March 14, 2022

Environmental and Social Due Diligence of a Corporate Employee Transportation platform in India

Abridged for Disclosure

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INTRODUCTION

EverSource Capital Private Limited (ESCPL) is the investment manager of the Green Growth Equity Fund ('**GGEF' or 'Fund'**). ESCPL through its Fund has commissioned an Environmental and Social Due Diligence (ESDD) relating to a potential acquisition of a Corporate Employee Transportation (CET) Business Group i.e. Lithium Urban Technologies Private Limited **('Lithium' or 'Target'**). The ESDD assessment has been undertaken to identify environmental and social risks related to the acquisition by determining non-conformances to the environmental and social reference framework[1]. An outcome of the ESDD is an Environmental and Social Action Plan (ESAP) that provides recommendations for closure of any identified gaps, responsibility and timelines for closure.

This abridged version of the due diligence has been provided to meet the requirements of public disclosure as defined in Green Climate Fund (GCF) Information Disclosure Policy (IDP)[2]. The salient features of the target company (Lithium) have been provided below:

- **Purpose, nature and scale of activities:** Lithium is the only electric mobility provider with end-to-end capability to provide CET solutions to 50+ marquee clients. With a fleet of 700+, Lithium has one of the largest fleets of 4-wheeler electric vehicles in the world. The company operates out of 8 cities namely Bengaluru, National Capital Region (NCR), Hyderabad, Chennai, Pune, Manipal, Kolkata and Mumbai.
- **Intended Beneficiaries:** Lithium allows clients to reduce their carbon footprint by replacing existing internal combustion engines with electric fleets for the day-to-day operations. As a result, Lithium's activities directly benefits the community by mitigating climate change risks through reducing vehicular emissions in large metros across India.
- **Duration of proposed activities:** Lithium is a service-oriented industry and therefore there is no set timeline to the duration of its operation. The vehicle fleet of Lithium is replaced on a 3-year basis to ensure newer models are being adopted.
- **Summary of stakeholder consultations and planned stakeholder engagement process:** As part of the due diligence process, consultations with Lithium site staff at the Bengaluru office, sample set of drivers and employees engaged in managing electric charging infrastructure were consulted. The focus of the consultations was to understand the roles and responsibilities of these parties and evaluate compliance of Lithium with respect to national labour regulations. As part of the due diligence, Lithium has been required to develop a stakeholder engagement plan identifying all stakeholders including client representatives, drivers and relevant authorities to ensure continued engagement of key stakeholders to the companies' activities.
- **Grievance mechanism:** Lithium's grievance mechanism is focused on three stakeholder groups – (i) clients, (ii) drivers and (iii) larger community. Clients as a stakeholder group can raise grievances to the Lithium sales team through an in-house tech portal. Drivers are consulted on a fortnightly basis and can raise grievances directly to the driver engagement team of Lithium. The larger community can raise grievances to Lithium through the contact us[3] page at sales@project-lithium.com or at their physical address in Bengaluru, India. All Lithium vehicles carry the brand name and therefore specific grievances related to fleet movement can be directed to the Lithium official address and grievance email address. As part of the due diligence, Lithium has been required to strengthen the grievance mechanism by creating a grievance record and

[1] Applicable national, state and local regulations, IFC Performance Standards (2012) and IFC/World Bank Group Environmental Health and Safety (EHS) General Guidelines.
[2] https://www.greenclimate.fund/document/information-disclosure-policy
[3] https://project-lithium.com/contact-us/

escalation process as well as a dedicated grievance handle (email) for the larger community stakeholder group.

PROJECT OVERVIEW

Lithium is a zero-emission transport service provider of Electric Vehicles (EV), associated charging infrastructure and employee transportation management services. The company began operations in Bengaluru in July 2015 and has a presence today in National Capital Region (NCR), Bengaluru, Mumbai, Pune, Kolkata, Manipal, Hyderabad and Chennai. Lithium uses technology and EVs to provide one of the lowest per capita energy solutions for urban transportation and this is achieved through a technology enabled fleet whereby, an algorithmic transport routing technique is used to optimize trip scheduling and routing. The EVs are fitted with in-built telematics and cloud connectivity to continuously monitor energy efficiency, driving patterns, charging requirements and availability of charger 24x7 to boost productivity.

