just talk about really the fundamentals of how it works, here's how. So essentially we use the money that is donated to us to support and work with carefully selected financial institutions in the countries where we work. We work with them to add loans for water and sanitation solutions in their portfolios. So these local financial institutions now offer loans for water and sanitation, and we support them by providing technical assistance, connections, and essentially resources to get them started. These financial institutions and critical partners then attract capital from the market. So that capital from the market is used to provide these affordable loans to people in their communities. And then people in their communities use these small affordable loans to put a tap or a toilet in their homes and they're connected to the local resources to do the work. This then creates sort of a cycle of possibility, right? Because every repaid loan then creates an opportunity for another family to get access to safe water or the toilet that they might need in a fairly affordable way. And 99% of loans are repaid so we know that the people who are taking out these loans are invested in these solutions and they have the means to pay for them over time through a loan. And so that's essentially how it works. And to date, those financial partners that we have in the 13 countries where we work have dispersed more than \$2.5 billion and more than 6.8 million loans for water and sanitation. So your donations are going to set up a system essentially that works long after we do, because these partners will continue to offer water and sanitation loans after we're gone. And that's part of the reason that we think the solution is so effective and smart, and this financial solution is also the reason that it's scaling.

The other way I wanted to talk about the solution is through the lens of a borrower, through the lens of someone living in poverty that did not have access to safe water and now does. Because the other important element of our solution is that we believe in putting the power of water directly into the hands of people who need it, right? Our solution is empowering them to take control of their situation. They can decide the solutions, in working with their local resources that are going to work best for their family. And we essentially are breaking down the financial barrier that stands between them and access to safe water at home, because they're engaged and involved in this process the solution lasts, right? They have a personal

investment in it. They can solve their water crisis in the way that works best for them and that is essentially how it worked for a woman named Alice.

I met Alice on a trip to see our work in Kenya. Her family has a farm in rural Kenya where they have dairy cows, goats, chickens, beautiful fruit trees, vegetables, and her family lives on this farm and they did not have access to safe water at home or a water source near their property. So she essentially was paying a very significant price to have a local water vendor deliver water to her farm, right? This tractor would come with a tank, they would collect all of the vessels, any possible vessel they could, and the vendor would fill these vessels and she would pay for that. And she was paying about \$60 every month to have that water delivered. Now, that might not seem as costly to some people listening, right, who may have been paying even more for their water, but that \$60 to someone living in poverty is sometimes up to 20 or 30% of their overall income. We pay a fraction of that for our water. So \$60 every month was really a challenge for her to meet. And because of that, it kept her trapped in a cycle of poverty. Alice and her husband took out a small loan from their local bank who was a partner of Water.org. And essentially they used that money and bought a water harvesting tank. A much larger tank or solution. And for about \$20 a month now, Alice has access to safe water for her home and for her farm and for her family. And she is saving \$40 a month because the reality is that people living in poverty are already paying a high price for water. They're paying a high price both in their time in their money. Like Alice, they may be paying a large percent of their income on water sources, either from government water stations or water vendors, who are coming to their local community or even to their home, which is what happened in Alice's case, or for other people they're actually walking miles a day to collect water. So this is costing them time, time they don't have to go to school, to earn an income or to do other things that really are going to help them break the cycle of poverty. So they're not able to pay for the cost of a more permanent solution all at once, right? And so having access to affordable loans will change this for them. They're essentially empowered to solve their family's water crisis. They're doing it with a long-term solution and it's one that they can have, again, long-term instead of relying on temporary fixes.

Greg Murphy:

Well, that's an amazing story. So you mentioned that Alice in Kenya was paying \$20 a month for her loan, pipes and plumbing, that infrastructure sounds expensive to me. Can you maybe talk about the average size of the loan and what the payback period would be?

Melanie Mendrys:

Yes. And you are correct, pipes and plumbing can be expensive. What is really interesting about our solution is that it is unique across each of the countries where we work. So in the case of Alice, for example, pipes and plumbing weren't the solution that she ended up needing to solve her family's water crisis. She needed basically a rain storage tank, right, or a water harvesting tank, which is a little different than pipes and plumbing. And in other places, pipes and plumbing are exactly what's needed. There can be, for example, people living in India who are living in an urban slum, right, in an urban environment, in which there may be water infrastructure like pipes and plumbing running directly underneath where they're living, but they don't have the money upfront to connect to that local utility pipeline.

