



Investing for 1.5°C

SUSTAINABILITY REPORT | 2020-21



Investing for a
sustainable tomorrow.
***We invest in rapidly growing,
digitally empowered,
climate positive businesses***

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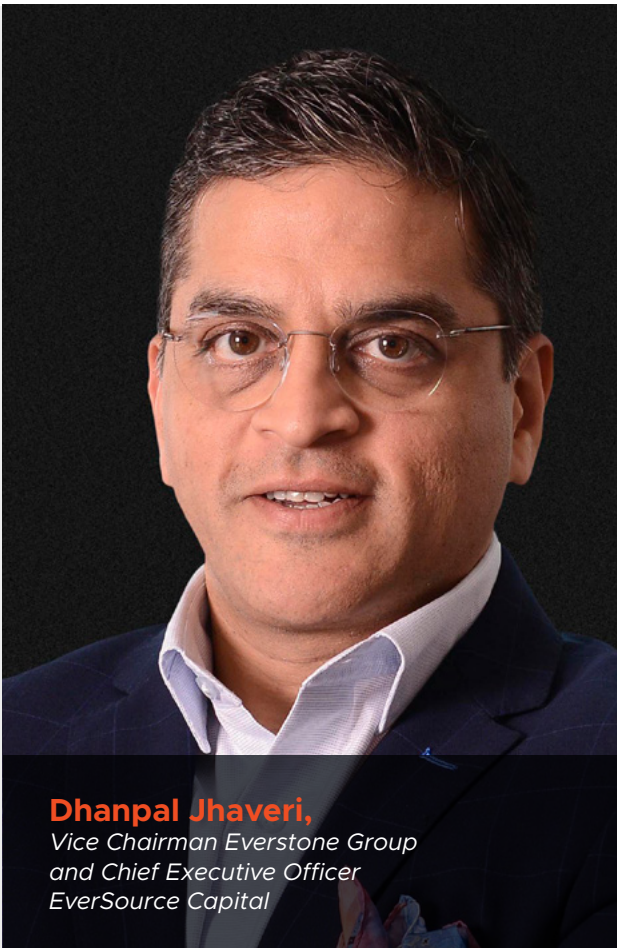
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Hear from our Leaders

Foreword from our Chief Executive Officer



Dhanpal Jhaveri,
Vice Chairman Everstone Group
and Chief Executive Officer
EverSource Capital



Our investments today jointly have a potential of generating 450+ billion kilowatt hours of clean energy, creating tens of thousands of jobs and adding over USD 5 billion to the Indian green economy over the next decade.

India has emerged as one of the fastest growing developing economies in the world and has the potential to feature among the top three global economic powers over the next decade. Rising income and improvement in standard of living has driven demand for energy. India is now the world's third largest energy consuming country. On a per-capita basis, though, India's energy use and emissions are less than half the world average. However, if unchecked the surge in energy demand over the next decade will lead to a concomitant spike in harmful carbon emissions and global warming.

This can change if we choose to invest in low-carbon energy alternatives.

A recent research publication by the Overseas Development Institute (ODI) reported that India is already witnessing dire impacts of climate change. Heat-waves are now a common phenomenon. Heavy rain events have gone up three times since 1950 while total precipitation has declined. Nearly 600 million people in the country face acute water crisis. The Indian Ocean rose by an average of 3.2 mm per annum over the past two decades posing an

imminent threat to India's coastal areas which houses a third of the country's population. The human and economic costs of climate change will exponentially increase in the near future if timely actions to reduce carbon emissions are not taken. As per one study, India's GDP in the year 2100 may decline by 90% if the rise in global temperature reaches 3°C. If India does not take quick and serious actions to limit the global temperature rise to 1.5°C now, it will not be able to achieve its economic goals.

The COVID-19 pandemic and the ensuing nationwide lockdowns caused immense human and economic suffering during 2020. However, impacts such as the economic slowdown triggered by the pandemic, growth in renewable energy, and widespread digital adoption have led to a significant reduction in India's CO₂ emissions. This took place after four decades, which is a sign for the country to now invest in green recovery. India's post-COVID-19 economic measures must be directed towards bolstering the country's investments in decarbonisation and resource efficiency.

While the total investment needed to meet climate action targets is estimated at USD 2.5 trillion over 2016-2030 (USD 170 billion per annum), India is currently mobilizing less than 25% of this amount. Private market players must step up to finance and develop disruptive green solutions to fight the climate crisis. As one of the largest and most attractive clean energy markets in the world, the Indian climate finance sector promises attractive financial returns. This lucrative opportunity drove Everstone Capital and Lightsource bp to come together and start EverSource Capital three years ago.

We are grateful to the Foreign, Commonwealth and Development Office (FCDO) and the National Investment and Infrastructure Fund (NIIF) of India for reposing confidence in us and appointing us as the fund manager for the Green Growth Equity Fund (GGEF). GGEF is India's first climate focused fund and

has a target fund corpus of USD 700 million and has raised USD 410 million to date. It has committed to invest USD 275 million across five companies.

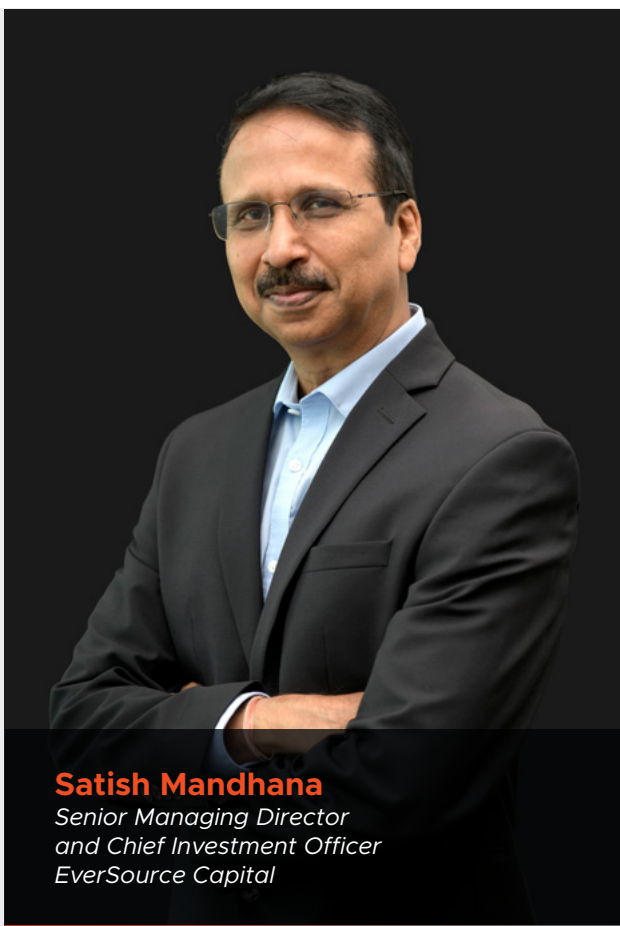
GGEF made significant progress during FY 2020-21. Our investee companies secured large government, commercial and industrial projects across the clean energy, electric transport and waste and wastewater treatment sectors. Our investments today jointly have a potential of generating 450+ billion kilowatt hours of clean energy, creating tens of thousands of jobs and adding over USD 5 billion to the Indian economy over the next decade. Our humble efforts to revolutionise this sector have attracted additional investments of USD 950 million to our portfolio companies.

This would not have been possible without the efforts of our high caliber, action oriented and impact driven team at EverSource Capital. Aligned to our core belief of profit with purpose, our sustainable business model rests on the pillars of robust Environmental, Social and Governance (ESG) standards. We feel EverSource Capital's responsibility to shape a sustainable tomorrow has never been more crucial. On behalf of the team, I am excited to share EverSource Capital's accomplishments with you in this inaugural sustainability report. We look forward to building on this momentum as we identify and invest in exciting green businesses.

Dhanpal Jhaveri,

*Vice Chairman Everstone Group
and Chief Executive Officer
EverSource Capital*

Foreword from our **Chief Investment Officer**



Satish Mandhana
*Senior Managing Director
and Chief Investment Officer
EverSource Capital*



We invest and build climate positive businesses across the energy and resource efficiency value chain to mitigate and adapt to climate change related risks.

India needs to invest in disruptive and innovative clean technologies on a massive scale to help limit global warming to 1.5° C. We require greater and faster deployment of enabling technologies for capacity build-up at scale, to create an eco-system which brings a tsunami of economically attractive opportunities to transition to a green economy.

This requires a collaborative effort amongst various stake holders i.e., international agencies, government, policy makers, financial sector, technical institutions, private sector, social organisations and above all people's participation in environment movement. We hope COP-26 will usher in a new era of international cooperation, funding and technology support to

enable India to contribute significantly in achieving the 1.5° goal.

EverSource Capital's GGEF is designed to generate sustainable returns while contributing to the goal of limiting temperature rise to 1.5°C. We invest and build climate positive businesses across the energy and resource efficiency value chain to mitigate and adapt to climate change related risks. Our businesses include renewable energy generation, energy efficiency services, e-mobility, resource conservation - water and waste management.

We create value in our portfolio companies by complying with the highest standards of ESG, bringing sustainability to the core of business strategy, tapping superior talent, leveraging the power of collaboration and industry 4.0 technologies, and catalysing rapid scale-up.

We are committed to building and maintaining robust standards of ESG within the Fund and across its portfolio. As part of the investment evaluation process, we assess each business's ability to meet required ESG, health & safety standards as well as its climate impact and if business fails to meet our expectation on any of these, then, we decide not to invest in that business. We will continue to strengthen our effort across all areas of ESG and towards delivering higher impact, including the adoption of appropriate sustainability accounting practices as we grow.

The COVID-19 pandemic has caused a global business upheaval. At EverSource Capital, our offices may be empty, but our work has not stopped. People are at the heart of what we do. We value our diverse and driven workforce who have continued to deliver despite the pandemic. We are committed to investing in community initiatives, wherever our investee companies operate. We have been a strong promoter of collaborative business models.

This report provides an overview of our impact roadmap, investment strategy, our responsible investment approach, our portfolio, and our commitment to help India achieve its SDGs and Nationally Determined Contribution (NDC) targets.

Thank you for your interest in our work.