Lithium operates under two business models:

- **Corporate Employee Transportation**: Lithium operates a fleet of 702+ vehicles[4] across seven states and connects potential clients with trained drivers who can operate the vehicles. Three types of CET services are provided:
    - Dedicated vehicles provided to clients on a contractual basis for daily commutation needs
    - Spot rentals provided to clients on an hourly or day rate for intra-city travel
    - Trip-based vehicles provided to clients based on a prior booking for intra- and inter-city travel
- **Charging Hubs**: Lithium has entered a joint venture with Fourth Partner Energy Limited (FPEL) in December 2019 under the name – *Shuchi Anant Virya Pvt. Ltd*. to develop and operate electric vehicle charging facilities across the country and along major highways. *Shuchi Anant Virya Pvt. Ltd.* had started operations in Bengaluru and NCR at the time of the due diligence assessment and had proposed sites in Pune and Kolkata.

Organization Structure

Lithium has a head office in Bengaluru, India with lean teams at the other cities of operation. Each of the cities of operations is managed by a Head of Operations and supported by a city-level HR, site manager for each charging facility and maintenance lead. Junior level staff are mobilized for each of the cities as needed for the scale-up of operations. Each city also has engagement executives who are responsible for the training and support of drivers.

Drivers

Lithium has contracted 512 drivers5 through a Master Service Agreement (MSA) who are responsible for driving the existing vehicular fleet of Lithium under the CET model. Each of the drivers independently signs up on the contractual clauses identified in the MSA and their terms of service is governed primarily by the document.

Vehicular Fleet

Lithium's 702 vehicles are leased from distributor companies on a 3 to 5 year lease model. The responsibility of maintenance and replacement of any damaged/broken components lies with the

[4] As of March 31, 2022
[5] As of March 31, 2022

distributor company under the buyback clauses of the lease agreement. Three (03) vehicles are owned by Lithium for research and testing purposes but these vehicles are maintained at Lithium depot and not used for the CET services.

OBJECTIVE AND METHODOLOGY

The objective of the E&S risk assessment is to highlight potential E&S risks and impacts associated with the acquisition and determine any gaps with respect to the E&S reference framework.

The scope of work for the ESDD is as follows:

- Review of the corporate environmental and social (E&S) management systems of the Target
- Gap assessment of the E&S performance of the Target against the applicable reference framework with particular emphasis on:
    - Fleet and driver management
    - Working conditions and grievance redressal
    - Road safety and emergency preparedness
    - Vendor and supplier management
    - Waste management
- Preparation of an ESDD report presenting key findings, material issues, necessary mitigation and recommend additional actions in the form of an ESAP.

The adopted methodology has been provided in Table 1

Table 1: Adopted Methodology

Date	Activity
October 05, 2021	• Kick-off call between EverSource Capital and the third-party consultant to initiate the ESDD process; • Initial review of key documentation including Environmental Health & Safety (EHS) Policy, Human Resources (HR) Policy, driver management; and procedures, charging facility layout maps and key permits and licenses
October 11, 2021	• Discussion with Lithium personnel on key operations; • Discussion with internal stakeholders including drivers, HR, operations team; and • Visit to the EV charging facilities in Noida and Gurgaon in NCR.
October 20, 2021 – October 22, 2021	• Discussion with senior management of Lithium at the Bengaluru head office; and • Walkthrough the EV charging facility in Bengaluru
December 03, 2021	Submission of Draft ESDD report
March 14, 2022	Submission of Final ESDD report after multiple rounds of discussion and closure of comments

LIMITATIONS

This Environmental and Social Due Diligence (ESDD) has been conducted in lieu of an Environmental and Social Impact Assessment (ESIA) as a risk and impact identification tool for the acquisition. The following limitations have been identified with the acquisition vis-à-vis requirements of an ESIA:

- Lithium operations does not have a direct impact on any specific communities (“Affected Communities” as defined in IFC PS 1) and therefore the requirements of IFC PS 1 to physically disclose the relevant project information to affected communities has been determined to be

not applicable to the project. To meet the physical disclosure requirements, Lithium will provide a link to the abridged due diligence (*this document*) on their website and provide signs at each of their offices with a link to this document and the grievance handle for customers