So the average loan size across all 13 countries, right? Knowing that the solutions vary a bit from country to country, from harvesting tanks to pipes and plumbing, the average loan is \$363. And the average time to pay back the loan is 20 months. So in less than two years, the majority of our borrowers have been able to take out a loan, a loan in which they're paying significantly less than what they were paying for their water before. They get a long-term solution for that, a solution that works for them and their local environment, they're empowered to have that conversation with their financial partner and the people building the solution and then it takes them less than two years to pay off that loan. So it's similar to how we take out loans, right, to buy a home or a car. We may not have all of that money upfront so we go to a financial institution and we ask them to help, you pay ongoing month after month until essentially we own either the car or the home. This is essentially the same solution for people living in poverty, it's being applied, however, to water and to toilets. And that's how the solution works and is working as well as it is. Again, I think I had mentioned earlier, we have now reached 31 million people with

access to safe water and sanitation. And it is in part because of how effective and powerful the solution is when you put it into the hands of people who can get solutions they need, whether that be pipes and plumbing, Greg, or whether that be something like a rain storage or a harvesting tank.

Greg Murphy:

Absolutely amazing. So what is new for the coming year with Water.org? What new plans or new countries, or what can you share with us?

Melanie Mendrys:

Well, so I will say that there are some exciting things on the horizon for us. In part, we are working to, as the rest of the world is, recover from the pandemic in ways that make sure that our loans can continue be made in the countries where we work. Again, we know right now, more so than ever, people have been told to wash their hands as a first-line defense against COVID-19. And so we are even more committed now, right? People are realizing water is critical to so much more than maybe they had thought before. It is critical to the health of our world and the health of families living in our world. So we are even more committed to our work now that water has become a first-line defense against something like a global pandemic.

And we recently looked across our portfolio of work and the cost to do this work, and just this year we have reduced our cost per person to \$5. It now costs \$5 to empower someone living in poverty who needs access to safe water or sanitation. It costs \$5 to bring that water to them through our solutions. It's really exciting for us because this just means we can continue to reach more people faster. I think it also puts an interesting perspective on donating. I don't know about you Greg, but this morning I treated myself to a large chai tea and that cost me \$5. And I thought to myself, how interesting, because someone living in poverty in many of the countries across the world don't have access to safe water and they can get that through our work with my \$5. And so by lowering that cost per person, it shows our solution is working, it is proven, it is powerful, and it now costs even less to reach someone with lasting access to safe water or sanitation. That \$5 will get someone access to water sanitation for an average of 20 years. So they're getting a long-term solution for what can seem like not a very large amount. I'm sure that today or tomorrow you'll spend \$5 on something. And to think that that amount can change someone's future, I think is pretty incredible. So because of that, we're just really excited in 2021 to continue to scale our solution, to drive more funding from partners like TortoiseEcofin and your listeners, and take that money and change the future for people in need.

Greg Murphy:

That is amazing. Maybe can you just tell our listeners how they can support Water.org?

Melanie Mendrys:

Absolutely. Well, the good news is, is our name is a URL so I would encourage anyone listening to visit Water.org, which is our website, and also a hub for donating. We have many statistics on the site about the global water crisis. You can learn about the crisis, you can find a path that is of interest to you. If you care about empowering women, water is a way to do that. If you care about children's health, water is a way to do that. If you care about the economies of developing countries, then people having access to safe water, affords them the opportunity to break the cycle of poverty. So water really changes everything when someone living in poverty has that, it changes poverty into possibility. And so I would encourage you to go to the site and learn more.

When I joined the organization, I really knew very little about the global water crisis. I knew there was a water crisis, but again, the water flows from my tap in my home so I don't often think about what it means to others. And I'd encourage you just to go and learn more. And while you're there, if you're so compelled, donate \$5, that's it. If you donate \$5 by clicking that donate button, you will change someone's future. You will give them access to something that they so desperately need, and it will break their cycle of poverty. So I would encourage you to visit the site and learn and donate.

Greg Murphy:

Melanie Mendrys, Water.org, thank you so much for joining us today. This has been a great conversation, and we'll look forward to speaking with you more in the future about Water.org and for our listeners, we'll continue the podcast series on the water sector in a future episode. Thank you so much for joining us today.

Melanie Mendrys:

Thank you, Greg. I appreciate it. And thanks to TortoiseEcofin for your donations.

Thank you for joining us. And stay tuned for our next episode. Have topics you want covered or other feedback to share? Write us at info@ecofininvest.com.

***Disclaimer:** Nothing contained in this communication constitutes tax, legal, or investment advice. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. This podcast contains certain statements that may include "forward-looking statements." All statements, other than statements of historical fact, included herein are "forward-looking statements." Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Actual events could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors. You should not place undue reliance on these forward-looking statements. This podcast reflects our views and opinions as of the date herein, which are subject to change at any time based on market and other conditions. We disclaim any responsibility to update these views. These views should not be relied on as investment advice or an indication of trading intention. Discussion or analysis of any specific company-related news or investment sectors are meant primarily as a result of recent newsworthy events surrounding those companies or by way of providing updates on certain sectors of the market. Through our family of registered investment advisers, we provide investment advice to related funds and others that includes investment into those sectors or companies discussed in these podcasts. As a result, we stand to beneficially profit from any rise in value from many of the companies mentioned herein including companies within the investment sectors broadly discussed.*