Satish Mandhana

*Senior Managing Director
and Chief Investment Officer
EverSource Capital*

Our Reporting Approach

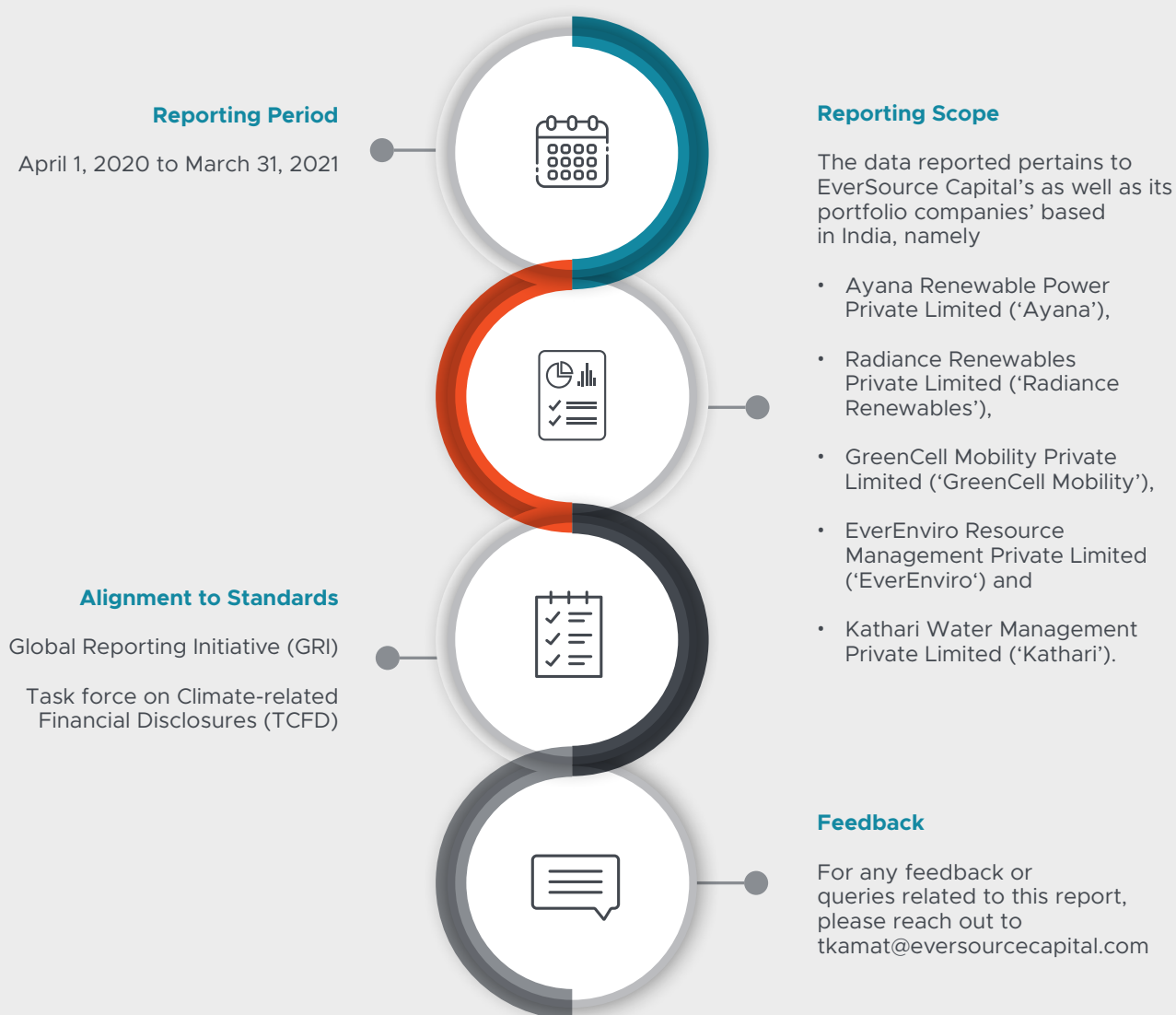


This is EverSource Capital Private Limited's ('EverSource Capital' or 'Fund') first Sustainability Report, which details our sustainability framework as well as the impact we create through our investments. It summarises our impact strategy, governance structure, people practices, community initiatives as well as an analysis of our portfolio companies.

The content of this report is structured around material Environmental Social and Governance (ESG) aspects identified through a materiality assessment exercise. The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core

option, and the GRI guiding principles have been applied to define its quality and content.

This report contains certain forward-looking statements that describe our projections and expectations, based on reasonable assumptions and past performance. These are subject to change considering latest industry developments, geographical market conditions, government regulations, laws and other incidental factors. These statements must not be used as a guarantee of our future performance, as the underlying assumptions could change materially.





Our Story

Bird's Eye View



GREEN GROWTH EQUITY FUND



USD **410** Million
CURRENT FUND SIZE



USD **700** Million
TARGET FUND SIZE



USD **275** Million
INVESTMENT COMMITMENT



USD **3** Trillion
MARKET OPPORTUNITY



23
MEMBER TEAM



5
PORTFOLIO COMPANIES



'DEAL OF THE YEAR'
UK INDIA AWARDS FOR
INVESTMENT, 2019

Impact Roadmap



USD 5+ billion
Target addition to India's green economy

Impact to Date

Renewable Energy Generated
330 million Kwh

CO₂ emissions avoided
290,000 tonnes

Employment generated
16,000 job years

Targetted Impact till 2030

Renewable Energy Generated
450+ billion Kwh

CO₂ emissions avoided
450+ Million tons

Employment generation
50,000+ job years

Waste Treated Recycled
100+ million tons

E-Miles powered
60+ billion km

Water treated for reuse
5000+ million m³

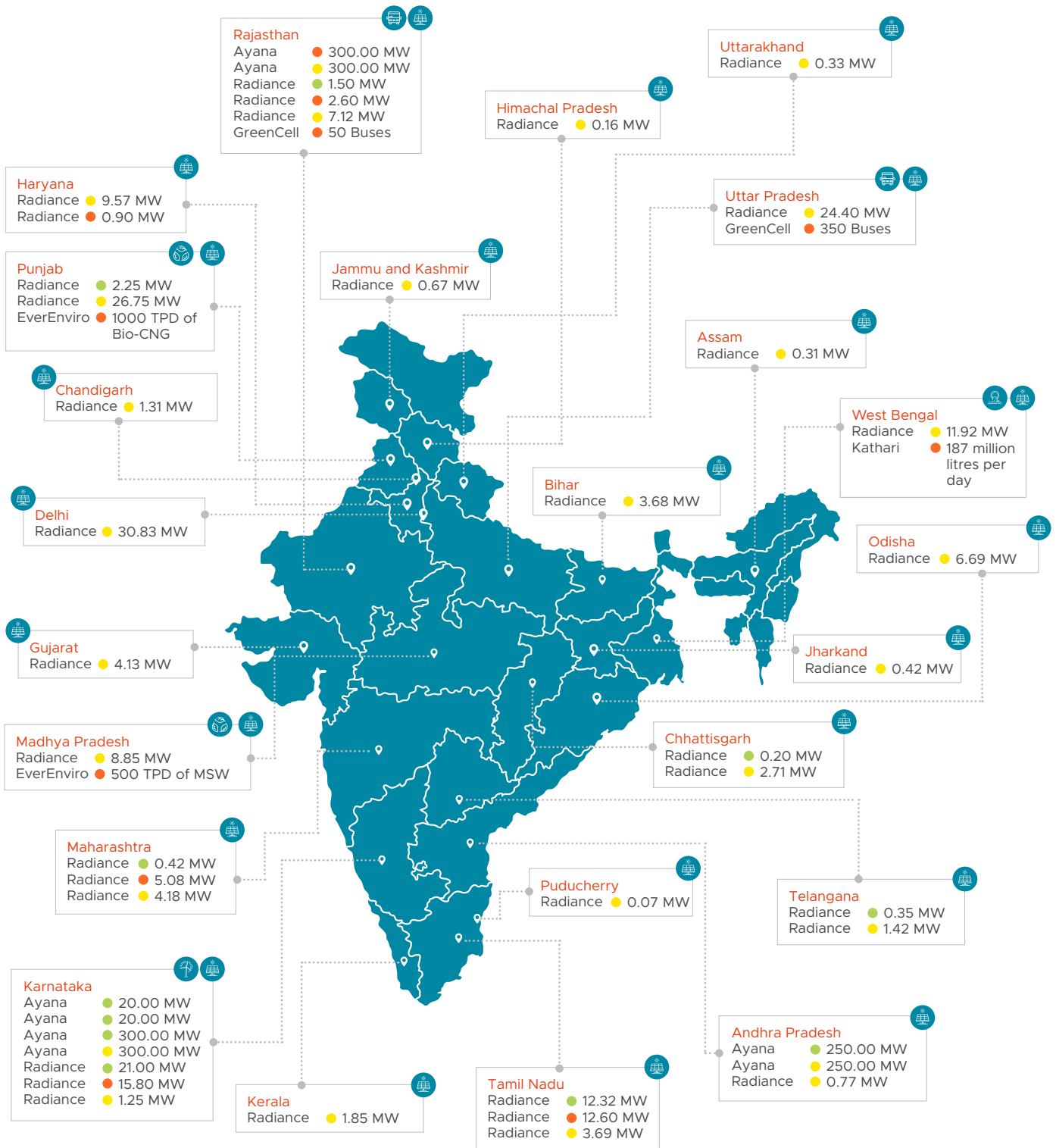
GGEF's Target Contribution to India's Renewable Capacity till 2030



450 GW, 100%
India's NDCs for 2030

8 GW, 2%
GGEF's Share of Renewable Energy Capacity

Our PAN India footprint as on 31st March 2021



Sectors

- Solar
- e-buses
- Municipal Solid Waste to Bio CNG
- Wind
- Waste Water Treatment

Project Status

- In Operation
- Pipeline
- Under Construction

The 1.5° Challenge

The global average temperature in 2017 was 1.0°C above pre-industrial levels. The effects of global warming are visible every day in the form of extreme heat-waves, severe flooding, droughts, devastating cyclones and rising sea levels. There is enough evidential research to prove that it is vital to maintain the global temperature increase below 1.5°C.

While India's renewable energy sector is one of the fastest growing in the world and has been attracting substantial investments, meeting the country's climate goals will require proportionate, transformative investment increases across all climate finance sub-sectors. India offers a climate smart investment potential exceeding USD 3+ trillion between 2018 and 2030³. Additionally, the tools provided by the fourth industrial revolution, innovative business models and digitalisation make the sector financially lucrative and attractive for institutional investors today.

This backdrop of the 1.5°C challenge and the huge potential of India's climate finance sector were the key driving factors for Everstone Capital and Lightsource bp to come together and set up EverSource Capital in 2018.

About Us

Founded in 2018 as a 50:50 joint venture between Everstone and Lightsource bp, EverSource Capital Private Limited is a Mumbai based private equity firm. EverSource Capital is a private limited company incorporated under the laws of India and has been designated as the external Alternative Investment Fund Manager (AIFM) of GGEF.

EverSource Capital was founded to contribute to India's green and resource-efficient journey towards sustainable development. We focus on channelling global investments in sustainable solutions for decarbonisation like renewable energy, energy efficiency, energy storage, e-mobility, resource conservation, and the associated value chain, in India.

Our target investment sectors are aligned with three climate action areas: *decarbonising fuel and power, electrifying transport and transforming waste to resource*. Each of our target investment sectors is closely calibrated with India's development and sustainability priorities and is in complete sync with the Government of India's (GoI) 2030 climate change policies and goals. The impact potential of each of the focus areas is immense.



At just 1°C of temperature rise, India is already feeling the impact - Floods in India over the past decade costed \$3 billion to the Indian exchequer— accounting for 10% of global economic losses from flooding.