- Lithium operates within city limits and therefore impacts from its operations (e.g. increased traffic and vehicular emissions) would have a negligible incremental impact on the baseline conditions (e.g. traffic safety and ambient air quality within city limits). Cumulative impacts as defined in IFC PS 1 would be imperceptible for the business operations of Lithium.
- An environmental and social baseline for Lithium cannot be developed considering the pan-India operations of the company and already impacted environmental and social receptors within the city limits of Lithium's operations.
- A project area of influence and/or study area has not been defined for the ESDD study due to the pan-India operations of Lithium. The company operates out of 8 cities namely Bengaluru, National Capital Region (NCR), Hyderabad, Chennai, Pune, Manipal, Kolkata and Mumbai. The due diligence evaluates country-wide risks associated with the operation and is focused on strengthening the risk controls to prevent any potential impacts to environmental, social and/or ecological receptors and resources.

ENVIRONMENTAL AND SOCIAL (E&S) REFERENCE FRAMEWORK

The Environmental and Social (E&S) reference framework for the assignment is as follows:

- Applicable Indian laws (national, state or local) on environmental and social issues;
- IFC Performance Standards;
- IFC/World Bank General Environmental Health and Safety (EHS) Guidelines; and
- EverSource Capital Environmental, Social and Governance Management Systems.

Lithium's operations have been reviewed with respect to the above E&S reference framework as part of the scope of work for the due diligence. The review with respect to applicable Indian laws has been summarized in Table 2. The review with respect to international standards has been provided in Table 3.

Table 2 provides the name of the regulation, applicability to Lithium operations and status of the relevant permit or license.

Applicable National, State and Local Regulations

Table 2: Applicable Indian Laws on environmental and social issues

S. N.	Regulation	Applicability	Status
1.	Environmental Clearance from the assigned authority of the Ministry of Environment, Forests and Climate Change (MoEFCC) under the Environmental Impact Assessment (EIA) Notification 2006 and as amended	**Not Applicable** Lithium does not meet the requirements of building and construction projects defined in EIA Notification 2006 for any of its facilities	Not Applicable
2.	Consent from State Pollution Control Board (SPCB)under the Air Act, 1981 and Water Act, 1974	**Not Applicable** Lithium does not have any air emission or water discharge	Not Applicable

		streams that meet the requirements for consent from SPCB	
3.	Shops and Establishment License[6] under the Karnataka Shops and Establishment Act, 1963	**Applicable**	Obtained and Valid
4.	Principal Employer License and Contract Labour License under the Contract Labour Regulation Act, 1971	**Not Applicable** Lithium has not hired any workmen exceeding twenty or more as required under the contract labour regulation	Not Applicable
5.	Petroleum and Explosives Safety license under the Petroleum Act 1934	**Applicable** Applicable for EV charging facilities	Obtained and Valid
6.	Central Electricity Authority (CEA) Amendment Regulations 2019 that defines electrical and fire safety regulations for charging hubs	**Applicable** Applicable for all charging hubs of *Shuchi Anant Virya Pvt. Ltd.*	The charging facilities had not complied to all requirements of the CEA regulations and therefore a fire and electrical safety audit of the facility was mandated as a prerequisite to the acquisition.
7.	Hazardous Waste Authorization under the Hazardous and Other Waste Rules, 2016	**Not Applicable** Lithium does not generate any hazardous waste streams defined in the Hazardous and Other Wastes Rules, 2016	Not Applicable
8.	Responsibility of bulk consumer of electronic waste (e-waste) under the E-waste Management Amendment Rules 2018	**Not Applicable** Lithium does not generate e-waste equivalent to the bulk consumer requirements defined in the e-waste management amendment rules 2016.	Not Applicable

International Standards

The review with respect to IFC Performance Standards and IFC/World Bank General EHS Guidelines has been summarized in Table 3. The EverSource Capital ESGMS aligns with the IFC Performance Standards and EHS Guidelines and therefore review with respect to EverSource Capital's ESGMS has been incorporated into Table 3.

