

2021 Environmental, Social & Governance Report



**LION
ELECTRIC**



Table of Contents

3 INTRODUCTION

- 4 About this Report
- 5 Message from our Leadership Team
- 7 About Lion
- 14 ESG Highlights
- 15 ESG Roadmap
- 16 ESG Policy

18 ENVIRONMENTAL

- 19 Products
- 22 Operations

26 SOCIAL

- 27 Employees
- 31 Customers and Communities

34 GOVERNANCE

- 35 Board Composition and Competencies
- 37 ESG and Risk Management
- 37 Ethical Business Practices
- 38 Cybersecurity
- 38 Regulatory Involvement

39 APPENDICES

- 40 Standards Indices
- 43 Data Tables
- 44 Glossary and Acronyms
- 45 Caution Regarding Forward-Looking Statements

Introduction

Introduction



About this Report

Report Scope and Boundary

This is Lion Electric Company (NYSE: LEV) (TSX: LEV) (“Lion” or the “Company”)s first Environment, Social and Governance (“ESG”) report (the “report”). Unless otherwise noted or the context otherwise requires, the report presents the ESG issues and impacts of our activities during the 2021 calendar year (January 1, 2021 – December 31, 2021) and all information is given as of the date of publication of this report. This report encompasses all of Lion’s operations and activities during the reporting period. References to “Lion,” “we,” “our,” “us,” “the Company” or similar terms refer to The Lion Electric Company and its subsidiaries, on a consolidated basis.

Our intended audience for this report includes our employees, customers, supply chain partners, governments, investors, and communities. Our goal is to introduce our stakeholders to the policies and practices that shape and guide our ESG approach and offer performance highlights based on our recent initiatives.

Reporting Frameworks

This report contains disclosures recommended in the Industrial Machinery & Goods and Automobiles standards developed by the Sustainability Accounting Standards Board (“SASB”) and the recommendations by the Task Force on Climate-related Financial Disclosures (“TCFD”). Content Indices are available for reference in the Appendices.

Currency

We publish our consolidated financial statements in U.S. dollars. In this ESG report, unless otherwise specified, all monetary amounts are in U.S. dollars, all references to “\$,” “US\$” and “USD” and “dollars” mean U.S. dollars and all references to “C\$,” “CDN\$,” “CAD\$”, mean Canadian dollars.

External Assurance

The operational greenhouse gas “GHG” emissions data were quantified by Quinn+Partners using the Greenhouse Gas Protocol Corporate Standard, and in alignment with ISO 14064-2:2019: Greenhouse gases — Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements. The performance data contained herein have not been externally verified. We will explore opportunities to verify our data going forward, and look forward to reporting on additional information that aligns with globally recognized reporting standards and matters most important to us and our key external stakeholders. Lion’s 2021 avoided GHG emissions were calculated by Tetra Tech, Inc.

This ESG report is an interactive PDF and is designed to be viewed with Adobe Reader using an internet connection. The report can also be viewed online, but any external links will not be accessible.

Contact Us

We welcome feedback on our report and initiatives. Please contact us by telephone at **450-432-5466** or by email at ir@thelionelectric.com.



Message from our Leadership Team

Climate change is one of the most significant challenges we face as a society, and it is also an unprecedented opportunity. To transition to a low-carbon economy swiftly, we need to tackle significant emission sources. In North America, the transportation sector is one of the largest contributors to GHG emissions.¹ In particular, medium- and heavy-duty vehicles, like buses and trucks, account for nearly 40% of transportation-related emissions, and freight emissions are growing so much so that they are poised to exceed those from passenger vehicles by 2030.² In its watershed report on how to transition to net-zero, the International Energy Agency noted that electric buses and electric heavy-duty trucks will need to represent 79% and 59% of global vehicle fleet respectively by 2050 to limit global average temperature increase to 1.5 degrees Celsius.³ To put this in perspective, those fleets are far from being 1% electric today.

At Lion, commitment to sustainability is an integral part of our DNA. We believe that the time to electrify transportation is now because it plays an important role in achieving net-zero emissions and transitioning to a low-carbon economy. Doing so is a matter of respecting the earth and the people who live on it.

As an established manufacturer of zero-emission vehicles (ZEVs), Lion is making a difference today. Our all-electric urban trucks are viable zero-emission replacements for heavy-duty vehicles that otherwise pollute city air with

stop-and-go traffic in congested, populated areas. Our electric school buses provide reliable transportation for our youngest generation without the health hazards of idling emissions. In other words, all the vehicles we currently have available for sale are dependable, proven solutions that contribute to a zero-emission future.

It is undeniable that ZEVs will play an essential role in helping the United States and Canada reach their net-zero targets by 2050 and earlier. For their part, automakers have pledged to phase out internal combustion engines in the next decade or so for electric passenger vehicles. Many well-established original equipment manufacturers (OEMs) have promised to only sell ZEVs by 2035. This is an enormous post-industrial shift, and one that will keep emissions out of the atmosphere forever. But these actions alone will not be sufficient to stem the tide. Similarly ambitious action is needed for buses and freight vehicles, a decarbonization opportunity that is too significant to ignore.

Over the past year, states, provinces, cities and municipalities across North America have started enacting regulations to decarbonize medium- and heavy-duty vehicles. In California, the Advanced Clean Truck regulation set forth plans to accelerate zero-emission trucking through manufacturer sales requirements and reporting requirements for corporate fleets. New York State and many other states and provinces are likely to be following suit. In its 2030

¹ <https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/market-snapshots/2016/market-snapshot-increased-ghg-emissions-from-transportation-sector-reflect-major-consumer-business-trends.html>

² https://unfccc.int/sites/default/files/resource/br4_final_en.pdf

³ Net Zero by 2050 - Analysis - IEA



At Lion, we are proud to be a change agent and role model, bringing solutions to our customers in their journey to GHG emission reductions and demonstrating proof of possibility in our own business.

Emissions Reduction Plan, the Government of Canada is aiming to achieve 35% of total medium- and heavy-duty vehicle sales being ZEVs by 2030 and plans to introduce regulation requiring 100% of sales be ZEVs by 2040 for a selection of vehicle styles, with interim 2030 regulated sales requirements for different vehicle categories. Provincially, British Columbia's new Climate Action Plan promises to establish similar sales targets, and Quebec has committed to electrifying 55% of city buses and 65% of school buses by 2030.⁴

This past year has been one of transition for Lion and marked several important accomplishments, including Lion becoming a public company, which enabled us to strengthen the structure required for us to grow. We are confident that the initiatives we have taken will help

accelerate growth, while making a concrete, long-term impact on the society we live in. We can proudly claim that, as of the publication of this report:

- We have seven electric vehicle models available for purchase and five electric vehicle launches planned for 2022.
- We have more than 600 electric buses and trucks on the road, which have logged more than 10 million miles, including 196 vehicles delivered in 2021 alone.
- We have an order book of 2,422 vehicles (2,136 buses and 286 trucks) and 241 charging stations from our LionEnergy division.
- We have factories in Montreal and Mirabel with existing combined capacity of 2,500 vehicles-per-year.
- We are finalizing the construction of a 20,000 vehicles-per-annum facility located in Joliet, IL which, once in operation in the second half of this year, will be the largest all-electric medium and heavy-duty vehicle plant in the United States and Canada.
- We are finalizing the construction of a highly automated 5 gigawatt hours battery factory on track to begin production in Mirabel in the second half of 2022.
- We have a growing network of Experience Centers to educate and support our customers on their EV journey.
- We have a rapidly growing workforce of approximately 1,100 people, including approximately 300 engineering and R&D professionals.

During our first year as a public company, we took focused steps towards setting the foundations for our long-term sustainability vision by educating our stakeholders on

the importance of sustainable development and doing a thorough inventory of the initiatives we already had in place. We also put a governance framework for ESG in place and developed our first ESG Policy. Lastly, we calculated our 2020 and 2021 Scope 1 and 2 GHG emissions, as well as the emissions our vehicles have helped our customers avoid.

This is just the beginning. While we have many achievements to celebrate, we recognize that we still have much to do. For example, we will continue building a more diverse team, especially in management, leadership positions and at the Board of Directors level. This will ensure that we have the breadth of talent, perspectives and experiences needed to succeed in our long-term strategy. Another ongoing challenge is to develop better systems for tracking non-financial data — namely GHG emissions, energy, materials, and water use. As we continue to enhance our capabilities in these areas, we will be in a better position to set ambitious targets and measure our progress toward achieving them transparently. We also plan to increase ESG awareness at all levels within the organization and develop more comprehensive methods of engaging with our stakeholders so that we can prioritize our efforts appropriately. In 2022, we will conduct a materiality assessment to validate the ESG issues that are most important for our business, identify our most material Scope 3 emissions and unveil a formal ESG strategy to focus and align our efforts across the Company.

