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Welcome to the podcast series on the water sector. Thanks for listening. I am Nick Holmes, one of the portfolio managers of Ecofin's water platform. Today, we will discuss the role technology will play in the future of the water sector, as well as the impact COVID-19 is expected to have on the adoption rate of technology by different end users of water.

Since the launch of the Ecofin water platform and strategy in 2015, we believed the water sector, like a majority of the broader infrastructure sector, was ripe for significant technological advancement. Similar to the advancements of renewable energy in the power generation sector witnessed over the past decade, we believe the water sector is at an inflection point in terms of technology adoption as a result of the COVID pandemic and corporate sustainability programs. Advancements in filtration and treatment applications, smart water infrastructure, and other digitally-enabled solutions will significantly improve end user efficiency, enhance infrastructure resiliency and reduce infrastructure capital costs over the coming years. Importantly, the companies in the water sector developing and deploying these technologies stand to benefit over the next decade plus, as the sector is in the early innings of technology adoption.

Historically, the water sector has been slow to implement digital capabilities, however we believe the COVID pandemic will accelerate the adoption of smart water solutions and leave the digital water market with a positive long-term tailwind. The global pandemic demonstrated the essential nature of water assets around the world and at the same time highlighted new approaches to managing and operating water infrastructure are required. During COVID driven distancing measures, utilities and other end users of water were forced to operate assets with reduced labor on site, emphasizing the need for digital capabilities. In the coming years we expect to see a material increase in demand for solutions which enable greater resilience, such as remote monitoring of treatment and conveyance assets, process automation and smart infrastructure broadly. As an example, utilities implementing these smart water technologies will be able to extend water resources, reduce leaks, and expand infrastructure life cycles, which will allow for more affordable rate structures. Additionally and most importantly, these technologies will also reduce the environmental impact of operations through improved water conservation and reduced GHG emissions.

Another trend we see driving adoption of technology in the water sector is increasing focus on and expansion of sustainability programs by corporations. In recent years, the focal point of corporate ESG and sustainability programs has predominately been decarbonization, but water is gaining more attention. For example, recently Microsoft announced a target of net zero water operations by 2030 and 3M pledged to reduce water use by 25% and improve the quality of treated water by investing \$1 billion over the next 20 years. To meet sustainability goals we believe other corporates will follow suit and increasingly turn to water technologies to lower their water footprints. Advancements in filtration and treatment technology will allow corporates to improve water efficiency within their operations through increased recycling and reuse, as well as treat effluent water to safely return to the environment. Additionally, we believe corporates will turn to outsourcing their water needs to specialists within the water sector benefitting those water companies providing that outsourced water-as-a-service.

We believe the advancements in technology, coupled with growing water scarcity and quality challenges will drive investment over the long-term. Deployment of water technology is needed in both developed and emerging countries driving a total addressable market nearing \$1 trillion. Over the next decade we estimate the digital water market will grow annually at a high single-digit to low-double digit rate. The large total addressable market and increasing adoption by end users is expected to benefit water technology companies over the coming years.

In summary, increased focus on building resiliency to future shocks (pandemics, wildfires, hurricanes and drought), coupled with greater comfort around digital technologies are expected to result in increased adoption of digital water solutions. We believe these digital solutions will drive improved efficiency and resiliency while reducing the capital needed by extending useful life of aging water infrastructure. Companies offering innovative technology in the sector stand to benefit from stronger

growth profiles, margins and barriers to entry. The water team at Ecofin is excited to watch this transformation unfold, as we see ample compelling investment opportunities in water technology in the years ahead.

That's it for today, thanks for joining us. We look forward to speaking with you again soon and please look for more insights coming from the Ecofin team during the week of World Water Day, which takes place on March 22nd.

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.

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