[6] Note, the Shops and Establishment license is only applicable for the Lithium Head Office in Bengaluru, Karnataka. All other facilities under the operations of Lithium are leased facilities and therefore the Shops and Establishment License will not be under the name of Lithium Urban Technologies Private Limited.

Table 3: IFC Performance Standards, IFC/WB General EHS Guidelines and EverSource Capital ESGMS

S. N.	IFC Performance Standards	Summary of Requirements	Applicability to Lithium
1.	IFC PS 1: Assessment and Management of Environmental and Social Risks and Impacts:	The performance standard evaluates the development and implementation of an Environmental and Social Management System (ESMS) to help companies integrate plans and standards into their core operations that can anticipate environmental and social risks and impacts posed by the business activities. A good management system is designed to avoid, minimize and compensate for impacts arising out of the business operations and provides for consultation with key stakeholders across a business life cycle.	**Applicable** The ESMS defines the risk and impact identification process for Lithium's operations.
2.	IFC PS 2: Labour and Working Conditions	The performance standard defines a company's instruments in managing labour and worker's rights. The performance standard incorporates the following themes – human resource policies, worker organization, non-discrimination, retrenchment and protection of the workforce. The standard also identifies occupational health and safety components.	**Applicable** Lithium will need to comply with international and national labour laws defined in the International Labour Organization (ILO) convention and national regulations for employees and drivers.
3.	IFC PS 3: Resource Efficiency and Pollution Prevention	The performance standard describes the process for sustainable use of resources and materials and minimization of pollution streams arising out of a business operation.	**Applicable** Lithium will need to define processes for Greenhouse Gas Emissions (GHG) management, waste management from vehicular fleet operations and resource efficiency at the corporate office.
4.	IFC PS 4: Community Health and Safety	The performance standard requires the development of systems to avoid adverse health and safety impacts on affected communities from routine and non-routine business operations. The standard also evaluates the process for safeguarding of personnel in the interaction between security guards and communities	**Applicable** Lithium will need to align with the traffic management requirements defined in IFC PS 4.

5.	IFC PS 5: Land Acquisition and Involuntary Resettlement	The performance standard anticipates and avoids social and economic impacts from land acquisition and restrictions on land access. The standard also defines the process for engagement and compensation for physically and economically displaced persons.	**Not Applicable** Lithium's facilities are all leased and therefore no land acquisition or resettlement has been undertaken across the business.
6.	IFC PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources:	The performance standard anticipates and avoids social and economic impacts from land acquisition and restrictions on land access. The standard also defines the process for engagement and compensation for physically and economically displaced persons.	**Not Applicable** Lithium operates within city boundaries and therefore limited interaction with significant biodiversity values or natural resources is undertaken as part of day-to-day operations
7.	IFC PS 7: Indigenous Peoples:	The standard applies to the management of impacts on indigenous communities and their collective attachments including land, livelihood and cultural resources.	**Not Applicable** Lithium operates within city boundaries and therefore there is limited interaction with indigenous people communities.
8.	IFC PS 8: Cultural Heritage	The standard defines the protection and conservation of tangible and intangible cultural heritage resources that may be impacted from a company's business operations.	**Not Applicable** Lithium operates within city boundaries and therefore there is limited interaction with cultural heritage sites.
9.	IFC/WBG General EHS Guidelines	The guideline provides the Environmental Health and Safety (EHS) standards that can be globally applied to pollution prevention, occupational health and safety and community health and safety. The guideline also describes a general approach to management of pollution streams and safety risks associated with a company's operations.	**Applicable** Lithium will need to comply with the standards and guidelines provided in IFC/WBG General EHS Guidelines with respect to noise quality and occupational health and safety. The gap assessment with respect to the above is covered under IFC PS 2 assessment.
10.	EverSource Capital ESGMS	The ESGMS is the overarching ESG management document for EverSource	**Applicable**

		Capital and Green Growth Equity Fund. The ESGMS has been developed based on the individual standards of each of the fund's investors. The ESGMS has been designed to align with the IFC Performance Standards and IFC/WBG General EHS Guidelines	The EverSource Capital ESGMS aligns with the IFC Performance Standards and the review of Lithium with respect to IFC Performance Standards has been provided in this disclosure document. The review with respect to EverSource Capital ESGMS is therefore subsumed in the review of the IFC Performance Standards.