We look forward to sharing our progress as we work alongside our employees, customers, suppliers and industry partners and investors, to move forward together. Thank you for joining us on this journey, and we look forward to paving the way for transportation decarbonization and a sustainable future.

Marc Bedard
CEO-Founder

Isabelle Adjahi
Vice-President, Investor Relations and Sustainable Development

⁴ Source: Framework policy on electrification and the fight against climate change, Government of Québec

⁵ Refer to Management Discussion and Analysis of the Company for the quarter ended March 31, 2022, for additional information on Order Book, a non-IFRS measure



About Lion

Introduction

Lion believes it is a leader in the design, development, manufacturing, and distribution of purpose-built all-electric medium and heavy-duty urban vehicles.

Lion's growing line-up consists of seven mid-range truck and bus models available for purchase today. Lion further has an active product development pipeline and expects to launch eight new mid-range truck and bus models over the next two years, five of which are expected to be commercialized in 2022.

Lion's vehicles and technology benefit from more than ten million miles driven by more than 600 of its purpose-built all-electric vehicles that are on the road today, in real-life operating conditions.

About Lion

All-Electric Buses

Models available today

Introduction



LIONM



LIONA



LIONC

Planned 2022 new product launch to complement existing line-up

LIOND



About Lion

All-Electric Medium and Heavy-Duty Urban Trucks

Models available today



LION6

LION8

LION8 Refuse

LION8 Reefer

Planned 2022 new product launch to complement existing line-up



LION8T



LION8 Bucket



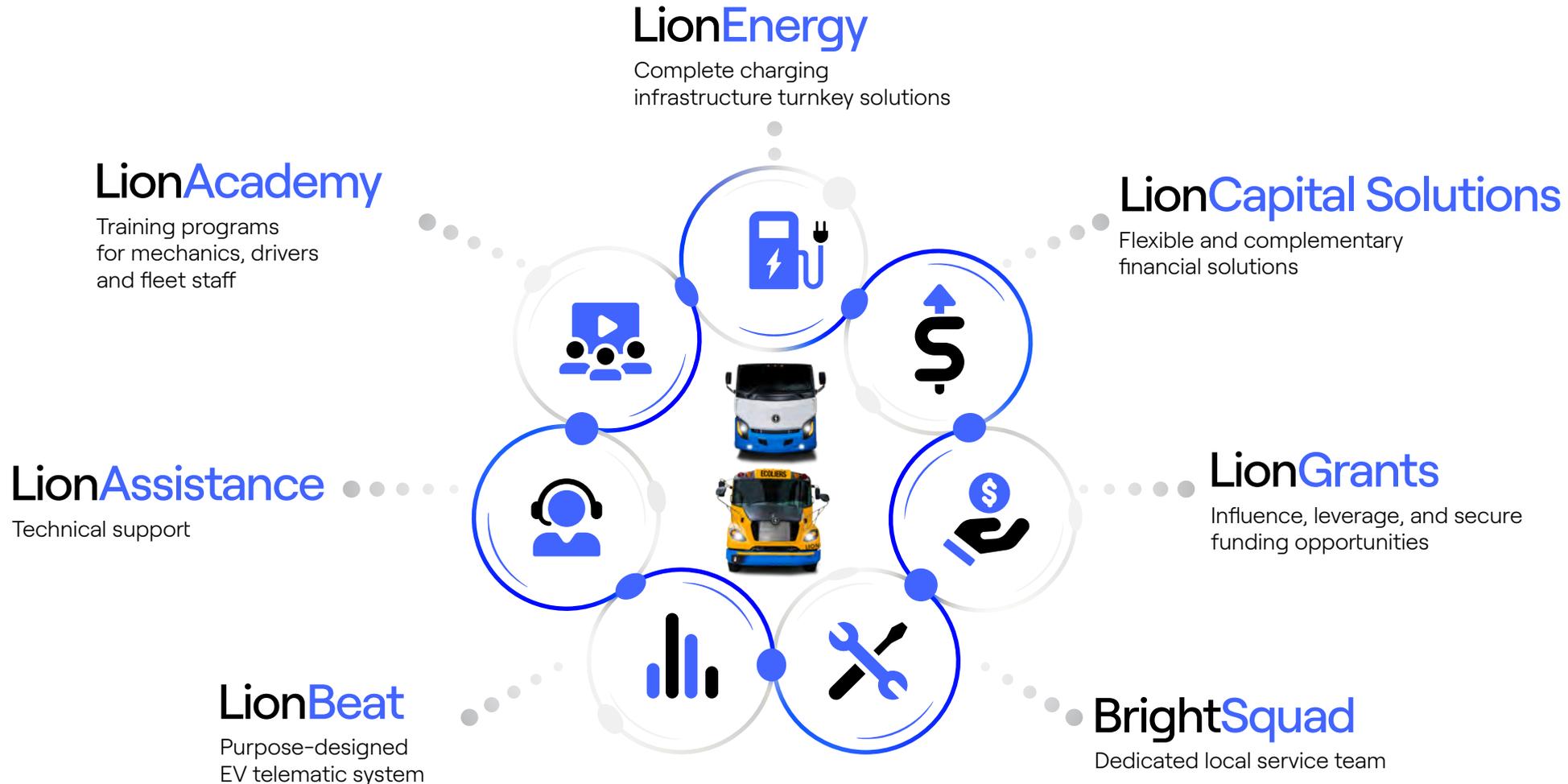
LION5



AMBULANCE
In partnership with **DEMERS**
AMBULANCES

About Lion

LionEcosystem: The Complete Lion Experience





About Lion Operations

Headquarters and Offices

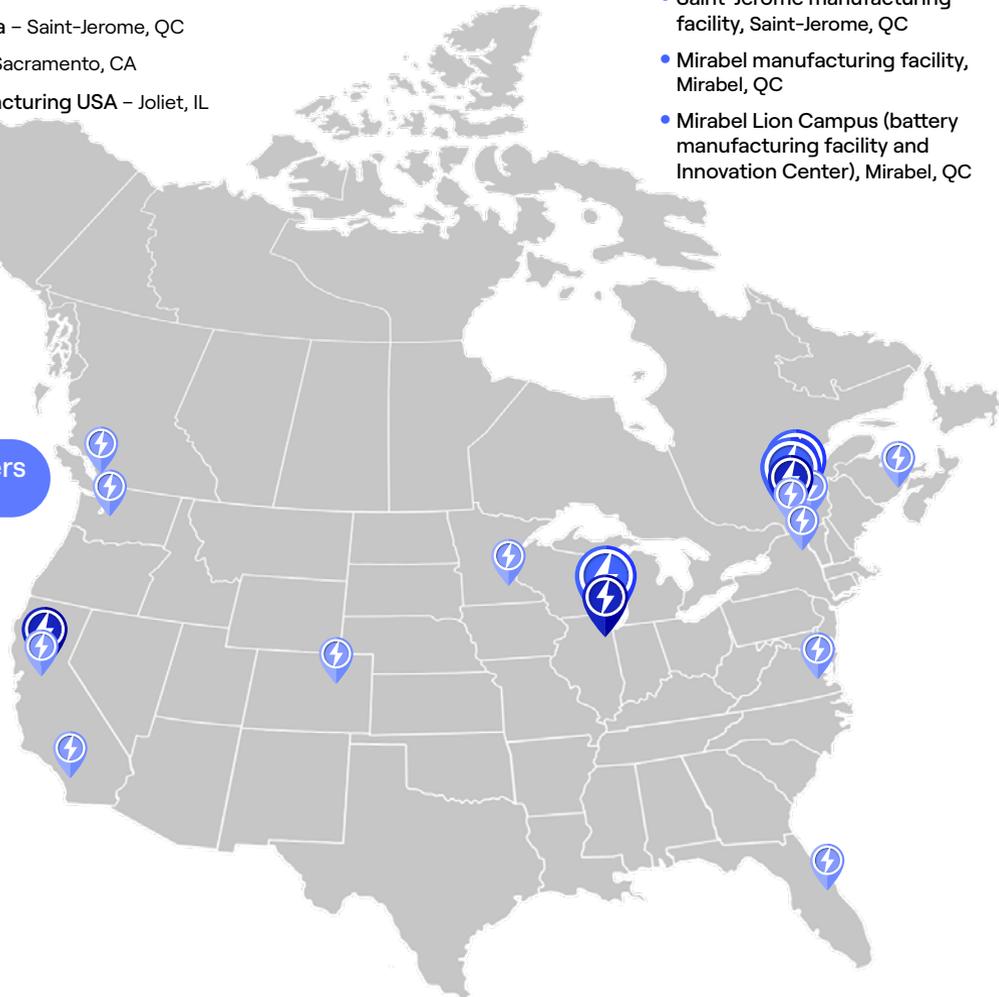
- Lion Electric Canada – Saint-Jerome, QC
- Lion Electric USA – Sacramento, CA
- Lion Electric Manufacturing USA – Joliet, IL

Manufacturing Facilities

- Joliet manufacturing facility, Joliet, IL
- Saint-Jerome manufacturing facility, Saint-Jerome, QC
- Mirabel manufacturing facility, Mirabel, QC
- Mirabel Lion Campus (battery manufacturing facility and Innovation Center), Mirabel, QC

Experience Centers (As of May 2022)

1. Saint-Jerome, QC
2. Terrebonne, QC
3. Richmond, BC
4. Moncton, NB
5. Los Angeles, CA
6. Sacramento, CA
7. Denver, CO
8. Jacksonville, FL
9. Shakopee, MN
10. Richmond, VA
11. Milton, VT
12. Auburn, VA





About Lion Operations



Introduction

Saint-Jerome, QC Manufacturing Facility

- Dedicated facility near Montreal, Quebec, serving as both corporate headquarters, manufacturing facility, R&D center and Experience Center.
- 200,000 ft² production facility for the LionC, LionD, and all-electric trucks.*
- In-house R&D / testing center.