At the UNFCCC's 21st Conference of the Parties (COP21) at Paris in 2015, 195 countries agreed to limit the global temperature rise this century to "well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C". With countries having different circumstances, resources, and abilities, it was collectively decided that each country should determine its own climate pledges, known as NDCs.

At just ~1°C of temperature rise, India is already feeling the impact, Floods in India over the past decade cost \$3 billion to the Indian exchequer, accounting for 10%² of global economic losses.

Bringing together India's leading multi-asset investment firm private equity investor with Europe's leading renewable energy company

Everstone Capital is a premier India and south-east Asia focused investment manager with Asset under Management (AUM) of over USD 6 billion. Lightsource bp is a global leader in renewables and a specialist in de-risking projects into attractive investment platforms for global investors through world-class development, financing and operating capability.



Leading player in Indian private equity

Pioneer in platform investment strategies

70+ private equity deals in India

Strong network across India and globally with government, corporates, financial investors, promoters and capital markets



Leading global renewables strategic

50:50 joint venture with bp

Over 3GW utility scale solar projects developed since 2011

20+GW global project development pipeline

Business footprint in 15 countries





At Lightsource bp, we are immensely proud of the partnership that we have formed with Everstone to create EverSource Capital, the fund manager of the GGEF, leading the way in building investment and capabilities in climate focused activities across India. Through EverSource Capital, we have been able to enter the Indian market with a fund management team that complements our skillset in solar development and mirrors our drive to respond to the urgent call to address climate change.

At Lightsource bp, our core contribution to global sustainability is in decarbonizing the world's energy landscape through responsibly developed solar projects. Our partnership in EverSource Capital has given us exposure to technologies outside of our usual focus, creating new opportunities for collaboration, application of best practices and knowledge sharing across our two organisations. EverSource Capital's first sustainability report demonstrates that its ability to execute, coupled with its sustainability and safety-conscious approach is financing and developing disruptive green solutions to combat the climate crisis. We look forward to our continued partnership which is helping India meet its commitments to a lower-carbon future.

Caroline Borg,

Chief Financial Officer, Lightsource bp and
Director, EverSource Capital



At the Everstone Group, we balance our role as an investment leader in some of the world's fastest growing regions with the consciousness of our long-term responsibilities towards society and the environment. We are signatories of the Principles for Responsible Investment and have been proactively aligning our vision with our portfolio companies through the alignment with the Sustainable Development Goals (SDGs).

At the Group level we have been pursuing many of the SDGs that agree with our corporate philosophy, including Good Health and Wellbeing, Gender Equality, Decent Work and Economic Growth. Responsible consumption and production underlie our investment rationale. At both the individual business vertical level, as well as at the underlying portfolio level, we have been building thematic convergence towards reduced emissions, green construction methods, capacity creation in renewables, reduction of plastic waste and water conservation with a view to promote the SDGs of Climate Action, Affordable and Clean Energy, Clean Water and Sanitation, and Sustainable Cities and Communities, among others.

2020 came with unusual lessons, showing us the importance of capabilities that businesses need to be equipped with and strengthened our resolve to be meaningful contributors to a sustainable future. It has given us a whole new perspective on risk. As long-term investors, these lessons need to be incorporated to further fortify our businesses, to become even better diversified, internally resilient and socially contributing entities. We have been proactively addressing the path towards limiting global warming to the increase of 1.5°C by 2030 through EverSource Capital, our strategic partnership with Lightsource bp.

We are excited with the progress made to date, and I congratulate the team and all stakeholders on the release of the first Sustainability Report for EverSource Capital. This is an important milestone in our ongoing commitments to be proactive in providing solutions for a better tomorrow.

Alok Oberoi,
Executive Chairman, Everstone Group

About Green Growth Equity Fund

The National Investment and Infrastructure Fund (NIIIF) of India partnered with the United Kingdom Government's Foreign, Commonwealth & Development Office (FCDO) in 2018 to launch the GGEF, the first climate-focused fund in India. EverSource Capital was selected as the fund manager of the GGEF pursuant to an international

selection process. GGEF was established in April 2018 with anchor investment worth USD 410 million collectively from India's sovereign fund NIIIF and FCDO. It has received an additional commitment of USD 70 million from bp plc. GGEF will blend equity and grant capital to accelerate the uptake of green infrastructure projects in India.



GGEF has committed
USD 275 million
in five companies



EverEnviro



Green Growth Equity Fund Anchor Investors



Responsible Investment Strategy



GGEF takes an integrated approach to finance by uniquely blending equity and grant instruments to address the financial, technical, policy and knowledge gaps in the Indian green finance space. GGEF's investments will have a strong demonstration effect driving further influx of capital into the sector. Our portfolio companies have already mobilised a further USD 947 million investment through debt and co-investment after GGEF's investments into the platforms

Maheep Jain,
Managing Director,
EverSource Capital

Focus Investment Sectors

e-Mobility as a Service (eMaaS)

- Clean Transportation
- Shared Mobility
- Battery as a Service (BaaS)
- Charging Infrastructure

Renewable energy generation for the DISCOMs

- Utility Scale Renewable Energy (RE)
- Hybrid Power





Water and Wastewater Management

- Water treatment
- Renewable energy powered desalination
- Sewage Treatment Plants (STP)
- Effluent Treatment Plants (ETP)
- Water recycling
- Water conservation

Energy Efficiency

- Energy Service Company (ESCO)
- Energy Storage
- O&M
- Asset Management
- Smart Grid Enablers

Renewable Energy as a Service (EaaS)

- Distributed Generation-Commercial and Industrial (C&I)
- Independent Wind Operations and Maintenance (O&M) Service Provider

Integrated Waste Management

- Waste Management
- Recycling
- Waste to Energy
- Emission Control



Our Journey so Far



Invested in Ayana Renewable

We are building India's lowest cost firm utility renewable energy provider with a generation capacity of ~7GW by 2025



April 2018

Feb 2019

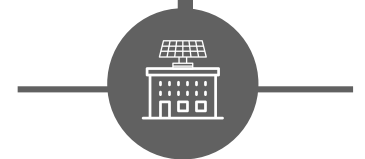
Aug 2019



EVERSOURCE CAPITAL

Green Growth Equity Fund Formed

India's first of its kind climate-focused fund



Set up Radiance Renewables

We are building one of India's top Commercial and Industry (C&I) renewable energy as a service company with an operating portfolio of 1.5GW solar and wind energy by 2025

EverEnviro

Set up EverEnviro

We are building India's largest integrated waste management platform, that will handle over ~20K Tonne of municipal solid waste and industrial waste per day by 2025



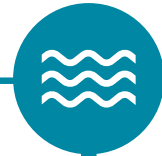
Set up GreenCell Mobility

We aim to build the largest customer centric pan-India e-Mobility as a Service business by operating 4000+ e-buses by 2025



Set up Kathari Water

Our water platform will invest in USD 100 million+ state-of-the-art water assets dealing with water and wastewater management including STPs, ETPs, renewable energy driven desalination among others by 2025



Dec 2020



bp



**bp committed
USD 70 mn
towards GGEF**

EverSource Business Framework

The EverSource business framework captures the essence of the organisation's vision and values. The framework has integrated elements from international sustainability standards and frameworks. It reflects our commitment to building global resilient businesses for the planet and its people.

Aligned with our mission, climate change is at the core of our three-tiered business framework. All our investments have an inherent focus on climate action either through decarbonisation of energy and its uses or through resource efficiency. The second tier of our framework captures our sustainable investment strategy, the four criteria that each of

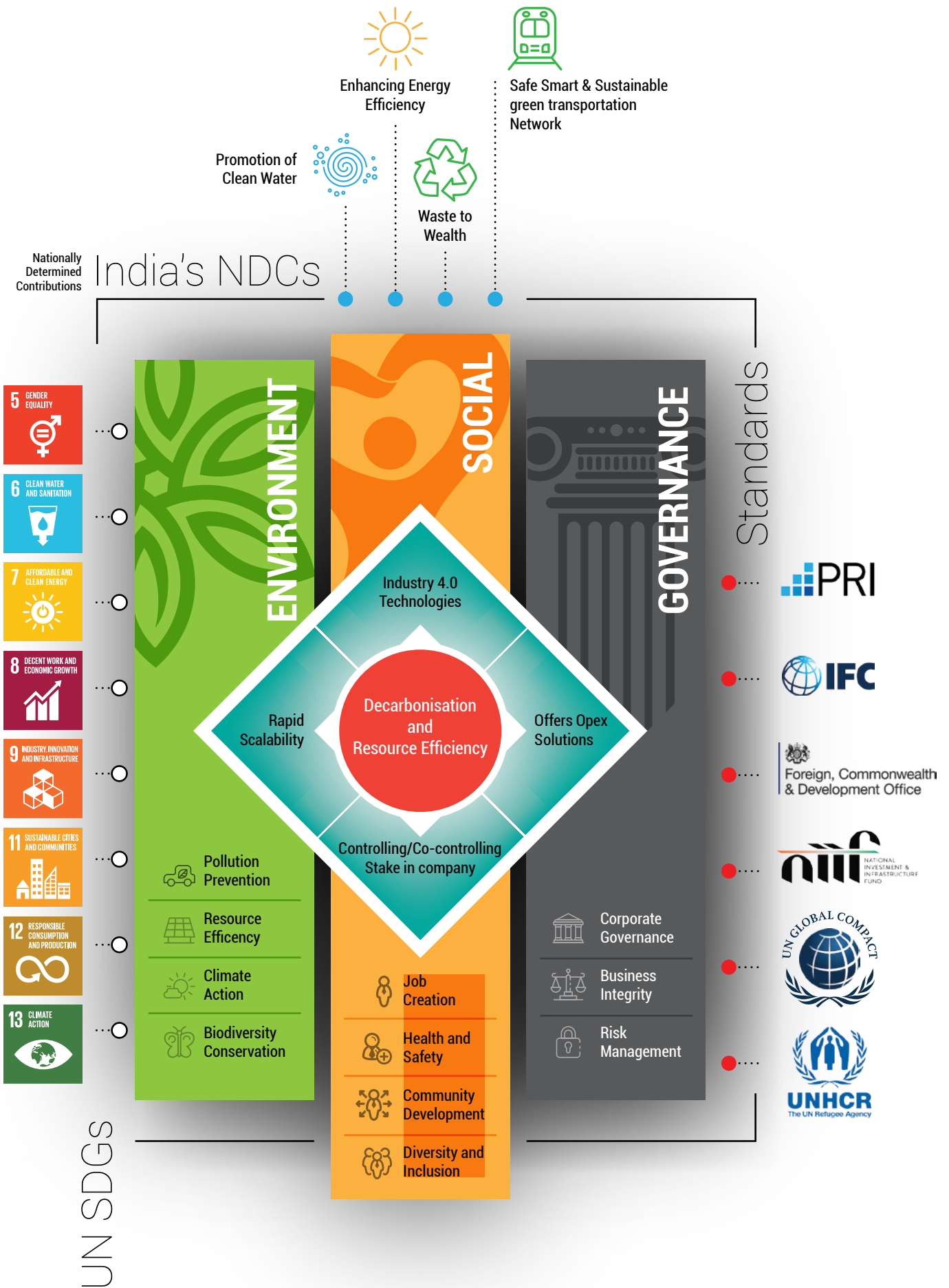
our portfolio companies must meet to grow into resilient businesses. The third-tier entails investing in or building businesses that demonstrate low level of risks with respect to environment, social and governance aspects. Each tier has underlying defined indicators which are regularly monitored and reviewed to measure organisational performance.