The performance of Lithium with respect to the applicable international standards described in Table 4 has been provided below.

Table 4: Review with respect to International Standards

IFC PS 1: Assessment and Management of Environmental and Social Risks and Impacts		
Environmental and Social Management Systems (ESMS) requires companies to develop plans and standards related to E&S aspects. An ESMS typically encompasses E&S commitments of a company, risk and impact identification process, legal compliance management, emergency response procedures, stakeholder engagement planning, grievance handling and supervisory structures to review E&S aspects	• Lithium does not have a formal documented ESMS • Lithium has developed an EHS Policy, site-screening and selection form and annual compliance tracker • Lithium has a driver engagement team consisting of drivers who have been promoted in-house to discuss on a the issues, concerns and grievances of the driver workforce. The driver engagement team typically visits each of the operational charging infrastructure and driver rest stops on a fortnightly basis and reports their findings to the corporate operations team maintaining anonymity. The driver engagement team also takes any grievances from drivers and incorporates the findings in process improvement discussions for operations at the corporate level • Lithium has two modes for grievance mechanisms – (i) existing clients can raise grievances to Lithium through the in-house tech portal and (ii) general grievances against Lithium operations can be raised through the dedicated email – sales@project-lithium.com. • Lithium has commissioned a fire and electrical safety audit in August 2021 to evaluate risks associated with the two operational charging facilities • The following components of the ESMS were not identified – EHS policy for *Shuchi Anant Virya Pvt. Ltd.*, risk and impact identification process for new sites, emergency preparedness and response plans, dedicated EHS resources, stakeholder engagement	***Medium Risk*** Lithium should develop an ESGMS aligned with the EverSource Capital's ESGMS including all the components identified as gaps. Lithium should hire or designate an Environmental Social and Governance (ESG) manager to oversee the implementation of the ESGMS and to periodically monitor its efficacy.

in business operations.	plan, grievance redressal mechanism, formal internal monitoring process and continual improvement process	
IFC PS 2: Labour and Working Conditions		
Human Resource Policies defines the company's procedures for management of human rights and labour compliance.	• Lithium has a dedicated HR policy that covers the requirements of IFC PS 2 with the exception of a formal retrenchment policy. The policy however, is limited to employees • Lithium employees are provided appointment letters, follow working hours and leaves in accordance to national regulations, accorded maternity benefits in accordance to the Maternity Benefit Amendment Act, 2017 and social security as applicable. • As drivers are covered under a Master Service Agreement (MSA), the HR policies do not extend to drivers. However, drivers too can avail leave, maternity benefits and social security as defined in the MSA. Salaries of drivers are fixed in the MSA and are in compliance with minimum wage requirements of the states of operation.	**Medium Risk** Lithium should update the HR policies and procedures including development of a retrenchment plan.
Working Conditions incorporates collective bargaining, equal opportunity employment, non-discrimination and internal grievance management.	• Consultations with employees, contractual housekeeping staff and drivers indicates alignment with requirements of IFC PS 2 including working hours, on-time salary payments, social security and other benefits. • A single non-compliance to the minimum wages act with respect to non-payment by a service contractor to one of their employees working at Lithium corporate office was identified.	**High Risk** Lithium should ensure that compliance to statutory wage requirements is followed for all manpower. Arrears should be given to the identified case of non-compliance to the minimum wages act.
Occupational Health & Safety defines the management of job-related safety aspects including use of personal protective equipment (PPE), job safety training and safety risk management into the operations.	• Driver and fleet management programs were in place through an integrated transport management system at the Bengaluru office that tracks road safety parameters including driving speed, rash driving and accident/incidents. • No pre-employment medical check-up is undertaken for drivers but periodic medical check-ups are organized by the Lithium team. Additionally, clients onboard drivers under the CET business through their own pre-employment medical check-up process. • Lithium has developed a COVID-19 preparedness plan that covers employee protection, sanitation, user protection and vaccination. • An electrical safety checklist has been developed for the charging facilities but the checklist had not	**Medium Risk** Lithium should develop a legal register that captures the CEA Amendment Regulations 2019 Lithium should develop an occupational health