Mirabel, QC Manufacturing Facility

- Recently opened near the Saint-Jerome manufacturing facility.
- 50,000 ft² facility to manufacture LionA and LionM minibuses.
- Enables Lion to further optimize vehicle production.

* most of the 200,000 ft² is dedicated to manufacturing, with the rest serving as corporate headquarters, R&D center and Experience Center.



About Lion Operations



Mirabel, QC Lion Campus Battery Manufacturing Facility and Innovation Center

- New highly-automated battery plant assembling and Innovation Center.
- Planned annual capacity of 5 gigawatt hours, enough to electrify approximately 14,000 of Lion's electric trucks and buses.
- Proprietary Lion modules and packs (21700 cylindrical cell-based battery production).
- Expected to start battery production in the second half of this year.
- Expected strategic benefits to Lion: Cost savings, elimination of supplier dependency, control over battery design to optimize specifications and engineering flexibility to rapidly adapt to emerging battery technologies (e.g., solid state).
- Innovation Center to focus on R&D: new advancements in performance, range, energy capacity and the development of innovative products, which will include a climate testing and battery destruction room.



Joliet, IL Manufacturing Facility

- New U.S. EV manufacturing plant located in Joliet, IL, a strategic location close to suppliers and customers.
- Took possession of 900,000 ft² shell building in January 2022.
- Working to finalize tenant inducements and begin equipment installation.
- Largest U.S. production site for zero-emission medium and heavy-duty vehicles.
- Highly automated production facility: capacity of 20,000 vehicles-per-year.
- Expect first vehicle off the production line in the second half of 2022.
- Ability to meet increasing demand for "Made in America" ZEVs.

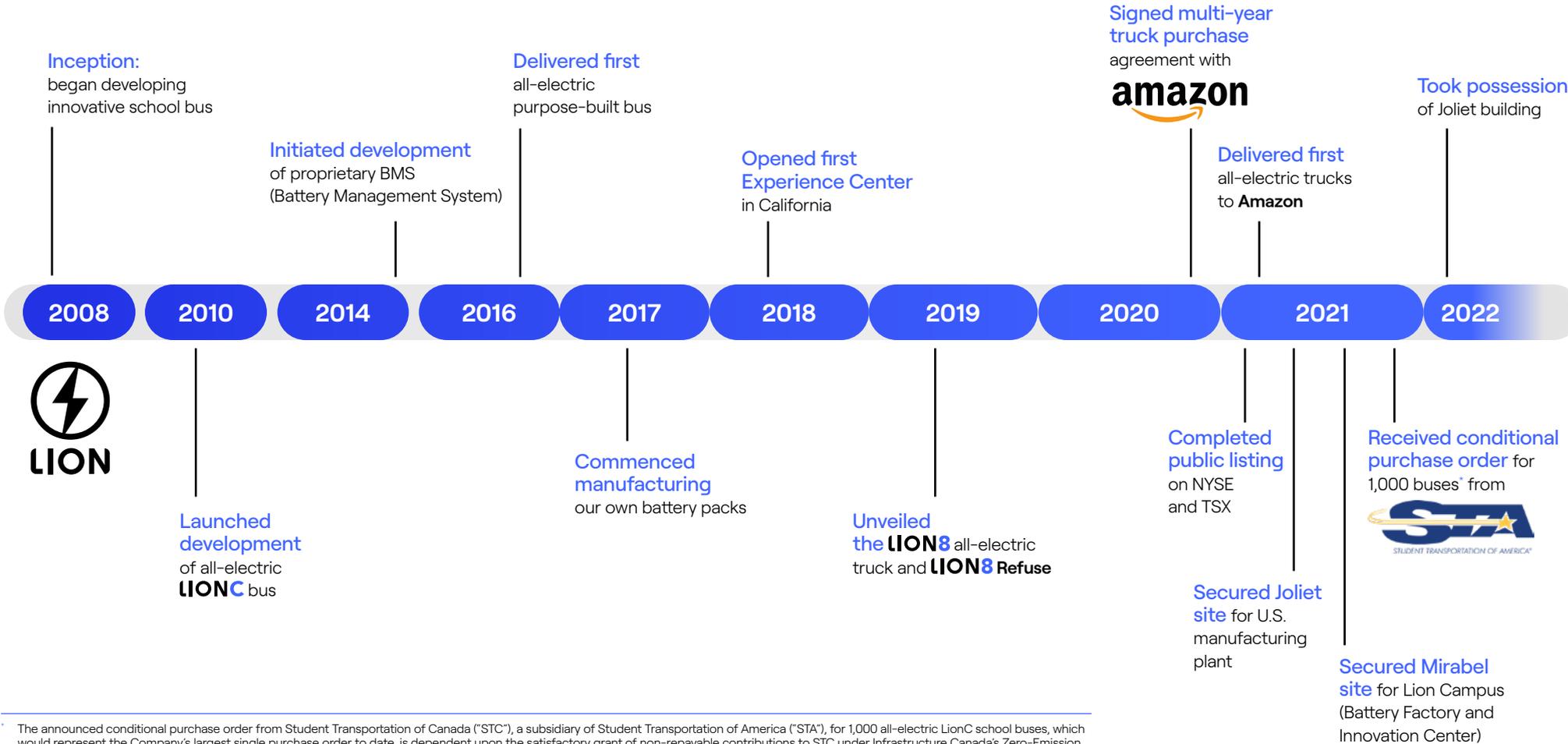
ESG Highlights

Established EV Company with Vehicles on the Road and Proven Technology



ESG Roadmap

Lion's Journey of Designing, Developing and Manufacturing All-Electric Vehicles



* The announced conditional purchase order from Student Transportation of Canada ("STC"), a subsidiary of Student Transportation of America ("STA"), for 1,000 all-electric LionC school buses, which would represent the Company's largest single purchase order to date, is dependent upon the satisfactory grant of non-repayable contributions to STC under Infrastructure Canada's Zero-Emission Transit Fund ("ZETF"), in respect of which the formal application filed by STC constitutes the first application made by a customer of Lion under the ZETF program.



ESG Policy

Introduction

At the Lion Electric Company (“Lion”), environmental, social and governance (“ESG”) issues are engrained in our DNA and drive us in everything we do. We believe the time to electrify transportation is now because it plays an important role in achieving net-zero emissions and transitioning to a low-carbon economy. Doing so is a matter of respecting the earth and the people who live on it. It will also lead to a better society, a healthier environment and improved living conditions. We are committed to leading by example and stand ready to support companies and communities looking to prepare themselves for the future.

We promise our employees, communities, customers, suppliers, investors and partners to operate our business in an ethical and sustainable manner. We know that ESG issues are integral to the long-term success and health of our business. As such, we believe that effective ESG management helps us build a strong company shaped by the best people delivering sustainable and integrated transportation solutions, thereby driving value for all our stakeholders.

Vision

As a leader in the design, manufacturing and distribution of all-electric medium and heavy-duty vehicles, we are paving the way for transportation decarbonization. We aspire to blaze trails towards net-zero emissions and inspire others to come along for the ride. We strive to be an exemplary corporate citizen and set the standard for sustainable operations and supply chain management. We seek to mitigate potential social or environmental impacts that may result from our activities and seize opportunities to enhance positive environmental and social outcomes whenever possible.

ESG Policy

Commitments

As a leading North American original equipment manufacturer (OEM) in transportation electrification and a role model in the transition to a net-zero future, Lion commits to:

Environmental

- Assess environmental impacts across the lifecycle of our products.
- Ensure high environmental standards for sourced materials.
- Innovate, seek new technologies and continuously improve the design of our products to reduce resource consumption, minimize waste and ecological impacts and enable re-use and recycling of parts at their end of life.
- Reduce greenhouse gas emissions from our operations.
- Power our operations and distribution networks with renewable energy.