The sustainability framework is implemented through our governance policies and practices including our extensive risk management systems. Our ESG and investment teams and portfolio companies collectively work to report and review progress on each element of the sustainability framework.

We are a climate focused fund driven towards making sustainable investments targeting decarbonisation and resource efficiency while generating returns for our investors. The foundation of our business is integration of ESG in our entire investment life cycle with measurable impact indicators.

Prasanna Desai,
Managing Director and Chief Operating Officer





ESG and Impact in Practice

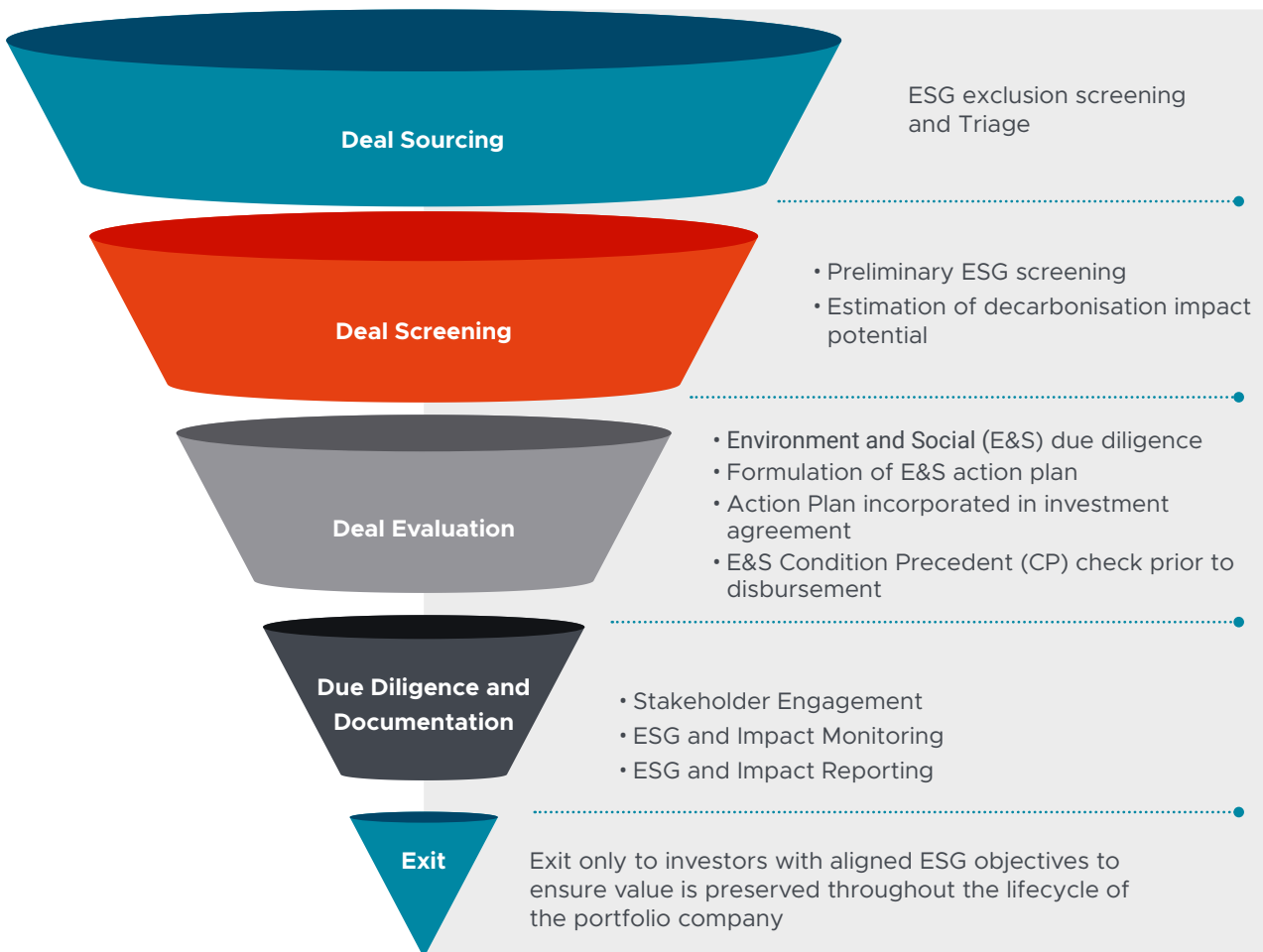
ESG Integration at every step of the investment process

EverSource Capital's ESG Policy and Management system (ESGMS) has been developed with the objective of integrating ESG risk management into the Fund's investment process. The ESGMS sets out a framework to identify potential ESG risks of potential investee companies prior to fund disbursement and to institute monitoring mechanisms to supervise the ESG performance of these companies during the term of the investment. Only companies that meet our rigorous ESG standards after multiple rounds of screening, make it to our portfolio.

Key ESG Considerations

-  Alignment with EverSource Capital Business Framework
-  Clear impact intentionality and inherent focus on climate change mitigation or adaptation
-  Alignment with United Nations Sustainable Development Goals (UN SDGs)
-  Alignment with national climate change goals and commitments
-  Compliance with national legislations and relevant international requirements
-  Clear allocation of resources for implementation and management of ESG
-  Management agreement on allocation of resources to implement ESG action plan agreed at time of investment

Figure: ESG and Impact Integration in the Investment Process



Engaging with our Stakeholders

We engage with our stakeholders regularly to monitor performance, manage expectations and gain valuable feedback. This process helps us align our core objective of decarbonisation and climate action with that of our stakeholders.

Our stakeholder engagement process comprises four steps.

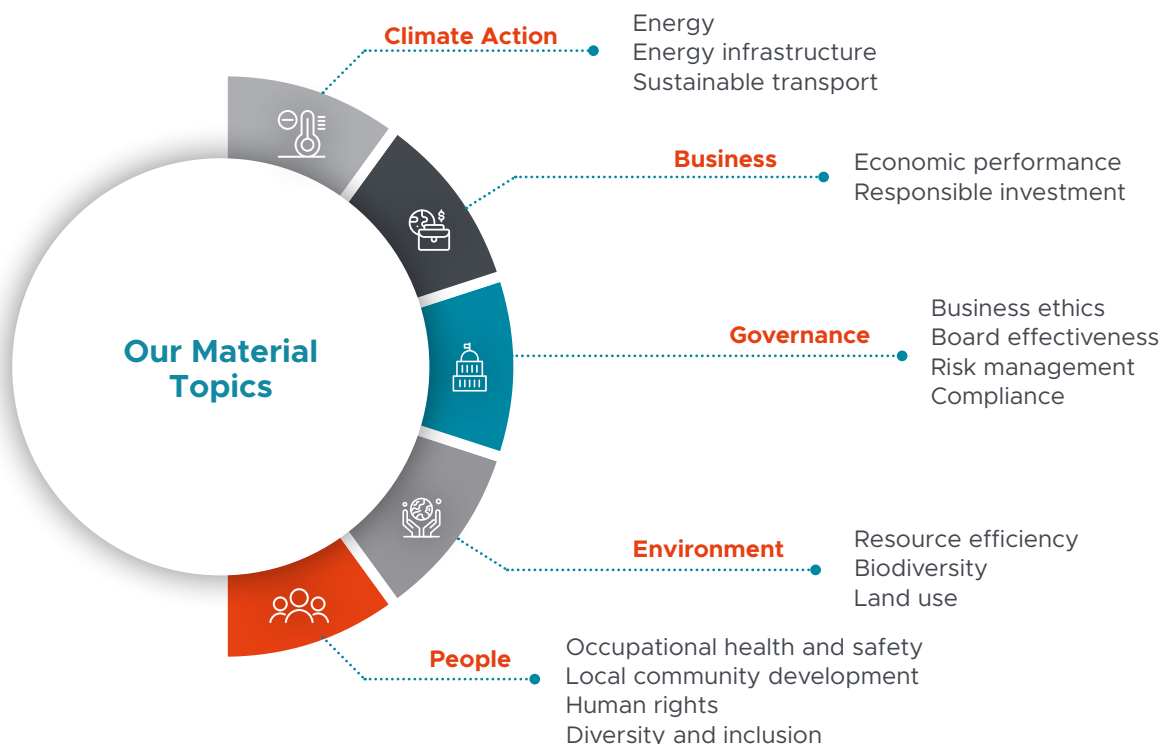


We have identified investors, portfolio companies, employees, government agencies, communities, contractors, and service providers as our stakeholders. A materiality assessment exercise was conducted, taking into account inputs from these stakeholders, to identify key parameters and subsequent indicators that are material to EverSource Capital. The list of material topics was identified through a review of peers as well as global standards and frameworks. A rating methodology was used to prioritise material topics for FY 2020-21.

All portfolio companies are encouraged to implement a formal stakeholder engagement plan that involves