	aligned with the CEA regulation amendment guidelines 2019.	surveillance program for EV drivers
IFC PS 3: Resource Efficiency and Pollution Prevention:		
Resource Efficiency describes the management of natural resources (primarily energy and water) and requires the development of process to reduce, reuse and recycle resources.	• The drinking and domestic water requirements for charging facilities and office units are being supplied through third party local vendors but the source of the water is not known to the Lithium team. • Domestic water requirement in NCR charging facility is being met through groundwater under the ownership of the building owner. The status of groundwater abstraction permission is not known. • Lithium vehicles are currently being charged at facilities that are procuring electricity from the grid. Sustainable energy sources have not been implemented across the portfolio. • For the *Shuchi Anant Virya* charging hub in NCR, a 320 kVa transformer is being used for electricity supply • All Lithium facilities are within municipal boundaries and therefore wastewater is routed to the municipal drainage channels	**Medium Risk** Lithium should identify groundwater abstraction requirements in their EHS legal register (recommended in IFC PS 1 – ESGMS and IFC PS 2 – Occupational Health & Safety)
GHG Emissions defines the process for evaluating GHG emissions from a business operations and the process to reduce the emissions generated.	• By its very nature, Lithium is providing an alternate to standard vehicles by providing EV infrastructure to clients.	**None**
Waste Management identifies the process for storage, handling, transportation and disposal of waste management streams being generated from a business operation.	• Lithium leases its vehicles for a 3-year period and therefore does not generate any waste associated with vehicular maintenance and disposal. Three vehicles in the fleet are owned for research and testing purposes but no components of the vehicles have been disposed till date • Lithium does not have a buyback agreement with respect to any end-of-life or damaged car batteries. • Municipal solid waste being generated at the facility falls within the city limits and is therefore transported and disposed by municipality approved vendors	**Medium Risk** Lithium should develop an end-of-life vehicle battery management policy Lithium should establish buyback clauses with all vendors for battery disposal
IFC PS 4: Community Health and Safety		
Emergency Preparedness and Traffic	• Lithium staggers the car movement within its parking and charging facilities to ensure there is no overflow onto public areas	**Medium Risk**

Management defines the processes developed by a company to reduce the impact of any safety-related risks from their operations onto the surrounding community.	• Lithium does not have any emergency preparedness plan that has identified scenarios for fire safety extending to surrounding businesses, communities or commercial properties.	Lithium should incorporate community health and safety considerations with respect to fire safety extending to surrounding buildings from its charging facility operations as part of the emergency preparedness and response plan (*row 1 of this table*)
Security Personnel identifies the training and management of security personnel including grievance handling and use of force when managing community risks.	• Lithium does not hire any security personnel directly and all security engagement in charging facilities are managed by building owners.	**None**

PROJECT CATEGORIZATION

The ESDD has been categorized with respect to ESCPL ESGMS as per the definitions provided in Table 5.

Table 5: Project Categorization

Categorization	Definition
Category A	Projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented;
Category B	Projects with potential limited adverse social or environmental impacts that are few in number, Facility -specific, largely reversible, and readily addressed through mitigation measures;
Category C	Projects with minimal or no adverse social or environmental impacts.

Based on the ESDD undertaken, the acquisition has been identified as a **Category B** project given a limited number of site specific environmental and social impacts that can be readily addressed through adoption of appropriate mitigation measures and adhering to good industry international practices. The key environmental, social, health and safety risks and issues associated with this project include the following:

- The fleet is purely electric thereby generating limited air emissions from operations.
- The impact from the project activities and operations remains largely within site boundaries.
- The electronic waste from O&M of EV vehicles and supporting chargers and old batteries are largely covered under responsibility of vendors resulting in no bulk storage of such waste at charging facilities.
- There are no process operations or waste/emission/effluent generations that can create significant and irreversible impacts.
- The charging facilities are not located in areas of high biological diversity such wetlands, mangroves or protected areas such reserved forests etc.
- There are no resettlement or rehabilitation issues related with setting up of charging facilities or hub.
- Pertinent gaps were observed in Lithium's management system, legal register, emergency response planning and that can be readily addressed through mitigation measures.
- Gaps observed in management of aspects related to fire and electrical safety at EV charging facilities as per regulatory requirement can be rectified through implementation of management plans.