Social

- Design our vehicles with the most stringent health and safety features to protect drivers, passengers and other road users.
- Prioritize a healthy and safe work environment for all employees, contractors, customers and visitors.
- Foster an inclusive work culture that embraces diverse perspectives.
- Incorporate ESG criteria in our procurement activities to identify and manage risks and opportunities, build resilient supply chain to climate change and social disruptions, and source from suppliers who share our values.
- Educate stakeholders about the benefits of electric vehicles.
- Invest in our local communities and create mutually-beneficial partnerships.

Governance

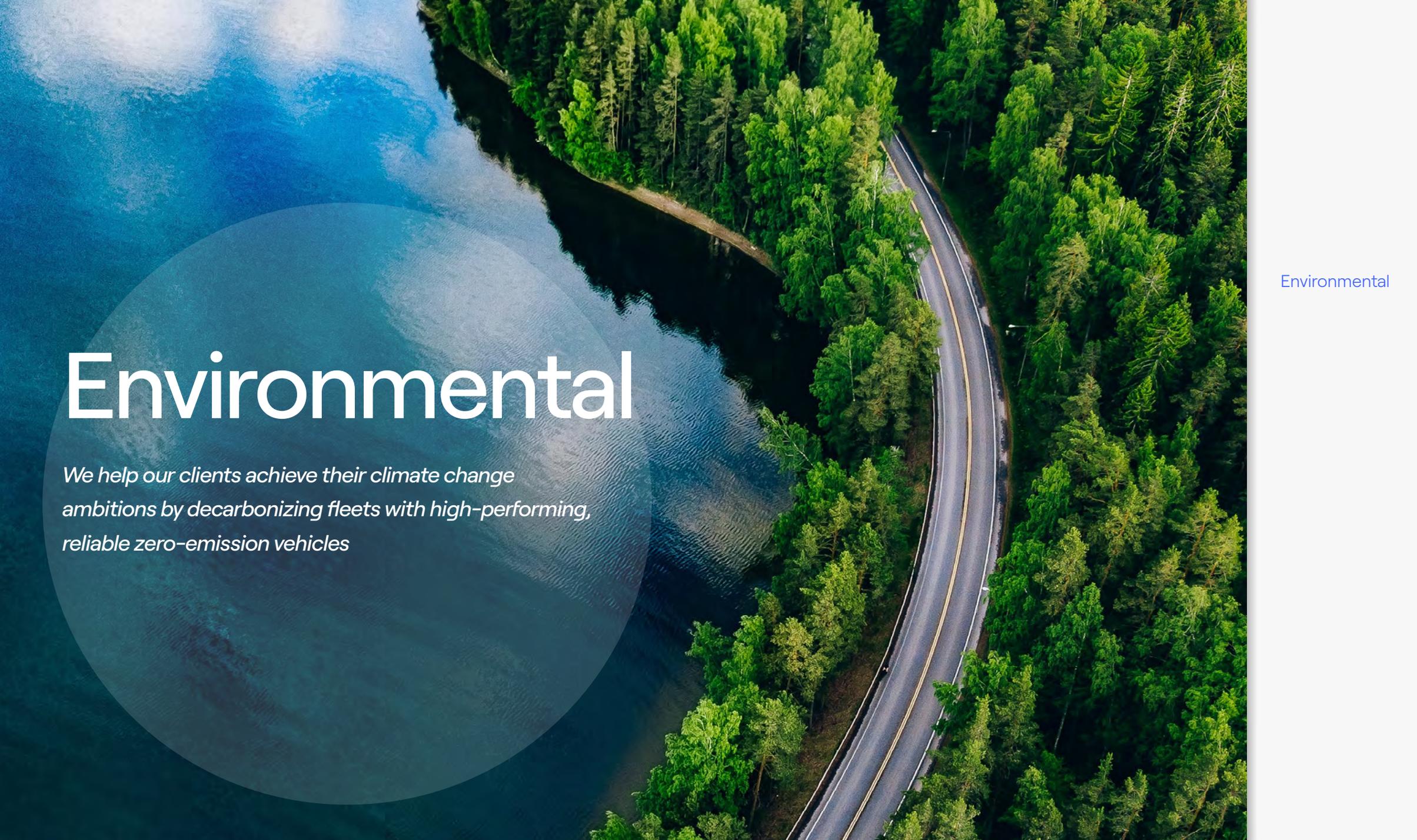
- Build a culture where employees embrace high ethical standards and apply our values in all aspects of their work.
- Protect the data of our employees, investors, customers, suppliers, contractors and other stakeholders from cyberthreats.
- Engage with industry and regulators to encourage the electrification of the transportation sector.

Implementation

To make progress across our ESG commitments, we will establish our current performance, set targets, implement actions, monitor our improvements and report transparently.

Scope and Responsibilities

This Policy applies to all Lion operations and our employees, suppliers and contractors. All Lion employees are responsible for contributing to the effective implementation of Lion's ESG Policy. The CEO-Founder oversees this Policy and is responsible for its enforcement across our operations. This ESG Policy is reviewed annually and approved by the Board of Directors.

An aerial photograph showing a dark asphalt road that curves through a dense, vibrant green forest. To the left of the road, a large body of water with a deep blue hue is visible. The scene is captured from a high angle, looking down on the landscape. A large, semi-transparent circular graphic is overlaid on the left side of the image, containing the main text.

Environmental

We help our clients achieve their climate change ambitions by decarbonizing fleets with high-performing, reliable zero-emission vehicles

Environmental



Products

Materials

Companies in the automobile industry, and the ZEV sector in particular, often rely on rare earth metals and other critical materials as key inputs. Many of these inputs have few or no available substitutes and are often sourced from deposits concentrated in a few countries, many of which are subject to geopolitical uncertainty. Additionally, growing global demand for these materials can result in price increases and supply risks.

ZEVs, including Lion's vehicles, use lithium-ion cells. Lithium is a dense metal produced primarily in South America, Australia and the U.S. that is reactive and flammable. Extracting lithium requires water and chemicals, both of which can have local, environmental and social impacts. As such, there are negative perceptions regarding the suitability of lithium-ion cells for automotive applications, the impact of mining and potential incidents involving the possibility of catching fire due to improper manufacturing or damage.

Objective

Ensure high environmental standards for sourced materials by implementing optimal business practices across our supply chain and minimizing any negative impact on people and the environment when sourcing our materials.

Actions in 2021

We developed an ESG Policy that clearly states that we aim to incorporate ESG criteria in our procurement activities to identify and manage risks and opportunities, build supply chains resilient to climate change and social disruptions, and source from suppliers who share our values. In doing so, we are taking concrete steps to manage risks associated with our materials.

Plans going forward

To help us achieve our objectives, we plan on developing and implementing a Supplier and Procurement Policy to ensure a consistent, formal and best practice approach to materials procurement that aligns with our ESG beliefs.

While GHG emissions from manufacturing can be higher with ZEVs, **the farther they travel the more carbon negative they become** due to zero tailpipe emissions. **This is an important consideration since heavy-duty trucks can reach lifetime mileages of well over 500,000.**



Products

Sustainable Supply Chain Management

As a designer, manufacturer and assembler of zero-emission vehicles, we have a robust EV platform, supported by a proven technology. We also have a resilient supply chain in place and alternate sourcing options for most components.

We have over a decade of experience managing our EV supply chain, which has helped us navigate recent global supply chain challenges (caused among other things by the COVID-19 pandemic) and was a differentiating factor for us in 2021. Today, we source from approximately 530 suppliers. We have built our supplier relationships to enable us to quickly react to this uncertain environment and avoid disruptions in our supply chain. In doing so, we are navigating through the current environment while at the same time developing long-term partnerships as we ramp-up production. This agility will remain a key competitive advantage for our long-term growth.

Objective

Incorporate ESG criteria in our procurement activities to identify and manage risks and opportunities, build supply chains resilient to climate change and social disruptions, and source from suppliers who share our values.

Actions in 2021

In 2021, we undertook the following initiatives to improve the sustainability of our supply chain:

- Accelerated the multi-sourcing strategy we already had in place.
- Expedited discussions to onboard new suppliers and increase supplier redundancy for specific parts.
- Increased reliance on local sourcing to address high freight costs.
- Increased in-house manufacturing and re-designed certain sub-assemblies to circumvent parts most affected by supply chain challenges, such as connectors used in the fabrication of our low and high voltage wiring harnesses.
- Sourced raw materials for our component suppliers.

Plans going forward

We will continue to build our supplier networks in both Canada and the U.S. such that our supply chain will be as close as possible to our manufacturing plants.