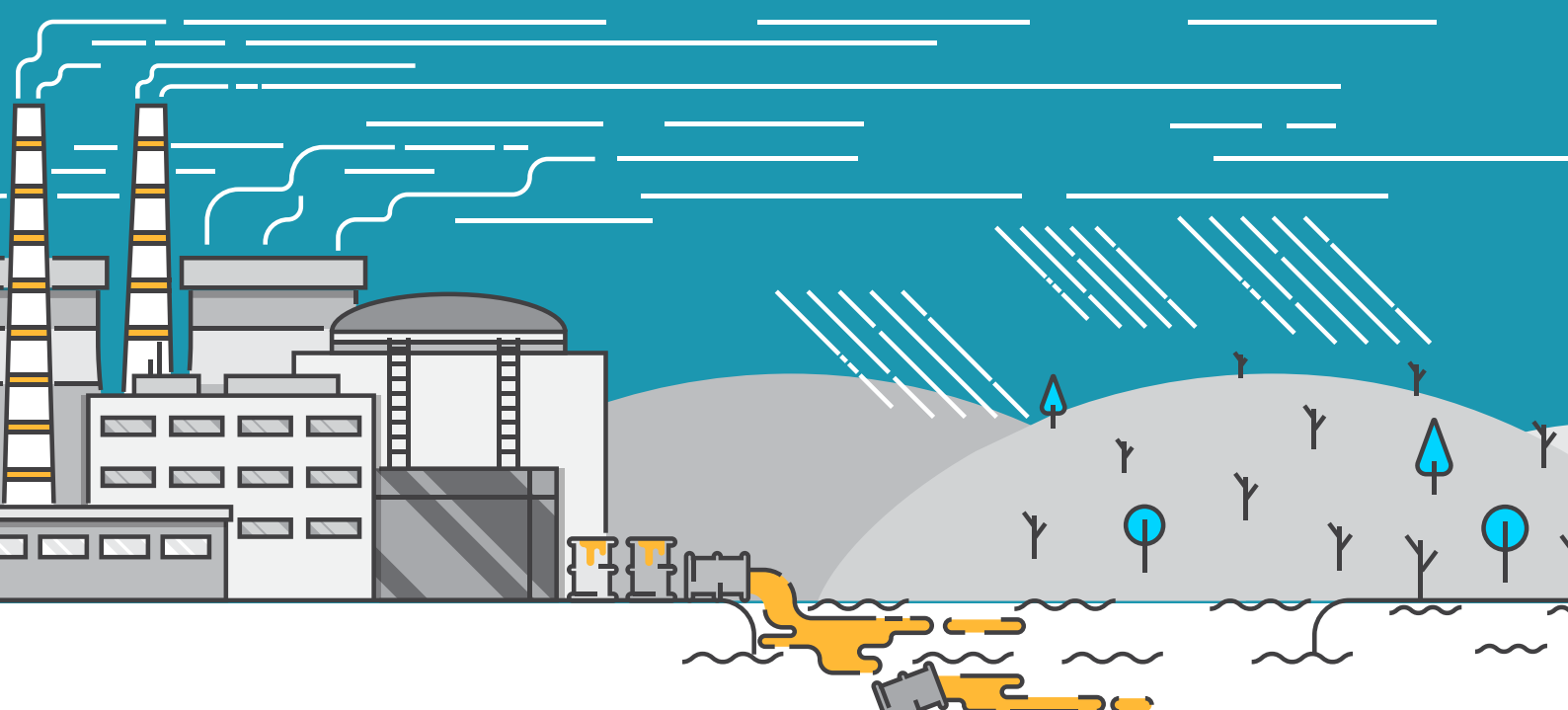
identification of relevant stakeholders and analysing them based on aspects of context, impact and influence on the company. It is recommended to undertake stakeholder engagement at the planning stage to address stakeholder concerns during project implementation. In greenfield projects, the Environmental and Social Impact Assessment (ESIA) helps in identification of stakeholders that are likely to be impacted by the project.

Portfolio companies are expected to set up a robust grievance management mechanism that includes communication, escalation and redressal.





Enabling Impact



FY 2020-21 Highlights



300
million+ kWh

**Renewable energy
generated**



267,165
tonnes

**CO₂ emission
avoided**



544,763
kilo liters

Water conserved



936

Quality jobs created





By 2022, Ayana will add at least 2 GW of renewable power in India. Throughout this process, Ayana will work closely with communities to help them develop, and maintain excellence, respect, and integrity in all aspects of its operations.

Shivanand Nimbargi,
CEO and Managing
Director

Ayana Renewable Power



Ayana was set up in 2018 by UK's development finance institution CDC to develop utility-scale solar and wind generation projects in India. The company will build India's renewable energy capacity, create job opportunities in the sector and work closely with communities where its plants are set up, thus facilitating a just transition to a zero-carbon future in India. Ayana will use the latest global technologies for continuous cost reduction and yield improvement, to emerge as India's low-cost renewable energy provider. Ayana will be a 5+GW renewable energy generation platform by 2023.

As on 31st March 2021, the company had a mix of 590 MW assets under operations, 300 MW under advanced construction stage and 850 MW of bids won under various government auctions.



In December 2020, GGEF, NIIF and CDC Group signed the MoU to further invest USD 390 mn into Ayana

Radiance Renewables



Radiance Renewables is one of India's fastest-growing renewable energy solution providers for commercial, industrial and residential consumers. Incorporated in 2018 as a technology and innovation leader, it aims to provide custom built affordable solutions that deliver economic savings to customers. Radiance Renewables is a 100% subsidiary of the GGEF.

Radiance Renewables is building its portfolio through greenfield development and through acquisition of operational projects. Radiance Renewables entered into

an agreement to acquire solar rooftop assets of Azure Power Global Limited, a leading solar power producer in India of 152.5 MW capacity. This is one of the largest acquisitions of rooftop solar assets in India which makes Radiance Renewables one of the largest solar rooftop players in the country.

As on 31st March 2021, the company has a mix of operational and under construction portfolio of about 62.73MWp.



The acquisition of Azure Power will position Radiance Renewables as a significant pan India player in the commercial, industrial and institutional segments. This transaction allows Radiance to bring its high quality asset management skills to improve asset performance given its focus on enhancing and delivering value to its stakeholders. We plan to introduce cutting-edge asset management tools such as real-time monitoring with analytics and aim to make Radiance a leading Renewable Energy as a Service (REaaS) player in India.

Manikkan Sangameswaran,
Executive Director and Chief Executive Officer,
Radiance Renewables

GreenCell Mobility



GreenCell has been incubated to be India's leading shared electric mobility player, by leveraging proven global experience, developments in e-mobility technology and Government of India's strong push for electrification of transportation in India.

Ashok Agarwal,
Managing Director and
Chief Executive Officer,
GreenCell

GreenCell was incorporated in 2019 to build a platform to provide e-Mobility as-a-Service. The company will be a key driver in building momentum in the shared e-mobility space in India. The company is 100% owned and funded by GGEF.

During FY 2020-21, GreenCell secured a contract from the Rajasthan State Road Transport Corporation (RSRTC) for the operation of 48 inter-state air-conditioned electric bus coaches. This contract was awarded under GoI's FAME-II scheme. The buses are expected to cover 600 km per day, the highest for any electric bus in the country. The platform also invested in a consortium with, PMI Electro Mobility Solutions Private Limited, a leading 'zero emission' commercial vehicle manufacturer in India, for deploying 350 electric buses in Uttar Pradesh. This was also approved under the FAME-II scheme. The company aims to create green routes with advanced 9-meter e-buses in the state. The e-buses under both the contracts are expected to be operational in FY 2021-22.



EverEnviro

EverEnviro



Solid waste management is an integral element of modern society and with this acquisition, EverEnviro aims to be the leader in this segment in India,

Parvez Umrigar,
Managing Director
and Chief Executive
Officer of EverEnviro
on IEISL acquisition

EverEnviro is an integrated waste management platform, set up by GGEF in 2019. This platform will invest in Municipal Solid Waste (MSW) solutions in areas such as land remediation, Collection and Transportation (C&T), Construction and Demolition (C&D), Waste to Energy (WtE), BioCNG and dry waste processing, through greenfield development and acquisitions of existing projects. The platform aims to offer end-to-end waste management and disposal solutions of MSW (including inorganic and organic waste processing, bio-methanation, plastic recycling and land remediation) with a target to handle ~ 20,000 tonnes of waste per day for processing, bio-methanation, plastic recycling and land remediation.

In one of the largest MSW deals in India, EverEnviro acquired IL&FS Environmental Infrastructure & Services Ltd (IEISL), a leading MSW platform in India. IEISL has an existing capacity to handle ~ 9,000 tonnes of waste per day. During FY 2020-21, EverEnviro secured a large MSW bio- Compressed Natural Gas (CNG) project with the Indore Municipal Corporation. The plant will process 500 tonnes of MSW per day. With a daily output of 16-18 tonne of bio-CNG, this will be South Asia's largest bio-CNG project based on organic waste from MSW. EverEnviro also received a Letter of Award from Punjab Energy Development Agency (PEDA) to set up 5 BioCNG projects (with an expected capacity of 100-150 tonnes each daily), during FY 2020-21.

Kathari Water Management



Kathari Water, a platform to catalyse private capital into the water and wastewater sector, is the latest investment of GGEF. Kathari Water aims to become the largest private sector owner and manager of clean water assets in India over the next five years. Kathari will invest between USD 100 to USD 150 million across water assets (fresh water, desalination, water reuse, waste-water treatment) during the next five-year period.

Kathari's investments would be driven by two underlying philosophies:

- Generate positive and measurable environmental impact
- Potential to generate long term stable cash flows for investors

During FY 2020-21, Kathari invested in a wastewater treatment project under the Clean Ganga Mission. Once the construction is complete, the project with a cumulative wastewater treatment capacity of 187 million litres per day will contribute to reducing the discharge of untreated sewage into the Ganga river from the state of West Bengal by around 15%.





Access to clean water has a direct long-term positive impact on health and wellbeing of the society. Our projects would improve access to clean water, reduce environmental impact and contribute to sustainability. We will promote water reuse, while minimising water losses and pollution. All our projects would also explore the possibility of sustainable operations through generation and use of clean energy.

Prakash Seshadri Nathan,
Chief Executive Officer, Kathari Water

Rooted in Resilience



Our Board of Directors

Our role as an investment manager offers us a unique opportunity to promote high standards of ethics, governance, and sustainable development across our investments. Our diverse board composition helps us ensure robust governance, impact-focused decision-making, and strong technical inputs.



Dhanpal Jhaveri
Chief Executive Officer
EverSource Capital



Caroline Borg
Chief Financial Officer
Lightsource bp



Ashutosh Lavakare
Chief Financial Officer
Everstone Capital



Randal John Clifton Barker
Group General Counsel
Lightsource bp



Ranjan Mathai
Independent Director

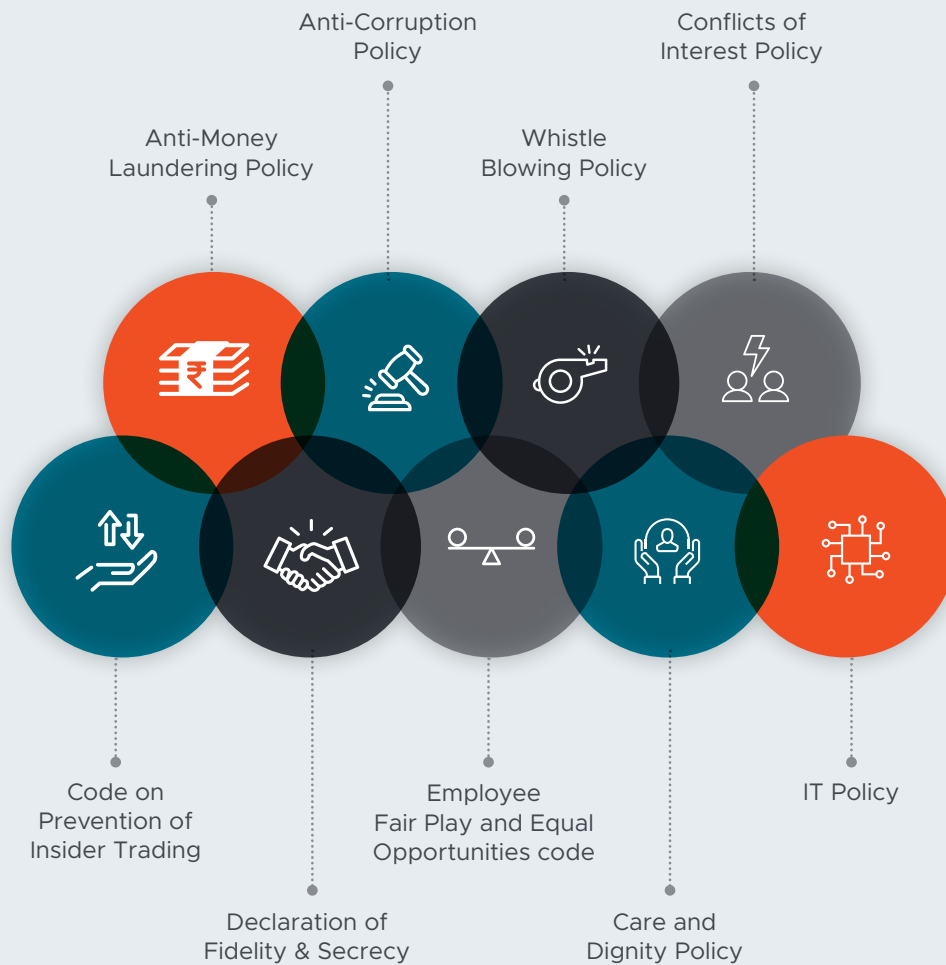


Bahram Vakili
Independent Director

EverSource Capital has a zero tolerance policy regarding unethical behavior. It is the duty of every employee to report any fraudulent conduct.