ENVIRONMENTAL AND SOCIAL ACTION PLAN

The Environmental and Social Action Plan (ESAP) as an outcome of the ESDD has been provided in Table 6.

Table 6: Environmental and Social Action Plan

S.N	Measures and/or Corrective Actions	Reference	Measurable Outcome	Risk Priority	Timelines
1.	Lithium should develop an Environmental and Social Management System (ESMS) that aligns with EverSource Capital's ESGMS. Lithium's ESGMS should include the following components: • The existing EHS policy of Lithium. • A Hazard Identification and Risk Assessment (HIRA) checklist to be applied to any EV charger installation across operations of Lithium and *Shuchi Anant Virya.* • The EV charging station and charger location survey form should be updated to incorporate availability of EHS permits and charging space arrangements. • Designation of an EHS/ESG head profile within the corporate office of the company. • Development of an Emergency Preparedness and Response Plan (EPRP) comprising of all potential emergency scenarios for charging facilities operated by *Shuchi Anant Virya* • Update and maintain an EHS legal register including permits/approval conditions for the EV charging facilities operated by Lithium and/or *Shuchi Anant Virya* • Prepare a formalized Stakeholder Engagement Plan (SEP) that covers each of the charging facilities operated by Lithium and/or *Shuchi Anant Virya* • Existing Grievance Redressal Mechanism of Lithium strengthened with grievance documentation and escalation as required in IFC PS 1.	Assessment of IFC PS 1 in Table 3	Copy of Environmental and Social Management Systems (ESMS)	Medium	Within 6 months of the acquisition
2.	• Ensure the Lithium EHS Policy is translated into local languages and both English and local language forms are integrated as annexures in the Master Service Agreement (MSA) with the drivers • The above policy to be also communicated through display at conspicuous places at EV charging facilities (both client and Lithium operated). • Prepare and communicate an E&S Policy for *Shuchi Anant Virya*, involved in development of EV charging infrastructure.	Assessment of IFC PS 1 in Table 3	Copy of MSA and photographic evidence of display at EV charging facilities Copy of E&S Policy	Medium	Within 3 months of acquisition Within 1 month of developing policy
3.	• Conduct six monthly mock drills to assess the effectiveness of the EPRP and maintain records of the same.	Assessment of IFC PS 1 and IFC PS 2 in Table 3	• Emergency Preparedness and Response Plan • Records of mock drills	Medium	EPRP – Prior to acquisition

S.N	Measures and/or Corrective Actions	Reference	Measurable Outcome	Risk Priority	Timelines
	• Communicate/display list of emergency responders at the EV charging facilities at both client and Lithium operated sites. • To identify fire risk points at Charging hub and make necessary fire safety arrangements. • Update EV charging station and charger location survey form by incorporating availability of appropriate EHS permits, charging space arrangements, fire safety arrangements, existing EPRP etc.		• Photographic evidence of emergency responder phone numbers displayed on notice board • Updated EV charger location survey form		Other actions – within 6 months of acquisition
4.	• Install and maintain the fire prevention and control arrangements at the EV charging facilities operated by Lithium as per CEA regulations viz. provision of fire detection & alarm system as per Indian standards, examination and refilling details of fire extinguishers etc. • Perform periodic review/audits to assess the functionality of the fire prevention and control arrangements at the EV charging facilities operated by Lithium.	Assessment of IFC PS 1 and IFC PS 2 in Table 3 Compliance with CEA Amendment Regulations as required in Table 2	Photographic evidence/PO for installation of fire prevention and control equipment Copy of fire safety audit report	High	PO for installation of fire control equipment – prior to acquisition Fire safety audit – within 3 months of acquisition
5.	Establish and implement a standard safety assessment program for regular periodic assessment of the electrical safety of charging station operated by Lithium. Conduct periodic test and inspection of the charging facilities – every year for first three years after energisation and every four years thereafter.	Assessment of IFC PS 1 and IFC PS 2 in Table 3 Compliance with CEA Amendment Regulations as required in Table 2	Safety Assessment Program Records of periodic test and inspection	High	Safety assessment program – prior to acquisition Periodic tests – to be undertaken within first year of acquisition
6.	• Conduct a training for the drivers on the Grievance Redressal Mechanism. • Communication of the GRM to facility owners. • Ensure presence of Grievance Box at all EV charging facilities. • Fast track the implementation of driver grievance redressal app.	Assessment of IFC PS 1 and IFC PS 2 in Table 3	• Training Records • Photographic evidence of GRM communication • Grievance redressal app	Medium	Within 6 months of acquisition
7.	Ensure compliance to the statutory wage requirements including payment of due arrears of the housekeeping staff engaged through manpower supply agency.	Assessment of IFC PS 2 in Table 3	Copy of wage slips/records	High	Prior to acquisition