Environmental

Products

Product Lifecycle

Vehicle manufacturing involves using significant amounts of materials, such as steel, iron, aluminum, plastic, adhesive and paint, all of which can generate substantial amounts of waste, including scrap metal, paint sludge, and shipping materials. To mitigate these lifecycle environmental impacts, we use our expertise in design and innovation to ensure our processes benefit from technological improvements that promote resource efficiency. In doing so, we rely less on input resources, save costs and protect ourselves from fluctuations due to potential resource scarcity.

Objective

Assess environmental impacts across the lifecycle of our products and enable re-use and recycling of parts at their end of life.

Actions in 2021

In 2021, we worked with the Government of Quebec to expand the EV battery recovery program and started to think of initiatives to improve lithium-ion battery recycling. We also worked together to improve the efficiency of the EV battery supply chain in the U.S. and Europe.

Plans going forward

We will start gathering ideas to potentially improve lithium-ion battery recycling, while also working to improve the efficiency of the EV battery supply chain.

Case study:

The Lifecycle of a Lion Battery



1st Life: Electric Vehicle Usage

After being assembled by Lion technicians, the battery's life starts in the usage stage, or the period of time it will actively spend on a vehicle. During this period, the battery's main purpose will consist of being charged to power the vehicle on its trips. Thermal management via liquid cooling and advanced battery management keeps the battery healthy during this time.



2nd Life: Optimizing Vehicle Energy

Our batteries experience minimal degradation, thanks in part to Lion's proprietary battery management system and advanced thermal management. Once the battery's energetic capacities degrade slightly, it will move on to the permutation stage of its life. During this period, the battery will be used as a swappable secondary battery for vehicles that are utilized for extended periods of time. This means that the battery will still be able to travel carbon-neutral miles, but over a shorter distance as its energy capacity will be diminished and will require more frequent recharges, as it will lose its charge slightly more rapidly.



3rd Life: Energy Storage

As its energy capacities reach too low of a percentage for usage and permutation, the battery is taken out of use with vehicles and is sent to a battery energy storage unit where it will be used for static energy stockage of lighter demand. The battery is still very useful at this point and can generate extensive savings through off-grid energy storage. For example, it can be used in a microgrid to distribute energy collected either from vehicle-2-grid (V2G) or from a renewable energy source, such as solar panels and windmills, ultimately saving the owner/operator money on energy costs for their electric fleet. This energy can then either be sent back into the grid when the demand for electricity is high, or used to recharge other batteries. It can also be used to power generators.



4th Life: Recycling

Finally, when degradation has eroded away at the useful energetic capacity a battery holds, the battery is taken out of use after a few decades, at which point it is recycled. As of today, we estimate that a significant portion of battery materials could be recycled.

Environmental



Operations

Environmental

GHG Emissions

Lion plays an integral role in helping to decarbonize the medium- and heavy-duty vehicles transportation sector, which in North America, accounts for nearly 40% of transportation-related emissions.^{6,7} In this regard, our all-electric trucks and buses present an important clean technology solution to one of the most pressing global challenges by displacing fossil fuel-based internal combustion engines.

In addition to the emissions avoided by our product, we recognize we have a responsibility to lead by example and reduce the GHG emissions from our operations. This ambition is especially important as we grow our operating capacity to produce EVs across Canada and the U.S.

Objective

Reduce GHG emissions from our operations.

Actions in 2021

To demonstrate the positive climate impact of our product, we estimated the amount of GHG emissions avoided relative to the conventional fossil-fuel burning vehicles our vehicles replace.

⁶ <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

⁷ <https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/market-snapshots/2016/market-snapshot-increased-ghg-emissions-from-transportation-sector-reflect-major-consumer-business-trends.html>

Operations

Lion's 2021 Avoided GHG Emissions Summary

- Tetra Tech QI calculated the GHG emissions avoided from being released into the atmosphere in 2021 based on actual miles driven by 79 Lion6 electric trucks and 536 LionC electric buses on the road for which data was collected using LionBeat (our purpose-designed EV telematic system), assuming the vehicles were replacing conventional diesel fueled vehicles of a similar vehicle class.
- While Lion electric trucks and buses do not have any direct tail pipe emissions, there are indirect GHG emissions produced associated with operations, manufacturing and charging. Note that emissions associated with charging depend on the carbon intensity of the local grid electricity; emissions are lower if the electricity is produced with renewable energy versus fossil fuel-derived energy.
- In 2021, 79 Lion6 trucks and 536 LionC buses avoided 10,862 tCO₂e of GHG emissions while being driven on the road in Canada and in the U.S.



712 tCO₂e

Total 2021
GHG emissions
from Lion operations



Total avoided GHG emissions in 2021 by Lion electric vehicles on the road**

	Annual reduction of tCO ₂ e/vehicle		Number of Lion electric vehicles on the road in 2021**		Total reduction in tCO ₂ e in 2021**
	Canada	U.S.	Canada	U.S.	
LION6	21.9	14.5	26	53	1,339
LIONC	19.6	14.5	343	193	9,523
TOTAL			369	246	10,862

* Please see page 24 for more details on our 2020 and 2021 operational GHG footprint.

** 79 Lion6 trucks and 536 LionC buses on the road for which data was collected using LionBeat. The first Lion6 trucks were delivered and started operating in 2021, which explains the low number for the Lion6.

Case Study: ZEVs in Areas with Carbon-Intensive Electricity Grids

Common concerns about ZEVs are their climate impacts related to being charged using electricity generated from fossil fuel-based energy. Over 100 governments, cities and municipalities around the world have committed to ambitious decarbonization goals, a trend that is growing year over year. To reach these goals, rapid deployment of renewable power generation is needed. As this transition happens, the GHG emissions embedded in grids that charge ZEV batteries will decrease drastically. In areas where renewable penetration is currently high, these benefits are already being realized. Even in current carbon-intensive energy markets, studies have* concluded that ZEVs still produce accumulated effective emissions over the lifetime of the vehicle compared to diesel vehicles.

* <https://www.transportenvironment.org/discover/electric-cars-emit-less-co2-over-their-lifetime-diesels-even-when-powered-dirtiest-electricity/>



Operations

To maximize the positive contributions to climate change, we engaged Quinn+Partners to measure the GHG emissions associated with our operations at our manufacturing facilities, Experience Centers, warehouses, corporate offices and corporate fleet.* We emitted a total of 498 tCO₂e of absolute GHG emissions in 2020 and 712 tCO₂e in 2021. The main source of our emissions is our natural gas consumption at our facilities, which represents around 80% of our total emissions in both years. The remaining 20% of emissions are made up of our electricity consumption and fuel consumption from our corporate fleet vehicles.

Our total emissions grew by more than 40% from 2020 to 2021 due to the additional locations that became operational in 2021 and by a ramp-up in our manufacturing activities. For example, in Canada, the new manufacturing facility in Mirabel became operational in 2021, and we added an Experience Center and two more warehouses. In the U.S., we added six new offices, warehouses and Experience Centers. The reduction in our GHG intensity per square foot is due to less intense activities happening inside the newly added facilities as compared to the manufacturing plant, leading to lower initial energy use accompanied by an increase of the total area associated with our emissions.

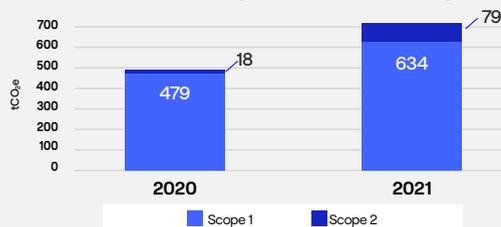
Quinn+Partners also calculated the GHG intensity per unit produced, which fell from around 6.2 tCO₂e to 3.6 tCO₂e per unit produced between 2020 and 2021. This reduction was caused by increased production amounts. In 2020 we produced and delivered 80 electric trucks and buses and in 2021 more than double that amount: 196 trucks and buses.

Electricity from Lion's Canadian operations is primarily generated by renewable energy sources, resulting in low GHG emissions. U.S. based operations derive electricity from higher-emissions electricity grids. As U.S. operations increase, emissions intensity will increase but likely be balanced by higher production volumes.

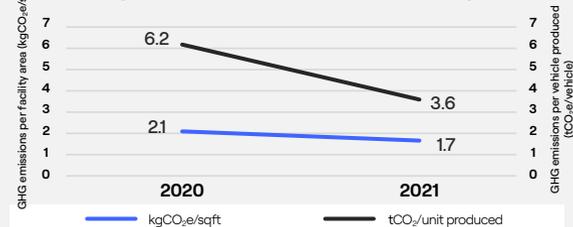
Plans going forward

We intend to continue calculating and disclosing our GHG emissions on an annual basis to monitor the GHG impacts of our operations. As we grow, we are also mindful of the additional absolute emissions we will produce, and as such, plan to develop a strategy to reduce emissions in line with the Paris Agreement by setting a science-based target.

