



SOURCE Global PBC – ESMS Disclosure

This document describes the Environmental and Social Management System (“ESMS”) for SOURCE Global, PBC (“the Company” or “SOURCE Global”). It is the set of policies and procedures to identify, manage, and reduce environmental and social (E&S) risks and impacts associated with its activities funded with support from the Green Climate Fund. The Company ESMS incorporates the following elements: (i) policy; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) grievance mechanism and stakeholder engagement; and (vii) monitoring and review. This document outlines an Environmental and Social Management System to ensure that its activities:

- Are environmentally and socially sustainable
- Are compatible with low carbon economic development
- Respect Human Rights in all forms, avoiding prejudice and discrimination
- Avoid adverse environmental and social impacts and, if such impacts are unavoidable, work to mitigate them

The ESMS adopts as a standard of for its environmental and social review process the IFC Performance Standards, EIB E&S Standards, the applicable World Bank Group Environmental, Health and Safety (EHS) Guidelines, and applicable Environmental and Social host country laws, regulations and permits in the countries in which it operates. Where host country environmental, health, safety and social standards differ from those of the IFC Performance Standards, Industry Sector Guidelines or international Labor Rights, SOURCE Global will apply the more stringent standard.

1. Environment and Social Policy Statement

Through its Vision & Mission Statement, *Perfecting Water for Every Person Every Place*, SOURCE Global makes a commitment to achieving sound environmental and social objectives and principles with its partners, customers, and team. As we execute on this vision, our impact is felt in multiple environmental and social ways that have deep implications around the globe, and we take very seriously the way we run and govern our company to achieve our goals. We center our activities on the following core values to drive the strategic pillars that are the focus of our company.

Through its core product, SOURCE Global delivers measurable impacts on climate adaptation and improved resilience, contributes to several SDGs, with differentiated impacts on gender and reductions in GHG emissions. Hydropanels will have a direct, calculable reduction in GHG emissions through reductions in plastic water bottles, transportation-related emissions, and fossil fuel-powered purification processes used by large treatment plants.

SOURCE Global commits to identifying and assessing environmental and social risks related to human resource management, environmental management, occupational health and safety management, and community impacts and relations and ensures ongoing dialogue with internal and external stakeholders.

2. Identification of Key Environmental and Social Risks and Impacts

Given the nature of the environmental and social risks associated with the manufacturing, distribution, and installation of the product, according to the IFC Performance Standards, the activity is screened as a Category B. There is significant flexibility in panel placement based on customer preference, and potential negative environmental and social risk and impacts are therefore limited, site-specific, and can be addressed through implementation of an appropriate Environmental and Social Management System (“ESMS”).



Key issues and impacts identified include the ongoing effectiveness of implementing the E&S management system; labor and working conditions including occupational health and safety; community health and safety with regards to water quality; the need for effective engagement of stakeholders and for a system to redress any potential stakeholder grievances.

While all Performance Standards are applicable to this investment, the Company is expected to have impacts which must be managed in a manner consistent with the following IFC Performance Standards:

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

Issues related to PS5: Land Acquisition and Involuntary Resettlement, PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources, PS7: Indigenous Peoples and PS8: Cultural Heritage are not relevant given the control over the siting of water systems on either residential rooftops or ground mounted locations. Future locations are screened to avoid any significant issues associated with any of the Performance Standards.

3. Management of Environmental and Social Risk

To implement the Environment and Social Policy Statement above, SOURCE Global has developed a series of internal policies and procedures to address key areas.

- **Human Resource Management** - SOURCE Global's "People Department" is responsible for the implementation of employment related policies and procedures which are outlined in the Employee Guide. The Employee Guide is available to all employees through the intranet. SOURCE Global's has a unique corporate culture and practices regarding talent selection and acquisition, innovative employee onboarding, talent management, employee rewards and continual improvement of internal communications. The Employee Guide outlines information regarding workers' rights under national labor and employment law. SOURCE Global has an Equal Employment Opportunity policy granting equal employment opportunities to all employees and employment applicants without regard to unlawful considerations of race, color, religion or creed, gender/sex, including pregnancy, national origin or ancestry, ethnicity, citizenship status, genetic information, military or veteran status, age, and physical or mental disability, or any other classification protected by applicable local, state, or federal laws. This policy applies to all aspects of employment, including, but not limited to, hiring, job assignment, compensation, promotion, benefits, training, discipline, and termination.
- **Contractor Management**- SOURCE ensure that occupational safety and health practices are extended to installer and distributor contractors as applicable. Additionally, during induction and on an ongoing basis, contractors are made aware of the various grievance channels
- **Occupational Safety and Health** – Occupational safety and health is integrated into the overall management planning process, and the Company has a formal safety reporting system for employees to submit their safety concerns. Additionally, safety and health concerns are communicated through regular safety and health trainings, with routine safety and health inspections conducted on a quarterly basis. SOURCE Global has the following written safety and health policies which are accessible for all on-site personnel to minimize on-the-job employee accidents and injuries: Forklift Operation, Safety Orientation, Health and Safety Program, Hazard Communication Program, Lock out Tag Out Program, Fall Protection program, Chemical Bulk