Business Integrity

As a part of our commitment to good governance practices, EverSource Capital has also adopted the following policies.

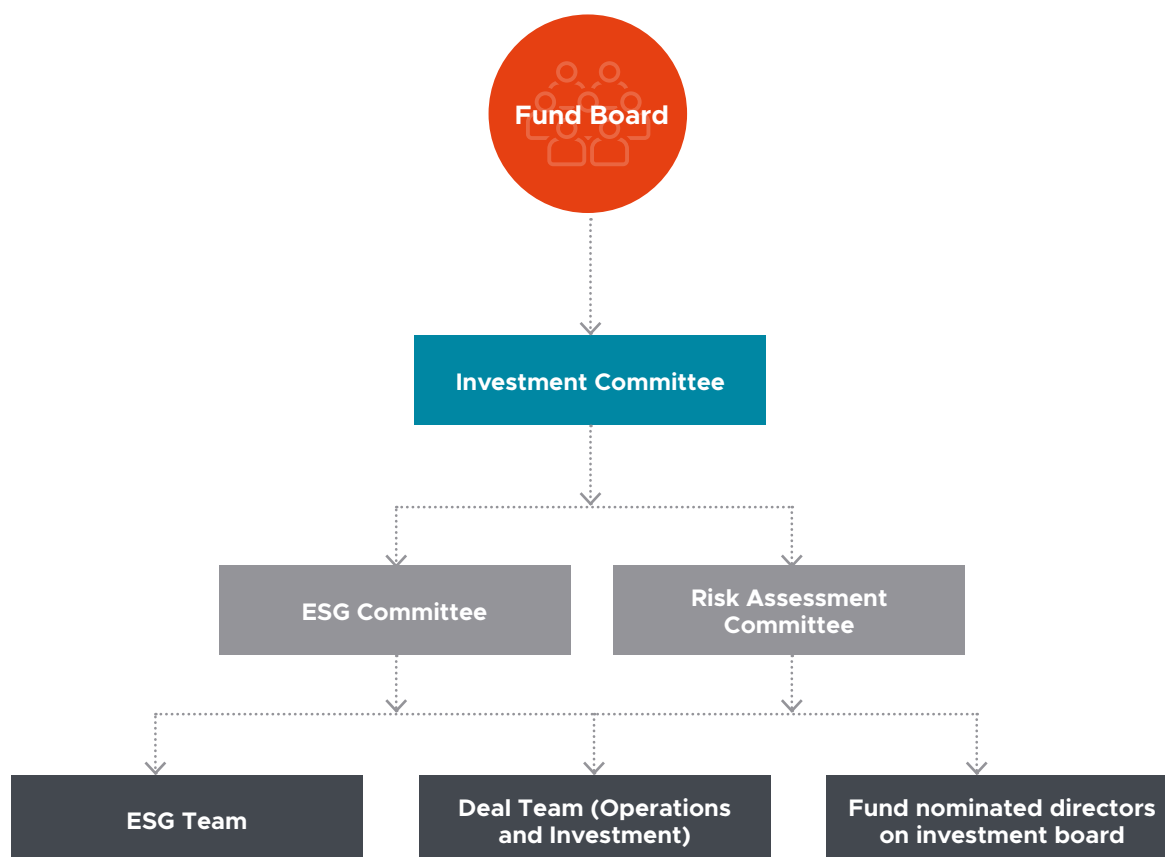


The processes of governance and risk management for the Fund have been laid down in our compliance manual. No contraventions or incidents pertaining to any of the policies above were reported during FY 2020-21.

EverSource Capital works with a number of third-party service providers that support its day-to-day business operations. In all dealings

with any third parties, EverSource Capital applies the principles of its Code of Conduct. There were no changes in EverSource Capital's supply chain during FY 2020-21.

Our portfolio companies are required to implement a Code of Conduct which is then displayed on the company website for internal and external stakeholders to ensure compliance.



ESG Governance

Our ESGMS helps us identify environmental, social and governance risks of potential investee companies prior to fund disbursement as well as to institute monitoring mechanisms to supervise the ESG performance of these companies during portfolio management. The ESG Committee, chaired by Everstone Group's Executive Chairman, supervises the ESG team, reviews ESG due diligence conducted at pre-investment stage and ensures compliance with investment agreements.

Our portfolio companies have sound ESG policies and dedicated professionals to review and monitor performance across all ESG metrics.

Ensuring transparency

Investee companies are required to report to the Board of EverSource Capital and relevant stakeholders on key ESG and impact parameters. Each portfolio company must report to GGEF on its ESG performance monthly, covering performance key performance

indicators (KPIs), new initiatives and new due diligences on upcoming project sites. Each company also provides this information in a formal structured report on ESG performance on an annual basis.

GGEF engages with its anchor investors (NIIF and FCDO) on a quarterly basis on ESG specific issues. The Fund also reports on ESG and financial performance to its investors as per their respective prescribed standards and frameworks, on a quarterly and annual basis.

Enhancing capability

Regular training sessions are conducted by the Head-ESG to apprise the investment team members about the relevance and application of ESG policy and framework. During FY 2020-21, an annual refresher training was conducted by the ESG head for both staff at the Fund level and across all the portfolio companies. In addition, every new employee is trained on the ethics and governance policies applicable to them, as a part of their onboarding process.

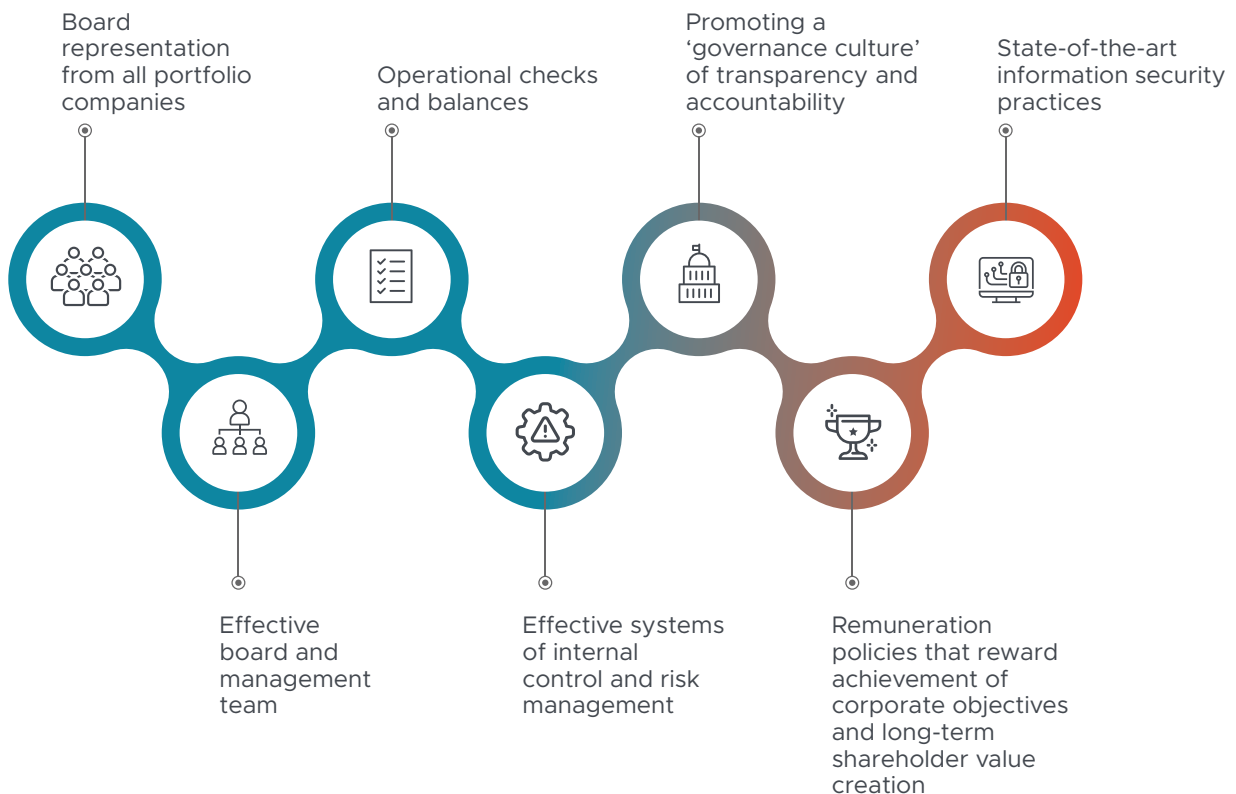
Managing Risks

For EverSource Capital, identifying and managing risks and opportunities is critical to its business. EverSource Capital classifies its internal risks into multiple buckets: *Legal, Financial, Environmental and Social, Business Integrity, Corporate Governance and Operational Risk*. The fund has adequate policies, compliance and mitigation mechanisms in place to manage these risks.

Each potential investment goes through three layers of risk assessment:

- **Risk Committee** reviews the investment deal including sign off on legal, financial, technical, ESG and other diligence items.
- **Investment Committee (IC)** is responsible for the approval of the ESG covenants of an investment as well as the final approval of an investment.
- **Head – ESG** works closely with each deal team to guide the ESG requirements, informs IC on decision regarding key ESG risks and covenants to be used in the investment agreement, and ensures ESG communication with investors.