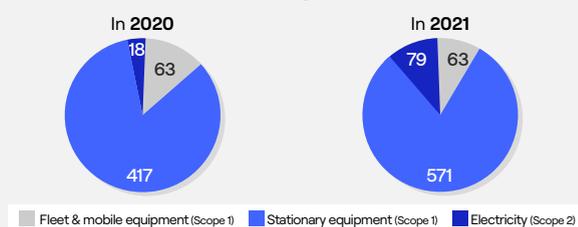
2020 and 2021 operational GHG footprint



Operational GHG emissions intensity



GHG emissions by source in tCO₂e



* Lion's operational GHG inventory was prepared using the GHG Protocol Corporate Accounting and Reporting Standard and the protocol's location based approach for purchased electricity. Emissions of carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) are represented in units of CO₂ equivalents (CO₂e) using Global Warming Potentials from the Intergovernmental Panel on Climate Change's Fourth Assessment Report. Emissions are calculated using emission factors and conversions provided by the Government of Canada and U.S. Environmental Protection Agency.

Operations

Energy Use and Management

Energy, in the form of purchased electricity, natural gas and fuels, is an important input into our industrial manufacturing process. We understand the importance of using resources efficiently and prefer using clean, reliable energy in our operations.

Objective

Power our operations and distribution networks with renewable energy.

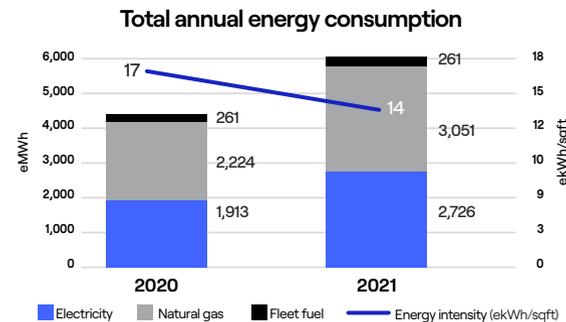


Our main operations are located in Quebec, which has amongst the lowest carbon energy intensity in North America⁷

⁷ Sources: EPA, <https://www.epa.gov/egrid/power-profiler/>;
Canada Energy Regulator, <https://www.cer-rec.gc.ca/en/data-analysis/energy-commodities/electricity/report/2017-canadian-renewable-power/canadas-renewable-power-landscape-2017-energy-market-analysis-ghg-emission.html>

Actions in 2021

We calculated the amount of energy we used across our operations. In 2020, we used a total of around 4.4 thousand equivalent megawatt-hour (eMWh), which increased by 37% to around 6 thousand eMWh in 2021. Although electricity and natural gas consumption account for roughly the same amount of energy consumed in the past two years, the impact on emissions by our electricity consumption is very small due to the location of our facilities in Quebec, where the electricity grid is powered by renewable hydro energy. The energy intensity per square footage dropped from 17 to 14 ekWh per square foot which is due to the addition of new facilities to our portfolio which increased the total square footage area associated with our energy consumption as described in the GHG emissions section.



Plans going forward

Case Study:

Resilience Features at our New Manufacturing Facility in Joliet, IL

Lion is excited to be unveiling our new EV manufacturing plant in Joliet, Illinois in 2022. We took possession of the 900,000 square foot space in January 2022 and are in the process of installing equipment that will eventually be able to manufacture, at the peak of our production, up to 20,000 vehicles annually beginning in the second half of 2022. This would make Joliet the largest all-electric medium and heavy-duty vehicle manufacturing facility in North America.

We located the facility strategically in proximity to suppliers and customers to ensure our supply chain is resilient. We also built the facility according to the LEED standard with several environmental features and systems, including:

- Use of concrete to absorb and retain heat and moderate temperature, thus reducing energy costs
- All-electric energy use.
- LED lighting with motion sensors
- Heat recovery system that will recuperate heat emitted by the air compressors used in the manufacturing of the vehicles for winter heating
- EV charging infrastructure
- Multi-material recycling system
- Reusable racks to reduce wood waste
- Capacity to potentially install on-site solar panels

Environmental



Social

Social

We firmly believe that electric transportation is a major catalyst for improving our society, environment and, above all, quality of life. Together, we drive progress.



Employees

Employee Engagement, Development, Well-Being and Culture

At Lion, we believe that creative, passionate, and authentic people are behind every innovation. The best ideas come to life when we work together.

In addition to being driven by a collaborative mindset, our culture is based on “Integrity”, “Transparency”, “Performance” and “Confidence”, which are all attributes that are embodied by our people in their daily activities. Seizing every opportunity and each of these values, we have achieved phenomenal growth. Over the years, our respective expertise has enabled us to build a remarkable, complementary and diverse team, which translated in us delivering a better performance.

Social

Our Corporate Values *



COLLABORATION: Eagerly take action, be open to suggestions and change while remaining considerate of others. It’s by helping and respecting one another that projects take off.



TRANSPARENCY: Engage in difficult conversations and expose problems, but always remain positive and find solutions. We encourage our employees to express their opinions and to respect the opinions of others.



AUTONOMY: Be able to formulate clear ideas, make decisions, and take responsibility for the results. Autonomy makes us master of our destiny – don’t be afraid to try!



PERFORMANCE: Foster continuous improvement because there is always room for progress. Strive to go above and beyond because nothing is impossible.



INTEGRITY: Be able to recognize your strengths and weaknesses, work with integrity, and stay true to yourself. Exhibit exemplary behaviour every day while demonstrating loyalty and a sense of responsibility toward Lion.



CONFIDENCE: Have confidence not only in yourself but also in your colleagues and your organization. At Lion, we are all on the same team. To have confidence, you must believe in your full potential and be able to surpass even your own expectations.

* We recently undertook an exercise to align our values with our culture and mission, the results of which will be shared with employees in 2022.

Employees

Objective

Create a stimulating, creative, respectful, safe, collaborative, rewarding, and enlightening work environment that we will all be proud of. Specifically:

- Ensure fair and equal treatment of all, including internal and external stakeholders.
- Embed a culture of diversity, equity and inclusion in all our activities.
- Provide employees with the best opportunities for them to flourish, both professionally and personally.
- Respect and protect human rights of employees, suppliers, partners and other stakeholders.

Actions in 2021

To enhance our employee engagement and development, in 2021, we:

- Hired our first Chief People Officer to oversee all aspects of human resources and implement strategies to develop and promote best practices in human resources management, operations, organizational development, talent management and talent acquisition.
- Established the pillars of an employee communication strategy.
- Conducted employee surveys and townhall meetings to provide interactive forums for dialogue and feedback.
- Undertook a cultural analysis and conceptual alignment exercise.
- Implemented a formal performance review process and annual salary review.
- Provided training, including through our online learning platform, LionAcademy.
- Negotiated local agreements with CEP (Centre d'Études Professionnelles) for technical training of employees in manufacturing plants.
- Conducted an employee experience survey to provide insights into how we are doing and identify areas for improvement.
- Continued to provide a comprehensive benefits package, including life insurance, telemedicine access, health care and disability insurance.
- Introduced a retirement savings program to help our employees plan for their future.
- Offered additional support through an Employee Assistance Program (EAP).

Social



Career Opportunities that Create a Brighter Future for Your Family, Community and Planet Earth

As an innovative company that promotes health and the environment, we look for people who embody our overarching corporate values and who, above all, want to take part in this incredible energy transition. We offer a chance to be part of an exciting, fast-paced industry and for our employees to come grow with us. Lastly, we encourage a culture of knowledge sharing.

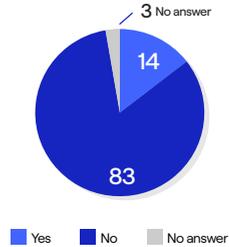
- ✓ Competitive salaries
- ✓ Flexible work schedule
- ✓ Group insurance coverage
- ✓ Opportunities for advancement
- ✓ Unique and collaborative work environment
- ✓ Recognition of years of service
- ✓ Access to professional development
- ✓ Opportunities to work from all our locations, in Canada and the U.S.

Employees

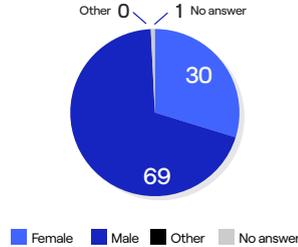
Results of the employment equity survey*

(based on a 25% response rate from employees in Canada only)

Racialized people/Visible minorities
% based on respondents



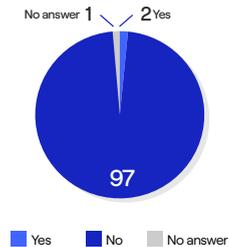
Proportion of Female
% based on respondents



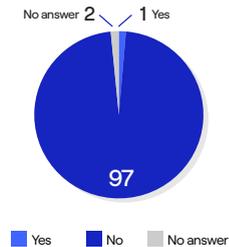
Gender - employees**
Jan to Dec 2021

Gender	% of employees
Female	25
Male	75
Total	100

Persons with disabilities
% based on respondents



First Nations
% based on respondents



Age group - employees**
Jan to Dec 2021

Age group	% of employees
Under 30	28
30-50 Years	51
Above 50	21
Total	100

Performance

In 2021, we increased the number of training classes by leveraging our LionAcademy online learning platform.