Unloading, Spill Containment, Small Spill Cleanup, Bloodborne Pathogen Exposure Control, and Respiratory Protection Program.

- **Supply Chain Management** - When engaging new suppliers, SOURCE Global conducts a comprehensive risk assessment of the cost and quality of material or finished delivery/logistics, finances, including currency, and relational, environmental, child labor or forced labor, technology/IP, and manufacturing risks. Suppliers are vetted through a multi-stage approach starting with an RFI (request for information), performing on-site assessments or audits, ensuring comprehensive RFP/RFQ (request for proposal/request for quotations) submission information, and obtaining 3rd party certifications. <https://www.source.co/supplier-terms-conditions/>.
- **Community Health and Safety with Regards to Water Quality**- SOURCE Global has formal quality control mechanisms that monitor water quality through multiple channels to ensure that water quality meets or exceeds applicable national acceptability standards, or in their absence, the current edition of the WHO Guidelines for Drinking Water Quality. Every installation takes physical water tests at multiple points. Samples may be provided by the customer or taken through third parties. Panels contain ultraviolet radiation and a mineralization process to ensure purification. Every panel and system is connected to SOURCE Global via intelligent sensors that use a cellular network to report quality and usage data to SOURCE Global's data center in real time. There is an active, automatic notification of the system to confirm that it is operating at a safe level. SOURCE meets or exceeds water quality standards outlined in the Safe Drinking Water Act and local standards at SOURCE installations worldwide.
- **Site Screening Procedures** have been adopted through a business confidential Site Survey and a Field Installation Manual to ensure that all site locations safeguard against adverse impacts related to the livelihoods or cultural identity of the Indigenous Peoples, involuntary resettlement, biodiversity, and cultural heritage sites.
- **Governance**- Confidentiality, Inventions and Restrictive Covenant Agreement is signed by every employee, and includes obligations on anti-bribery, and Foreign Corrupt Practice Act- (Business Confidential)
- **Effectiveness and Management of Environmental and Social Risks and Impacts**- SOURCE Global and its stakeholders, including CRAFT, have an annual review process with senior management of the company to evaluate the effectiveness of the Environmental and Social Management System, including compliance with any related legal and/or contractual obligations and regulatory requirements. This process incorporates information received through the internal reporting of the Environmental and Social Questionnaire (See Annex B), reporting of any adverse material environmental and social incidents, information received through the various grievance redress mechanism as well as through the stakeholder engagement process.

4. Organizational Capacity and Competency for Implementation

SOURCE Global commits to establish, maintain, and strengthen as necessary an organizational structure that defines roles, responsibilities, and authority to implement the elements of the ESMS. While ultimate responsibility for the ESMS rests with the General Counsel and EVP, a team of key senior managers at SOURCE Global are play a role in implementing the ESMS including personnel in Manufacturing, Engineering, Legal, Supply Chain, Global Field and Service, the Chief Revenue Officer, and the Brand President. SOURCE Global acknowledges that its ESMS policies and processes are ongoing and dynamic in nature and will seek continual improvement of its ESG performance.

5. Emergency Preparedness and Response



SOURCE Global will respond to accidental and emergency situations associated with its activities in a manner that is appropriate to prevent and mitigate any harm to people and the environment. As part of this process, the Company identifies potential risk and communities and individuals that may be impacted with appropriate response procedures, resources, and responsibility. All emergency preparedness procedures and response activities will be periodically reviewed and revised, as necessary, to reflect changing conditions. In the event of a material adverse environmental or social incident, the Company will report via the *Incident Notification Template*. (See Annex A).

6. External Communications, Grievance Mechanism, and Ongoing Reporting to Affected Communities

SOURCE Global has several grievance channels for both employees and community stakeholders such as customers, users of water and people living in and around the water system.

Complaints can be submitted by phone or email to the Global Business Development team which is responsible for follow-up through the customer service process which connects customers to local Certified SOURCE Installation partners to ensure immediate attention. The Network Operations Team can be reached at +1-855-796-9283 and will connect to relevant local contracts responsible for the installation and maintenance of the system. The Customer Service Process and Inquiry Procedures outline the follow-up and record-keeping procedures.

