



CLIMATE TRANSPARENCY REPORT 2019

WAVE Equity Partners

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-AD555221-9003-4DBE-A37F-DF40B9ADBEDA/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 01.11 CC	✓	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	-	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-	Public				
SG 13.5 CC	-	Public				
SG 13.6 CC	-	Public				
SG 13.7 CC	-	Public				
SG 13.8 CC	-	Public				
SG 14.1	✓	Private				
SG 14.2	-	Private				
SG 14.3	-	Private				
SG 14.4	-	Private				
SG 14.5	-	Private				
SG 14.6 CC	-	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	-	Public				
SG 15.1	✓	Private				
SG 15.2	✓	Private				
SG 15.3	✓	Private				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	WAVE Equity Partners
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 0 - 0.1 billion AUM
Main Asset Class	>50% Private Equity Internally Managed
Signed PRI Initiative	2017
Region	North America
Country	United States
Disclosure of Voluntary Indicators	14% from 38 Voluntary indicators

WAVE Equity Partners

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

WAVE provides early growth equity to clean energy, food, water, and waste recycling companies with proven transformational technologies that are at their inflection points of growth. Their innovations provide superior value at lower cost, and also generate compelling environmental impact. The WAVE team has significant expertise in sourcing companies with competitively superior products and sustainable value, and driving their sales and manufacturing for financially rewarding exits in 3-5 years.

We have committed ourselves to incorporate Environmental, Social and Governance (ESG) issues in our investment analyses, decision-making, portfolio management, and disclosure. In the course of raising and deploying capital, we have found that the investors harbor several misconceptions about the clean energy, food, water and waste industries, which we seek to correct. Our actions and commitment to build a healthy portfolio challenge misconceptions about sustainable solutions by demonstrating the following:

- Investment returns in clean energy, food, water and waste industries can be reliable, positive and resilient
- Products with ESG benefits can cost less than substitutes
- Advancements in software alone, e.g. Artificial Intelligence, cannot achieve sustainability goals
- Innovations in engineering and manufacturing are rewarding
- Impact without sacrifice: Investing in sustainability does not need to accept lower returns

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

ESG PRINCIPLES

WAVE's investment activities promote financial responsibility as well as ESG impact. In fact, we believe that these goals are intimately linked and complementary. Our portfolio companies create long-lasting impact because their innovations improve industry-wide impact in multiple global industries by:

- § Conserving the use of energy, water and other natural resources,
- § Creating high quality manufacturing jobs in rural communities with low to moderate incomes,
- § Investing in employee and stakeholder development, training and education,
- § Fostering inclusion of women and minorities in employment and contracts,
- § Promoting ESG dialog and ethics through industry and civic engagements,
- § Reducing pollution and waste, and promoting close-loop recycling of natural resources,
- § Incorporating responsible governance measures in the board and management practices, and
- § Avoiding investments that promote violence, spread addiction and substance abuse, utilize child or forced labor, indulge in bribery practices, or violate local laws.

Since WAVE makes profitable impact investments that capture rising market demand for sustainable products at affordable prices, it offers several compelling value propositions to the investors. Benefits to the investors include:

- § A pragmatic option to those investors who want profit with purpose,
- § Low volatility investments in sectors with consistent demand - clean energy, food, waste and water,
- § Ability to seize opportunities to capture alpha through market inefficiencies, and
- § Capitalize on long-term social and environmental trends.

PLEDGE OF STEWARDSHIP

As Private Equity investors in innovation, we recognize that:

- Our industry of innovation capital has the power to drive both value creation and sustainable, positive societal transformation;
- Our purpose is to direct capital and expertise to create shared value by accelerating the pace of innovation through company practices and growth; and
- Our investment decisions affect the well-being of individuals inside and outside our own organization, the companies in which we invest, our capital partners, the industries in which we work, and beyond, both today and in the future.

Therefore, in the spirit of stewardship toward all our stakeholders, we acknowledge and pledge the following:

- i. We will not advance our own interests at the expense of our organization, our investee companies, our capital partners, or society.
- ii. We will manage our investments with loyalty and care and we will report the performance and risks of our organization and our investee companies accurately and honestly to our capital partners.
- iii. We will understand and uphold, in letter and in spirit, the laws and contracts governing our conduct and that of our enterprise and our investee companies, and refrain from corruption, unfair competition, or other business practices harmful to society.
- iv. We will not abuse our position, engage in sexual harassment or discrimination, or condone it in the organizations and communities around us.
- v. We will protect the human rights and dignity of all people impacted by our organization and our investee companies, and oppose discrimination both within our investee companies and in the process of selecting investments.
- vi. We will promote a culture of inclusion, seek out diversity of all types, and foster a sense of belonging among all the organizations and communities in which we work. To further continuing awareness and action, we will participate to the extent of our abilities in open discussion and reporting across our industry as well as encourage others to do the same.
- vii. We will develop ourselves, and coach, mentor, and apprentice the next generation of investors.
- viii. We will work with our stakeholders to support sustainable inclusive prosperity and to minimize the negative consequences of our actions to the environment and society.
- ix. In exercising our professional commitments according to these principles, we recognize that our behavior must set an example of integrity and mutual respect, eliciting trust and esteem from the multiple stakeholders we serve. We will remain accountable to our peers and to society for our actions and for upholding these standards.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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SG 01.6 CC	Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.
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WAVE is committed to enhancing the energy, water and resource efficiency in energy, food, water and waste industries. We seek companies that enhance the efficiency curves of industries without any increase in cost. Usually, the only way to do that is through manufacturing innovations that reduce the amount of materials, energy, and other inputs into the products. When we look at new investment opportunities, we look at the environmental impact:

- (i) implicit in the manufacturing/processing of the product
- (ii) embedded in their supply chain, and
- (iii) generated in the use/application of the product by the end users.

Our goal is to move industries to a higher efficiency plateau and to move production and consumption to a regenerative or circular cycle, so that we reduce or eliminate waste, and beneficially recycle the end remains.

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

**SG 01.8
CC**

Indicate the associated timescales linked to these risks and opportunities.

We expect to demonstrate environmental results before we exit the companies after 3-5 years.

After the companies have exited, their superior product and resource efficiencies will compel all competing companies to reach for the higher efficiency, gradually spreading the benefits of innovation-led efficiencies to all companies and all countries around the world. In that sense, each of our portfolio companies generates a new wave of sustainability that spreads globally.

No

**SG 01.9
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.10
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

No

**SG 01.11
CC**

Describe how and over what time frame the organisation will implement an organisation-wide strategy that manages climate-related risks and opportunities.

WAVE holds portfolio companies for an average of 3-5 years. A key goal during this period is continuous improvement and maturation of the manufacturing processes that yield environmental efficiencies and resiliency. The companies are not using these innovations to manage their own climate risks. Why? Because, in all likelihood, the companies themselves will be acquired by larger global companies and will cease to exist. Hence, their aim is to generate solutions that will be deemed highly desirable for acquisition and implementation by larger global companies.

We will examine the TCFD framework to see if there are any recommendations that are relevant to our strategy and can be implemented prior to starting our Fund III.

**SG 1.12
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

Public PRI Climate Transparency Report

Annual financial filings

Regular client reporting

Member communications

Other

SG 02

Mandatory

Public

Core Assessed

PRI 6

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1 Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

URL/Attachment

URL

URL

{hyperlink:https://waveep.com/blog/esg-policy/}

Attachment (will be made public)

Screening / exclusions policy

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:https://waveep.com/blog/esg-policy/}

Attachment

Your investment objectives that take ESG factors/real economy influence into account

Time horizon of your investment

We do not publicly disclose any investment policy components

Governance and human resources

SG 07 CC

Voluntary

Public

Descriptive

General

SG 07.5 CC

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

Oversight/accountability for climate-related issues

Assessment and management of climate-related issues

No responsibility for climate-related issues

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

SG 13.3	Additional information. [OPTIONAL]
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Our investments produce positive ESG impact now and in every future scenario. We do not need scenario planning to assess if the companies will produce positive impact or not.

SG 14	Mandatory to Report Voluntary to Disclose	Private	Additional Assessed	PRI 1
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SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

SG 14 CC	Voluntary	Public		General
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SG 14.8 CC	Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.
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- Process for climate-related risks is integrated into overall risk management
- Process for climate-related risks is not integrated into our overall risk management

	Please describe
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Our investment horizon is 3-5 years. Therefore, we are assessing the GHG and other environmental impacts now and in 3-5 years, a period during which climate risks will not make a meaningful effect on our companies.

SG 15	Mandatory to Report Voluntary to Disclose	Private	Descriptive	PRI 1
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SG 15.1

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

SG 15.2

Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

100

SG 15.3

Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

Energy efficiency / Clean technology

Asset class invested

Private equity

% of AUM

80

Brief description and measures of investment

Examples of energy efficiency companies include the following:

1. A company manufacturing insulation material that offers 1000% superior insulation at affordable cost. It reduces energy loss from an insulated building, truck or package by 70%
2. A residential water heater that reduces electricity use by 15% and water loss by 50%
3. An energy storage battery that improves energy density by 50% while improving durability (cyclability) by 50%

- Renewable energy
- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water

Asset class invested

Private equity

% of AUM

20

Brief description and measures of investment

Examples of water companies include the following:

1. An industrial water heater that reduces energy use by 50% and water loss by 10%
2. A water recycling company that recycles some of the dirtiest industrial wastewater such as effluents from leather tanning, textile tanning, and fracking process

Other area, specify

No