Plans going forward

Going forward, we aim to stay true to ourselves and take the necessary steps to hire people who fit our culture. To do so, we have developed a proactive and aggressive talent acquisition strategy, leveraging our strong culture and current market positioning to accelerate recruitment and promote our employer brand.

* Survey of Canadian employees only
** Total des employés

What Employees Have To Say



“Everyday I go to work and I have a real impact on people’s lives”

Étienne Campeau
Team Lead Operations – LionEnergy



“Lion is bigger than myself, bigger than just one person. It makes me so proud. I am humble to be part of the vision of Lion and to say that we are creating the future for tomorrow.”

Keyonte Leggins
Regional Parts Manager – LionAssistance



“I’m very proud that we are 100% all-in on electrification. From the day I started we were all-in and I’m very proud of that.”

Malinda Sandhu
Director of Business Development

Social



Diversity, Equity and Inclusion

Our people are our Company. At Lion, we believe that embracing diversity, equity and inclusion, beyond providing an exciting workplace, inspires all of us to excel, not just for our own good, but also for the good of our customers, our fellow citizens and the society at large. The collective sum of the individual differences, work and life experiences, knowledge, agility, innovation, self-expression, and talent that each of our employees invest in their daily activities represents a significant part of, not only our culture, but also of our reputation and Company's success. This is how we will achieve our full potential and truly leverage the combined skills and ideas of our workforce.

Objective

We are committed to building an inclusive and diverse culture that respects and maximizes the contributions of the different backgrounds that our employees bring to Lion for the benefit of our clients, employees, shareholders and wider communities. In line with our values, diversity, equity and inclusion are critical in building a culture of collaboration, partnership, autonomy, integrity, transparency, performance and trust. These elements, which are fundamental to attracting and retaining the best talent globally, serve as a foundation to our Diversity, Equity and Inclusion Policy.

Actions in 2021

We developed our first Diversity, Equity and Inclusion Policy to create a common understanding across Lion about the relationship to our values and culture, formalize expectations across roles within the Company to advance our practices and communicate how best to hold one another accountable.

Plans going forward

Going forward, we will set objectives, implement measures to monitor their implementation and report on our progress annually in our ESG Report.

* From March 2021 to March 2022, as this metric was implemented during the year.

** Unplanned event that has the potential to cause, but does not actually result in human injury, environmental or equipment damage, or an interruption to normal operations.

Health and Safety

As a vehicle designer, developer, manufacturer and distributor, we take a robust approach to keeping our people safe. This includes regular communications and mandatory training, particularly for manufacturing employees.

Objective

Prioritize a healthy and safe work environment for all employees, contractors, customers and visitors.

Actions in 2021

We promote and maintain, at all times, a healthy and safe workplace for all our employees, subcontractors and visitors. We diligently track all work permits, accidents and incidents happening at the workplace and provide procedures to follow in case of an incident or accident at work. We keep track of all chemicals stored, used and disposed of, and regularly inspect all cranes and jibs. We monitor symptoms of musculoskeletal disorders at our production assemblers that are potentially work-related and identify potentially work-related causes of pain or discomfort with the goal of improving working conditions.



27 Total recordable incident rate



0 Fatality rate



26.64* Near miss frequency rate**

Plans going forward

We will maintain our total recordable incident rate below 30 and fatality rate at 0 by increasing health and safety-related training and improving our manufacturing processes.



Customers and Communities

Driver, Passenger and Road User Safety

We value the trust our customers put in Lion's electric trucks and buses and are committed to designing and building with safety in mind, as well as innovating to continuously improve the technologies and features we offer.

At Lion, it is of the utmost importance to us to design our electric vehicles with the most stringent health and safety features to protect drivers, passengers and other road users. Our vehicles, and the sale of motor vehicles in general, are subject to numerous international, federal, state and provincial motor vehicle safety and other standards, including the National Traffic and Motor Vehicle Safety Act, the Federal Motor Vehicle Safety Standards, the Motor Vehicle Safety Act (Canada) and similar laws and regulations. We continuously evaluate requirements for licenses, approvals, certificates and governmental authorizations necessary to manufacture, sell or service our vehicles in the U.S. and Canada.

Objective

Design our vehicles with the most stringent health and safety features to protect drivers, passengers and other road users

Actions in 2021

The electric vehicles that Lion manufactures and sells are subject to various and complex safety standards across the jurisdictions that Lion operates in. In the U.S., the National Traffic and Motor Vehicle Safety Act of 1966

("Safety Act") regulates vehicles and vehicle equipment by prohibiting the sale of any new vehicle or equipment that does not conform to applicable vehicle safety standards established by the National Highway Transportation Safety Administration ("NHTSA").

In Canada, the Motor Vehicle Safety Act ("MVSA") regulates vehicles, and Transport Canada develops and enforces Motor Vehicle Safety Standards which are largely harmonized with the standards in the U.S. Meeting or exceeding such safety standards is costly and has continued to evolve alongside developments in technology and safety expectations.

Rigorous testing and using of approved materials and equipment are among the requirements for achieving federal certification. The Safety Act also requires that defects related to motor vehicle safety be remedied through safety recall campaigns. Manufacturers are obligated to recall vehicles if they determine that vehicles do not comply with safety standards. Should Lion or NHTSA determine that either a safety defect or non-compliance issue exists with respect to any of Lion's vehicles, the cost of such recall campaigns could be substantial. In Canada, regulations are currently similar to those in the U.S.; however, under the MVSA, Transport Canada has comprehensive powers to order manufacturers to submit a notice of defect or non-compliance when it considers it to be in the interest of safety. Remedying such defects may be costly, and any new or more stringent regulations may cause us to incur further costs for compliance or face substantial penalties for non-compliance.

Plans going forward

Continue to comply with the most stringent regulations.

Social

Customers and Communities

Market Education

We are paving the way for transportation decarbonization and blazing trails towards net-zero emissions while inspiring others to come along for the ride. As part of our leadership, we embrace our responsibility to raise awareness about the positive benefits of EVs.

Objective

Educate our stakeholders on the benefits of electric vehicles and mobilize the market.

Actions in 2021

Lion currently has 12 Experience Centers across North America, strategically located in key markets. Our Experience Centers are dedicated spaces where prospective customers, policymakers and other transportation industry

stakeholders can familiarize themselves with Lion's EVs, learn about their specifications and advantages, obtain sales support and meet sales representatives, discuss grant and subsidy assistance, obtain charging infrastructure assistance, receive vehicle training, maintenance support and have existing vehicles serviced.

We also established a Commercial Development Team that actively engages with the zero-emission industry to grow our leadership in the medium-duty and heavy-duty electric vehicle market through policy, business development, intelligence, regulatory guidance, and communications.

Lastly, we undertook the following activities to drive progress across the electric vehicle sector:

- Participated on the Executive Board of Electricity Mobility Canada.
- Founding member of Propulsion Quebec.
- Sat on the Board of Directors of Accelerate Canada ZEV Supply Chain Alliance.
- Marc Bedard is the President of the MOBEL Project, an initiative by the Government of Quebec to design a new generation of specialized urban heavy electric vehicles.
- Sat on the Battery Committee with Clean Energy Canada, an organization working to accelerate Canada's clean energy transition.
- Member of the School Bus Safety Advisory Committee with CSA.
- Part of the standardization committee in charge of the development of a standard on the safety of heavy vehicles in urban areas.

- Member of the scientific committee of the Composites Development Center of Quebec of the Cégep de St-Jérôme.
- Contributed to policies and education at CALSTART, a national non-profit that focuses on accelerating growth of the clean transportation technology industry for a better and more prosperous future.
- Attended at NACFE Run on Less Electric (a real-world electric truck technology demonstration, featuring trucks driving real routes and carrying real freight), a demonstration that showcases advancements in freight efficiency spread across two countries.
- Participated on the Sustainable Committee of the BC Trucking Association (BCTA), a member-based, province-wide, non-partisan motor carrier association in British Columbia.
- Sat on the Transportation and Green Economy Committee of the Federation des chambres de commerce du Quebec.
- Participated in a congressional hearing on the expected surge in demand for electric vehicle batteries.

Plans going forward

We plan to continue expanding our network of Experience Centers. We will also continue to contribute to the advancement of the electrification ecosystem in Canada and the United States by playing an active role in industry groups and demonstrating the benefits of electrification for our economy, our society and our planet.