Employee grievances are handled through the People Department and complaints can be submitted by phone, electronically or in-person at the headquarters office which is located at [1465 N. Scottsdale Rd., Scottsdale, AZ 85257](#). In practice, employees may go to a supervisor, the head of the People Department or Chief of Staff prior to submitting a formal complaint. Contractors and installers can submit complaints or issues through an online platform operated by the field team for training, communication, resources. Additionally, SOURCE Global conducts quarterly surveys of its staff on an anonymous basis. SOURCE Global has a formal complaint procedure to investigate workplace complaints related to harassment, discrimination, retaliation by a co-worker, supervisor, agent, client, vendor or customer of SOURCE Global. The grievance mechanism is communicated to employees at the time of hire through the Employee Guide.

SOURCE Global can be reached at [+1-855-796-9283](#), contact@source.co or [1465 N. Scottsdale Rd., Scottsdale, AZ 85257](#) to report any concerns or issues. Community grievances can also be received in each jurisdiction in which the hydropanels are installed. SOURCE registers its contact information to local authorities should any contact / grievance need to be conveyed. SOURCE also keeps its own employees involved in project execution and they available to receive grievances on site. Finally, SOURCE contractors can take grievances and share them to SOURCE for review / resolution.

Stakeholders can also access the Lightsmith (CRAFT) Grievance Redress Mechanism through their public website (<https://lightsmithgp.com/contact/>) and at the physical address of the Director of Compliance at Conservation International (below), the website of the Accredited Entity, Pegasus Capital Advisors and directly through the GCF Independent Redress Mechanism (<https://irm.greenclimate.fund/about>).

By e-mail:

accountability@lightsmithgp.com

By e-mail:

GEFAccountability@conservation.org

By mail:

Director of Compliance
Conservation International
2011 Crystal Drive, Suite 500
Arlington, VA 22202, USA



7. Stakeholder Engagement

SOURCE Global has created a process that applies at each installation site with mechanisms to identify and engage key stakeholders which can include customers, local tribes, councils, municipalities, business owners, through a formal process. Each project includes collaboration with local partners such as local government permitting offices, regional/national regulatory agencies, local government officials, community organizing groups, and local community members and customers to understand localized elements and SOURCE Global then builds projects to reflect that. SOURCE Global projects plans include consultation with all identified stakeholders, enumeration of all required regulatory compliance activities, and holding forums for information sharing/question answering with local stakeholders. This process prompts discussion around land use, community engagement and the water resource.

SOURCE Global documents its community consultation at each stage of the review which is also a critical aspect of the business process. Prior to any installation, community members receive individual hand-outs describing how the hydropanel system works and how to reach SOURCE Global with questions, comments or concerns and signs are also posted in public spaces. Additionally, SOURCE Global has several grievance channels for both employees and community stakeholders such as customers, users of water and people living in and around the water system, with formal procedures in place for follow-up and record keeping.

For those stakeholders without access to the Internet, a computer, or a power source, Company-related disclosures including the ESMS and SOURCE's *Global, PBC- Environment and Social Due Diligence Report* can be made available at SOURCE Global Headquarters in Scottsdale, Arizona, United States or available upon request at one of the global contract partners. SOURCE Global will soon be establishing a physical presence in Brazil at which point the project-related information will be disclosed.

Project Level information will be physically disclosed at:

SOURCE Global Water Technology Mexico
Av. Paseo de la Reforma
404 Piso 13
Col Juarez
06600 Cuauhtemoc D.F.

SOURCE Global South Africa
Central Office Park No. 4 257 Jean Ave Centurion
Gauteng 0157

SOURCE Global
Rua Henrique Schaumann, 2
70 - Pinheiros. CEP: 05413-909.
São Paulo, State of São

8. Monitoring and Review

SOURCE Global engages in internal monitoring for any environmental, occupational health and safety, public health and safety, or social event, incident or accident that occurs onsite that may have a material adverse effect, attract adverse outside attention, or give rise to material potential liabilities. Information surrounding incident reporting is considered sensitive business information and will be kept confidential. Reporting includes information about the nature, impact and effects of the incident, actions taken, and



plans to be taken to remedy and to prevent future events. See Appendix A: Incident Notification Template for guidance.

SOURCE Global understands that its environmental and social risk are dynamic in nature and commits to continual improvement with an ongoing process of reviewing, correcting and improving its ESMS.

