

## DFC Public Information Summary

<b>Host Country(ies)</b>	India
<b>Name(s) of Borrower(s)/Guaranteed Party(ies)</b>	Upgrid Electrilease Private Limited
<b>Project Description</b>	Upgrid Electrilease Private Limited (Battery Smart) is a battery swapping network for electric vehicles in India. They launched in 2019 with a focus on electric mobility and economic growth for “bottom of the pyramid” electric rickshaw drivers and small business owners. DFC support will enable Battery Smart to rapidly scale their network, supporting the expansion of electric mobility use across India.
<b>Proposed DFC Loan/Guaranty</b>	\$10,000,000
<b>All-Source Funding Total</b>	\$45,000,000
<b>Policy Review</b>	
<b>Developmental Objectives</b>	The Project is expected to have a positive development impact in India by providing convenient and affordable lithium-ion battery swapping services by Battery Smart, supporting the expansion of electric autorickshaws and increasing income for low-income autorickshaw drivers. On average, internal combustion engine (ICE) autorickshaws in India average only about 20% lower emissions than the typical ICE vehicle in the U.S. Although the autorickshaw fleet is quickly transitioning to battery power, eliminating tailpipe emissions, the vast majority of electric autorickshaws use lead acid batteries which are heavier, less efficient, and have a shorter lifespan than lithium-ion batteries. Battery Smart’s “battery as a service” model eliminates the up-front costs of switching from lead acid to lithium-ion batteries, leading to reduced downtime and increased income for low-income drivers.
<b>Environment and Social Assessment</b>	<b>Screening:</b> The Project has been reviewed against DFC’s categorical prohibitions and has been determined to be categorically eligible. Projects involving the storage and maintenance of batteries for micro-electric vehicles are categorized as Category B under DFC’s environmental and social policies and procedures. The Project’s environmental and social impacts are expected to be few in number, site-specific, reversible and readily addressed through mitigation measures. The Project is subject to climate change resiliency screening per EO 13677.

India lost its eligibility for GSP in 2019 based on a failure to provide equitable and reasonable market access. India is not currently subject to petitions challenging its DFC eligibility on worker rights grounds and has ratified six of ten International Labor Organization (ILO) core labor conventions; it has not ratified Conventions 87 (freedom of association), 98 (collective bargaining), 155 (occupational health and safety), and 187 (occupational health and safety).

**Applicable Standards:** The Project is subject to DFC’s 2020 Environmental and Social Policy and Procedures (“ESPP”). Under DFC’s ESPP, the Project Sponsor is required to comply with applicable national laws and regulations related to environmental and social performance. In addition, DFC’s environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following International Finance Corporation’s (IFC) 2012 Performance Standards (PS):

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts;
- PS 2: Labor and Working Conditions;
- PS 3: Resource Efficiency and Pollution Prevention;
- PS 4: Community Health, Safety, and Security;

In accordance with PS 3, the Project is also subject to the IFC April 30, 2007 Environmental, Health, and Safety (EHS) General Guidelines.

**Environmental and Social Risks and Mitigation Measures:**

The key environmental and social risks associated with the Project include the need to establish a formalized environmental and social management system including a robust employee grievance mechanism and detailed labor policies, hire a dedicated environmental and social coordinator to oversee environmental and social aspects related to the Project, fire and electrical safety, occupational health and safety, internal and external grievance handling, and supply chain management.

A review of the Borrower’s existing policies and procedures indicates that although Battery Smart has some components that address environmental and social aspects of its business, there is a need to develop a formalized and comprehensive environmental and social management system that aligns with PS 1 in order to properly identify potential risks and adequately monitor for compliance throughout Battery Smart’s operations. In addition, the current organizational structure is insufficient for the scope and nature of the Project to be able to properly oversee environmental and social matters. Therefore, DFC will require that Battery Smart hire a dedicated full-time EHS officer.

Given that fire and electrical safety is a key risk for the Project, DFC will require a fire and electrical safety audit covering the full spectrum of Battery Smart's operations and implementation of any corrective actions that come out of the audit. The audit will cover systems and process for i) sourcing batteries and vetting / managing suppliers, ii) vetting, onboarding and managing location partners, including training and emergency response procedures. In addition, the Borrower should update its SOPs and training materials to emphasize safety of people first, calling first responders if needed, and then calling Battery Smart to report the incident.

The Project's primary supply chain carries elevated labor risks due to procurement of lithium-ion batteries and components produced in PRC with cobalt extracted by child labor from mines in the Democratic Republic of Congo. As of the date of this clearance, none of Battery Smart's identified primary suppliers of lithium-ion batteries are subject to U.S. government forced labor enforcement actions. However DFC will require the development and implementation of a Supply Chain Management Plan identifying appropriate staffing, requiring the identification and reporting of all Tier 1 and Tier 2 suppliers for the batteries, and the due diligence of any new supplier establishing a due diligence process for any new suppliers.