S.N	Measures and/or Corrective Actions	Reference	Measurable Outcome	Risk Priority	Timelines
8.	Update the HR Policies and Procedures to include a retrenchment plan to address for any adverse impact in case of collective dismissal of workers/employees.	Assessment of IFC PS 2 in Table 3	Retrenchment Policy/Plan	Medium	Within 6 months of acquisition
9.	• Develop an accident reporting and investigation procedure. • Develop and implement an occupational health surveillance program for the EV drivers. • Conduct both pre-employment and periodic medical surveillance to assess driver health. The above policies should be integrated into the ESMS (row 1 of this table).	Assessment of IFC PS 1 and IFC PS 2 in Table 3	• Copy of accident/incident reporting and investigation procedure. • Copy of the driver OHS program. • Copy of pre-employment and periodic medical examination records	Medium	Within 6 months of acquisition
10.	• Ensure provision of earth continuity monitoring for all EV charging station operated by Lithium. • Make provision of wheel chocks for EVs charged at both client and Lithium operated sites.	Assessment of IFC PS 1 and IFC PS 2 in Table 3	Photographic evidence	Medium	Prior to acquisition
11.	• Develop a dedicated policy for disposal of end-of life vehicles housing battery infrastructure and EV charging components. • Discuss buy back arrangement clause with all vendors before agreement is signed to incorporate battery buy back or disposal plan to maintain consistency. The dedicated policy on disposal of end-of-life vehicles hosing battery infrastructure and EV charging components should be integrated into the ESMS (row 1 of this table)	Assessment of IFC PS 1 and IFC PS 3 in Table 3	• Copy of policy on end-of-life vehicle and EV charging equipment disposal • Copy of lease agreement signed with vendors	Medium	Within 6 months of acquisition

CONCLUSION

The assessment of Lithium Urban Technologies did not identify any major red flag or fatal flaws with the acquisition process. The risks related to fire safety, electrical safety and non-compliance to minimum wages have been identified and required to be closed as a condition precedent to the acquisition process.

The focus post acquisition will be to improve the overall management systems and documentation of EHS aspects being managed by Lithium. The overarching document for this purpose has been identified as the Environmental, Social and Governance Management System (ESGMS) manual that will align to EverSource Capital's ESGMS. The processes defined in the ESGMS will be rolled-out and implemented across Lithium sites including:

- Display of the EHS policy across all Lithium and Lithium subsidiary sites
- Implementation of the emergency response process such as numbers of first responders and conducting periodic mock drills
- Periodic statutory compliance reviews including the CEA Amendment Regulations 2019 relevant to electric charging infrastructure
- Training and provision of mechanisms to raise grievances
- Specific procedures related to end-of-life battery disposal and occupational health surveillance
- Update to the HR policies to address gaps with respect to IFC PS 2 including retrenchment

The risks above have been identified to be manageable as part of the day-to-day operations of Lithium as discussed in the internal risk committee meeting of EverSource Capital. The benefits of the acquisition of Lithium include working with India's largest corporate employee transportation provider for electric vehicles and the potential carbon offset mechanism for converting large transportation fleets of clients to sustainable alternatives.