9. Confidentiality

The internal policies and procedures related to SOURCE Global's ESMS are considered business confidential given the financial and proprietary nature of the information. Disclosure of this information could cause harm to the Company's commercial and competitive positioning. Additional information is available upon request at <https://www.source.co/contact-us/>.



Annex A: Incident Notification Template

| INCIDENT NOTIFICATION | | | | | | |
|---|--------------------------|-------------------------|----------------------|-------------------------------|--------------------------|--|
| <i>-Business Confidential-</i> | | | | | | |
| 1. INCIDENT DETAILS | | | | | | |
| Project Company | | Date of incident | | | | |
| | | Time of Incident | | | | |
| Location of incident | | Type of Incident | Environmental | <input type="checkbox"/> | | |
| | | | Injury | <i>Workforce</i> | <input type="checkbox"/> | |
| | | | | <i>Public/Local community</i> | <input type="checkbox"/> | |
| Social incident (e.g. violent labor unrest) | <input type="checkbox"/> | | | | | |

| 2. WHAT HAPPENED |
|--------------------------------------|
| <i>Brief description of incident</i> |
| |

| 3. INJURED WORKERS | | | | | | |
|-----------------------|-----|-----|-------------------------|-------------------|-------|-----------------------------|
| Employee / Contractor | Sex | Age | Job Title / Description | Time with company | Cause | Injury Type (Major / Fatal) |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

| 4. INJURED MEMBERS OF PUBLIC | | | | | | |
|------------------------------|-----|-----|-----------|--------------------|-------|-----------------------------|
| Name | Sex | Age | Community | Place of Residence | Cause | Injury Type (Major / Fatal) |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

| 5. ENVIRONMENTAL INCIDENT | | | |
|-------------------------------|-----------------------------|-------|--------|
| Type (Spill / Gas Release) | Total Loss (Litres /KGs) | Cause | Damage |
| | | | |
| | | | |
| | | | |
| | | | |

| 6. WITNESSES TO INCIDENT | | | |
|--------------------------|-----|--------------------|-------------------------|
| Name | Sex | Place of Residence | Description of incident |
| | | | |
| | | | |
| | | | |
| | | | |

| 7. OTHER RELEVANT INFORMATION | | | | | |
|--|--------------|--------------------------|----|--------------------------|---|
| Have the authorities been informed? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> | What has been done about the incident? |
| <i>Please provide further information here</i> | | | | | |
| Media attention? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> | |
| <i>Please provide further information here</i> | | | | | |
| Any effects off-site? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> | |
| <i>Please provide further information here</i> | | | | | |
| Photographs taken? (please include them in this report) | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> | |
| Name of person completing form | | | | | |
| Position | | | | | |
| Contact details | Phone | | | Email | |



Annex B: Annual Environmental and Social Questionnaire

ENVIRONMENTAL AND SOCIAL COMPLIANCE

| | |
|---|--|
| E&S Category | |
| Key Issues Identified at Assessment | |
| Environmental and Social Action Plan | |
| Ongoing Issues | |
| Compliance | |

| POLICIES AND PROCESS | RESPONSE |
|-----------------------------|-----------------|
|-----------------------------|-----------------|

| | |
|--|--|
| Has your company developed and implemented an ESMS? | |
| Please state any difficulties and/or constraints related to the implementation of the environmental and social procedures. | |
| Does your company have a formal Human Resource policy? | |
| Please summarize the nature of complaints received through the grievance mechanism | |
| Please describe any accidents/ litigation/ complaints/regulatory notices and fines non- compliance with local regulations related to environmental, social, or labor issues. | |
| Please give details of any material environmental and social issues during the reporting period in particular | |
| Please describe the status of any third party certifications maintained by the Company (B Corp, ISO9001, ISO2200, HACCP, PS, etc.) | |
| Please describe any actions or considerations taken related to gender | |

| CAPACITY | RESPONSE |
|-----------------|-----------------|
|-----------------|-----------------|

| | |
|---|--|
| Please provide the name and contact information of the person(s) who has the overall responsibility for the implementation of ESMS. | |
|---|--|

| COMPLIANCE | RESPONSE |
|-------------------|-----------------|
|-------------------|-----------------|

| | |
|---|--|
| Does the Company respect Child Labour laws and regulations in all jurisdictions (minimum age for admission to employment, suitability of the job for a person below the age of 18)? | |
| Does the Company respect occupational safety and health regulations (developing and applying a preventive safety and health culture in the workplace)? | |
| Were any customers engaged in illegal land seizures, or negative impacts on biodiversity, indigenous people or cultural heritage? | |