Risk Management Operating Framework



A summary of our key risks and mitigation measures is given below:

| Risks | Mitigants |
|--|--|
| Development Cycle Risk | <ul style="list-style-type: none"> • Undertaking projects with shorter build-out cycle • Lock-in capital cost and hedge currency • Key development risks tied up at the beginning of the contract, for example land-use , permits, among others. |
| Capital Risk | <ul style="list-style-type: none"> • Leveraging GGEF's sponsors and investors network to raise capital for investee companies • Channelling of green capital from domestic and international investors |
| Environmental, Social and Governance Risk | <ul style="list-style-type: none"> • Application of EverSource Capital's ESG framework • Alignment of portfolio companies to impact assessment framework • Training of employees on ESG practices |
| Technology/ Innovation Risk | <ul style="list-style-type: none"> • Use of Industry 4.0 technologies, agile organisations and adaptive technology-based business construct • Shorter payback models to de-risk future projects against any disruptive innovation • Long-term contracts |
| Pricing / Market Risk | <ul style="list-style-type: none"> • Securing long-term contracted cash-flows to cover life of the project or invest in large market opportunity to mitigate demand risk • Investing in creating market leading solutions that are suitably priced |
| Exit Risk | <ul style="list-style-type: none"> • Rapid scale-up • Multiple exits business construct • Control, pedigree of shareholders, appropriate leverage & exit readiness |
| Government Regulatory Risk | <ul style="list-style-type: none"> • Invest in businesses capable of commercial viability without subsidies • Align business construct to leverage robust regulatory support & sustainability |
| Partner Risk | <ul style="list-style-type: none"> • Secure control or co-control across all investments • Partner with credible entities with strong ESG standards |
| Climate Risk | <ul style="list-style-type: none"> • Significant contribution of portfolio companies to climate risk mitigation |

At EverSource Capital, we strive to manage our environmental impact by monitoring our consumption patterns. In FY 2020-21, our scope 1 Greenhouse Gases (GHG) emission amounted to 15.47 tonnes of CO₂, owing to diesel consumed by owned vehicles. Our scope 2 GHG emission, pertaining to electricity usage at our office space, is 221.32 tonnes of CO₂.

Our portfolio companies ensure risk management at each stage of their operations. For instance, Ayana

quantifies ESG risk in every aspect of its operation, i.e. business development, contracts, construction, operation, and maintenance. Ayana conducts an environment and social due diligence for each greenfield and brownfield project, which forms a core part of the decision-making process. After the project is approved by the company's Investment Committee, a third party ESIA is conducted before construction to further identify and quantify ESG risks and develop a mitigation plan.

Climate Risk

The risk of climate change affects all the living beings on our planet, hence it needs to be mitigated in a sustainable way. GGEF provides a differentiated opportunity to invest in businesses that tackle climate change, create a strong impact and achieve financial returns.

Rupali Gupta

Managing Director, EverSource Capital



STRATEGY

EverSource Capital invests in solutions that have high decarbonisation and innovation potential. While decarbonisation is at the core of all our portfolio companies' businesses, we also lay emphasis on managing any ancillary climate risks like regulatory risk or physical risks, that may arise from the investee's business activities. Going forward, EverSource Capital aims to integrate the TCFD framework with its business strategy, to further streamline its climate action and be prepared for the 1.5-degree scenario.



GOVERNANCE

Climate risk management has been integrated in the Fund's ESGMS. The ESG and Impact Head along with the investment team, are responsible for managing climate risk of the investment portfolio. EverSource Capital is in the process of building a tool to assess climate risks.



The issue of risk should go beyond short-term measures. A significant amount of volatility is demonstrated by nature in terms of rainfall pattern, monsoon delays, melting glaciers and drought. Technology can be used innovatively to address vagaries of nature and lower carbon emission and global warming

Dhanpal Jhaveri

Vice Chairman, Everstone Group and CEO, EverSource Capital.



RISK MANAGEMENT

Each of EverSource Capital's prospective investments go through a climate risk screening at the due diligence stage wherein an external advisor is appointed to review and assess a potential investee company's proposed service areas, technology, processes, suppliers, partnerships, permits, regulatory compliances, etc. from a climate risk standpoint. Based on risks or deficiencies identified during the due diligence stage, the Fund develops an action plan, with timelines, costs, and responsibilities to address the issues that need to be managed by the investee company. These are documented as 'conditions precedent' or 'conditions subsequent' to closing of the transaction, in the investment deal terms.



METRICS

The Fund sets climate mitigation targets and devises a framework for routine assessments to ensure that the portfolio companies deliver on their climate mitigation targets. Adherence to the portfolio companies' climate action plan is monitored by EverSource Capital. EverSource Capital has set out customised climate and social impact KPIs and metrics for each of its portfolio companies. Each company carries out quarterly reviews to monitor and improve its performance. EverSource Capital also requires them to report on the KPIs on a monthly basis, some of which have been showcased in the 'Portfolio Impacts' section.

Putting People First

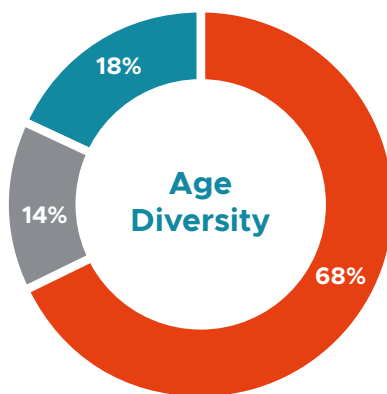


Empowering Employees

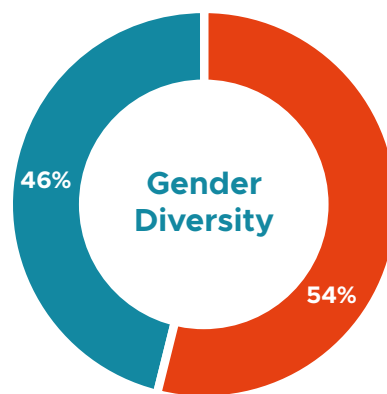
EverSource Capital has built a gender diverse team with women comprising 54% of the workforce at the Investment Management level. Our human resource policies ensure that EverSource Capital provides a work environment which is empowering, equitable, and safe for all employees. Policies that specifically cater to diversity and inclusion are employee fair play and equal opportunities code, care and dignity policy and diversity and inclusion policy. EverSource Capital and all its portfolio companies have a strict policy prohibiting child labour and forced labour.

People are at the heart of what we do and we are committed to creating a healthy and comfortable work environment congenial for employee productivity and growth, both at EverSource Capital and at our portfolio companies.

Anooshree Sinha,
Legal Head,
EverSource Capital



30 - 50 years > 50 years
18 - 30 years



Female Male



Female Male

EverSource Capital is a Diverse and Inclusive Workspace

EverSource Capital recently undertook a gender assessment to identify gender specific vulnerabilities and risks across the sectors targeted for investment by GGEF.



Employee Benefits and Remuneration

EverSource Capital believes in giving opportunities to professionals from within the private equity sector as well as from relevant and allied industries. All our employees are covered under the annual performance evaluation cycle. Team members are



regularly benchmarked internally and externally based on their performance. This enables EverSource Capital to align team members' compensation within their respective salary bands.

All EverSource Capital employees are entitled to health and life insurance and retirement benefits. Employees were provided additional insurance cover during FY 2020-21 owing to the COVID-19 pandemic. The organisation complies with all government mandated employee related social security schemes. In line with industry standards and local regulations, all our employees are eligible to avail parental leaves and other statutory and sick leaves as per our internal HR policies.

Employee wellness

Our employees worked from home for a substantial part of FY 2020-21 due to the COVID-19 pandemic and the ensuing lockdown. We implemented a swift and seamless transition to work from home for our workforce. We organised additional employee engagement initiatives during FY 2020-21 to help employees cope with fatigue and stress during these trying times.

We aspire to build an organisation where employees can enjoy work life balance. We

regularly partner with leading gyms and fitness practitioners for concessional group plans. Our employees avail these benefits to meet their personal fitness goals. In 2020, we organised virtual yoga sessions thrice a week for all our employees and continue to conduct Everstone Group wide social series events.

We have a mechanism for incident reporting both by staff at the Fund level and by the portfolio company. Any health and safety related incident or accident must be reported to the designated authority within 48 hours of occurrence. In FY 2020-21, no cases were reported.



Climate risks as well as sustainable businesses are known to invariably impact the vulnerable gender the most. Hence, at EverSource Capital, we focus to address the gender gaps within communities we impact.

Tejaswini Kamat,
Vice President, ESG
and Impact Head,
EverSource Capital

Advocating Gender Equality

EverSource Capital appointed a third-party consultant to undertake a Gender Assessment Study and develop a Gender Action Plan (GAP) during FY 2020-21. With an objective to incorporate a comprehensive gender inclusive approach across the organisation, the GAP provides a list of key priority areas, responsibilities, and timelines for implementing preventive and mitigative measures at the Fund and portfolio level.

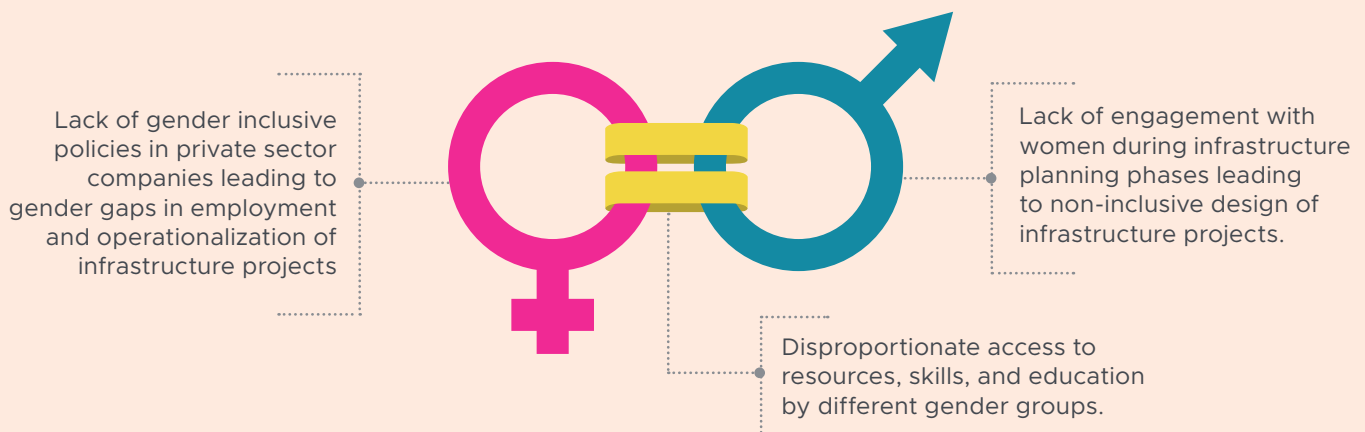
EverSource Capital is in the process of enhancing its policies and investment practices to comply with the GAP. As part of our augmented investment approach we will undertake an in-depth assessment of the potential impact of our project interventions on gender issues during the due diligence stage itself. A robust GAP will be developed and incorporated in the investment agreement, thereby making the investee legally liable to implement the GAP.

We have allocated resources to build capacity to implement the GAP. The Fund will hire experts to disseminate practical knowledge on the subject through trainings and workshops for both our portfolio companies and our in-house Fund staff. We also intend to organise industry level thought leadership events to raise awareness and share our first-hand experiences in mainstreaming gender-inclusive project design.

At the portfolio level, our initiatives include:

- Institutionalising gender equality in existing governance system of portfolio companies
- Exploring gender inclusive capacity development and designing interventions that promote gender inclusiveness
- Incorporating a gender inclusive approach during stakeholder consultations at project locations and during project impact assessment (through measures such as minimum quorum requirements by gender for stakeholder engagement meetings).
- Implementing reporting as well as monitoring and evaluation practices relating to impact on gender equity.

Identified gender specific vulnerabilities and risks in India



Responding to COVID-19

As India reels under the pressure of the COVID-19 pandemic, one cannot ignore the unprecedented impact it has had on public health, the workforce, and the economy. The pandemic has also exposed fragilities in the business ecosystem. Businesses with strong governance structures stayed resilient and took control of the situation. Eversource Capital's robust ESG management system has proved to be a blessing for the organisation and its portfolio companies. Despite the disruptions, we have been able to ensure seamless operations.

We have supported our employees and other stakeholders during these unprecedented times. EverSource Capital enabled a swift and smooth transition to work from home for its employees without any significant loss in productivity. When our office resumed between December 2020 and March 2021, free COVID testing was conducted for all our

employees, every fortnight. While we wait for the situation to improve, our current focus is on ensuring the health and safety of our employees.

We have stayed connected with our portfolio companies and have supported their transition to the new normal. We recognise our role in ensuring the wellbeing of the local communities we operate in. Through our portfolio company, Ayana, we launched a vernacular digital media COVID-19 campaign, #IAMPower to promote awareness about the disease. The campaign targeted rural Indians and the videos posted were viewed over 15 million times.

Our portfolio company, Radiance Renewables conducted food distribution drives serving over 15,000 meals to the underprivileged rural communities in Karnataka.

Our Response to COVID-19



Insurance top up of INR 1 million per employee

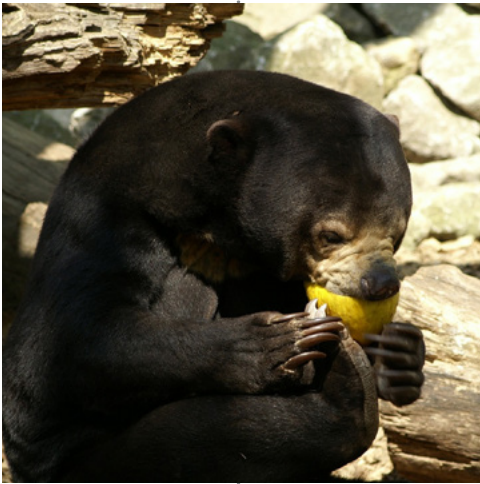
Tie up with health partners for vaccinations of employees and their families.

Regular email communication on 'Do's and Don'ts' to tackle the pandemic.

Established a COVID-19 taskforce comprising members from the Human Resources and Administration teams.

Assistance with medical needs of employees be it testing, provision of hospital beds or purchase of medicines.

Doing our bit for the Community



Habitat Conservation

EverSource Capital partnered with Grow-Trees.com for plantation of 1,560 indigenous tree saplings at the West Siang district in the state of Arunachal Pradesh in India. Plantation of the selected tree species is expected to improve the wildlife habitat and strengthen income opportunities for locals from the produce from trees and from facilitating ecotourism. The tree plantation project at Arunachal Pradesh is focused on improving the habitat of the Malayan Sun Bear which belongs to the vulnerable species as per the IUCN Red List.

Our Contribution

- 1,560 trees planted at West Siang, Arunachal Pradesh.
- Created-120 workdays of employment for the local rural communities
- 30,000 Kgs of CO2 offset per annum as the trees mature

Girl Child Education

EverSource Capital supports Avasara Leadership Institute (ALI) which is an India-based, non-profit whose mission is to empower girls of promise to lead lives of distinction and impact, thereby creating a new generation of Indian women leaders. The institute strives to accelerate academic and leadership outcomes focussed on young girls, who would otherwise have to drop out of schools due to lack of financial resources. Our support has helped 18 girl children of 12th grade continue their education, by funding their Cambridge examination fees. This will not only ensure continuity of education but also provide them with access to a high-quality curriculum.



Social Responsibility Initiatives by Portfolio Companies

Social responsibility is an integral part of our portfolio companies' business. Ayana aims to develop greenfield solar parks and acquire existing assets in the underserved and less developed parts of India. The company conducts community needs assessment at each project location, based on which it develops and implements a community development plan. For each community project, Ayana sets measurable KPIs and monitors these internally with systematic reporting.

In line with its objective to ensure a just transition to low carbon power generation, Ayana's social responsibility strategy is to:

- provide access to clean/ renewable energy among excluded groups whether by income, gender or class around its project area.
- provide skills, employment, and entrepreneurship opportunities to local communities, with a special focus on women, youth, and marginalised groups

Similarly, Radiance Renewables maps stakeholders' expectations while conducting ESIA for all the ground mount greenfield sites and assigns CSR initiatives as soon as construction activity begins. In addition, contractors are encouraged to hire both skilled and unskilled workers from local communities.



During the COVID-19 pandemic, Radiance Renewables distributed wholesome ration kits to 64 underprivileged rural families (equivalent to 15000 meals) near the Karnataka plant sites. The company also celebrated Republic Day, Independence Day, and the national safety week with rural families. The celebrations were followed by distribution of food, face masks, sanitisers, books, and household essential goods to the families.

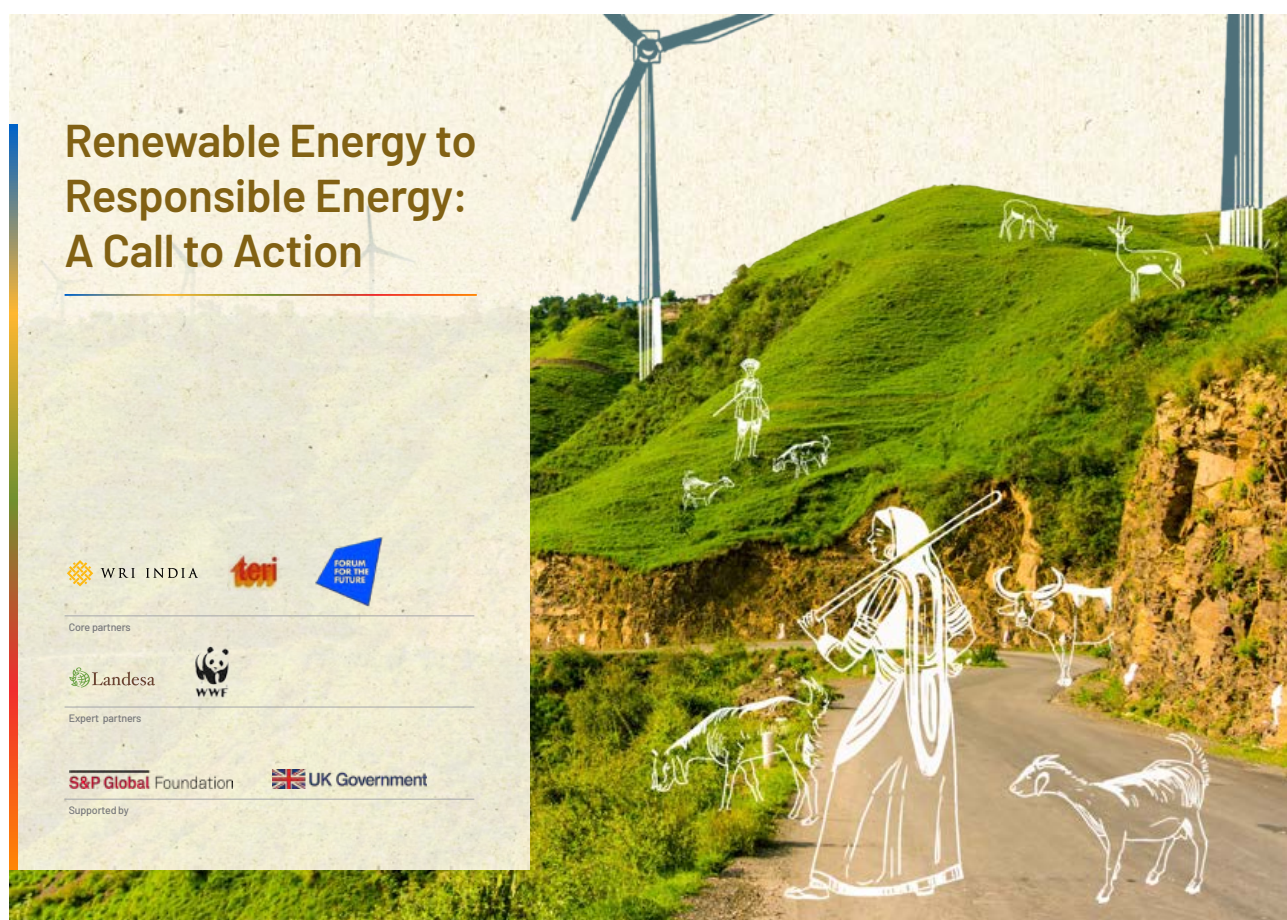


Contribution to Industry Thought Leadership

EverSource Capital was a keystone actor in contributing to the research ‘Renewable Energy to Responsible Energy: A Call to Action’ performed in liaison with the FCDO, Government of United Kingdom. This report is the outcome of the first stage of the Renewable Energy to Responsible Energy Initiative - a collaboration between World Resources Institute India (WRI); The Energy and Resources Institute (TERI); Landesa; World Wildlife Fund for Nature, India (WWF) and; Forum for the Future.

The purpose of this report is to establish a compelling case for action for developers, investors, financiers, procurers, policy makers and civil society actors - to collaborate on tangible and transformative solutions for scaling the production and deployment of renewable energy in a just and regenerative manner.

An interactive online event was organised on 25th March 2021 to mark the launch of the report. The EverSource Capital ESG head represented the team in the panel discussion beside eminent international and domestic industry leaders.



Annexure

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| GRI Standard | Title | Reference Section | Page Number |
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| 103-2 | The management approach and its components | Rooted in Resilience | |
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¹ UNFCCC (2019), The Paris Agreement | UNFCCC, <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

² Picciariello, A., Colenbrander, S., Bazaz, A. and Roy, R. (2021), The costs of climate change in India: a review of the climate-related risks facing India, and their economic and social costs. ODI Literature review. London: ODI (www.odi.org/en/publications/the-costs-of-climate-change-in-india-a-review-of-the-climate-related-risks-facing-india-and-their-economic-and-social-costs).

³ IFC (2017) 'Climate Investment Opportunities in South Asia', <https://www.ifc.org/wps/wcm/connect/fa3bea68-20f1-4cb4-90b9-3e812d38067f/Climate+Investment+Opportunities+in+South+Asia+-+An+IFC+Analysis.pdf?MOD=AJPERES&CVID=l.raVua>

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