Los Angeles Experience Center, CA, U.S.



Richmond Experience Center, BC, CA

Social



Customers and Communities

Community Investment

We are proud to be headquartered and operate in local communities across Canada and the U.S. In addition to creating access to over 1,000 green jobs that support the transition to the low-carbon economy, we look for additional ways to play an active role and give back.

Objective

Invest in our local communities and create mutually-beneficial partnerships.

Actions in 2021

In 2021, we engaged with our local communities in the following manners:

- Sponsored the Theatre Gilles-Vigneault in Saint-Jerome.
- Sponsored the Fundraising Campaign of the Fondation du Cegep de Saint-Jerome.
- Sponsored the hockey league of Saint-Jerome.
- Donated Christmas baskets for people in need in Saint-Jerome.
- Marc Bedard attended as Honorary Chair of the Ataxie de Charlevoix Fundraising Evening.
- Lion planted trees at Knox County and in California.
- Matched employee donation for Moisson Laurentides Christmas fundraising.
- Participated in the Thanksgiving parade in Joliet.
- Worked with local communities where our buses are located to educate them on electrification

Plans going forward

We will implement a Sponsorship and Donation Policy and strategy, to continue to invest in our local communities and in projects that have a clear impact on our fight against climate change.



Tree planting, Knox County, U.S.



Joliet Thanksgiving parade, IL U.S.

Social



Governance

Governance

*We have an experienced Board and management team
poised to help drive growth.*



Board Composition and Competencies

Lion's board of directors (the "Board of Directors") is elected by shareholders to oversee the management of the Company and to assure the long-term interests of shareholders are advanced responsibly. The Board is responsible for reviewing and approving Lion's ESG Policy annually, and receives regular ESG and climate change updates from the Management Team.

Our directors have a breadth of expertise required to steward Lion through the economy-wide decarbonization transition and position Lion for success. In particular:

- **Ms. Sheila Colleen Bair**, who until recently, served as Fannie Mae's Board Chairwoman and on the community responsibility and sustainability committee where she developed experience with ESG matters in the U.S. and as an advisor to the IFRS Foundation on the establishment of the International Sustainability Standards Board.
- **Mr. Pierre-Olivier Perras** serves as the President of Power Energy and Partner, Co-Head of Energy Infrastructure at Power Sustainable Capital Inc. where he has experience in clean technology and sustainable infrastructure investment, as well as equities providing real-world climate solutions.
- **Mr. Lorenzo Roccia**, who is Non-Executive Director of Skyline Renewables, one of the leading independent renewable energy companies in the U.S. with over 1GW+ of wind and solar assets.

Governance

Board Composition and Competencies

Lion recognizes the importance and benefit of having a Board of Directors and senior management composed of highly talented and experienced individuals with regard to the need to foster and promote diversity among Board members and senior management with respect to attributes such as gender, ethnicity and other factors. In support of this goal, when identifying candidates to nominate for election to Lion's Board or appoint as senior management or in its review of senior management succession planning and talent management, the Nominating and Corporate Governance Committee will:

- Consider individuals who are highly qualified, based on their talent, experience, functional expertise and personal skills, character and qualities having regard to Lion's current and future plans and objectives, as well as anticipated regulatory and market developments.
- Consider criteria that promote diversity, including with regard to gender, ethnicity, and other dimensions.
- Consider the level of representation of women on its Board of Directors and in senior management positions, along with other markers of diversity, when making recommendations for nominees to Lion's Board or for appointment as senior management and in general with regard to succession planning for Lion's Board and senior management.

- As required, engage qualified independent external advisors to assist Lion's Board in conducting its search for candidates that meet the Board of Directors' criteria regarding skills, experience and diversity.
- Considers the level of representation of directors from diverse backgrounds on the Board of Directors by overseeing the selection process and ensuring that diverse candidates, including women and racial and ethnic minorities, are included in the list of candidates proposed to the Board of Directors as potential directors. The Nominating and Corporate Governance Committee also sets measurable objectives for achieving diversity. In connection with these objectives, Board of Directors has set the following two targets to be achieved at or prior to the Lion's next annual AGM to be held in 2023:
 - At least 30% of directors on the Board of Directors should be women.
 - At least one additional director should be a minority.

FOR MORE INFORMATION about our Board competencies, please visit our [2022 Management Information Circular](#).

We are targeting **30% female representation on the Board** by the end of 2022 and **at least one minority** on the Board by next AGM in 2023



Governance

ESG and Risk Management

The CEO-Founder oversees Lion's ESG Policy and is responsible for its enforcement across our operations. Our ESG activities are led by our Vice President of Investor Relations and Sustainable Development, including the development of our ESG strategy and annual reporting. In 2022, we plan to unveil our forthcoming ESG strategy which will provide additional details about the oversight and management of our ESG activities going forward.

As part of its mandate, the Board has a responsibility to identify, in conjunction with management, the principal risks applicable to the Company, and oversee management's implementation of appropriate systems to effectively monitor, manage and mitigate the impact of such risks.

As a company at the forefront of the climate transition and a clean technology solution, our business model is built on capturing opportunities derived from the low-carbon economy. In 2022, we plan to identify and assess our climate-related risks and opportunities more comprehensively and integrate them formally into our ESG strategy and risk management practices.

Ethical Business Practices

We endeavour to build a culture where employees embrace high ethical standards and apply our values in all aspects of their work. Lion has a written code of business conduct and ethics (the "Code of Conduct") applicable to all of its directors, officers and employees. The Code of Conduct sets out Lion's fundamental values and standards of behavior that are expected from Lion's directors, officers and employees with respect to all aspects of Lion's business. The objective of the Code of Conduct is to provide guidelines for maintaining Lion's integrity, reputation and honesty with a goal of honoring others' trust in Lion at all times. The Code of Conduct sets out guidance with respect to conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, fair dealing with third parties, compliance with laws and reporting of any illegal or unethical behavior.

For more information about our **Code of Conduct**, visit:

<https://ir.theionelectric.com/English/governance/governance-documents/default.aspx>

Lion's Audit Committee is responsible for reviewing and evaluating the Code of Conduct periodically and recommends any necessary or appropriate changes thereto to Lion's Board for consideration. The Audit Committee also assists Lion's Board with the monitoring of compliance with the Code of Conduct and is responsible for considering any waivers of the Code of Conduct (other than waivers applicable to Lion's Directors or executive officers, which shall be subject to review by Lion's Board as a whole).

In 2022, we also launched a Whistleblower Hotline which employees and others can access anonymously by phone or online. The chairperson of the Audit Committee is automatically notified of any whistleblower reports and the Audit Committee is provided with periodic updates from management on any whistleblower reports that may have been reported and how they were investigated and resolved.

To make a submission using our new whistleblower platform by telephone, call **1-877-591-3211 (identifier 538)**, or go online at https://irdirect.net/LEV/whistleblower_iframe



Cybersecurity

The digitization of vehicles and automobile software has elevated the importance of cybersecurity in the electric vehicle sector, underscoring the need to protect against malicious attacks. We aim to protect the data of our employees, investors, customers, suppliers, contractors and other stakeholders from cyberthreats.

In 2021, we advanced our cybersecurity practices by conducting a penetration test to identify and address potential vulnerabilities and performed a detailed IT security audit. We also developed a 3-year roadmap to address the gaps identified in the IT security audit and the penetration tests and signed a contract with a third-party contractor to provide 24/7 security monitoring.

In 2022, we also launched a cybersecurity awareness program amongst employees to educate them on safe technology usage, help them understand their responsibility in protecting Lion's information and assets and help them understand the role they play in helping to prevent cybersecurity breaches.

Going forward, as we just created a Cybersecurity Steering Committee and developed an Information Security Policy, we plan on continuing to deploy our Cybersecurity roadmap to improve in this area.

Regulatory Involvement

Fleet electrification is gaining strong momentum in the shift to electrification in the medium- and heavy-duty vehicle segment, driven by accelerating customer demand to reduce GHG emissions and achieve net-zero. This is evidenced by a rapidly growing order book with large, multi-year orders and the increasing pace of repeat orders from existing customers.

Complementing this demand is unprecedented support from policymakers. EVs are an important clean technology solution available to policymakers, companies, and countries to fight the global climate crisis. As such, there are existing or expected policies and programs supporting fleet electrification in countries where Lion operates, including several U.S. States such as California, Colorado, Connecticut, Hawaii, New York, New Jersey amongst others, and select Canadian provinces, such as British Columbia and Quebec.

We aim to engage with industry and regulators to encourage the electrification of the transportation sector. By acting as a driving voice in zero-emission transportation policy through our Government Relations activities, Lion helps advance the market by educating various stakeholders groups and demonstrating 'proof of possibility' by delivering EVs reliably. As an example, Nate Baguio, Lion's Senior Vice President, Commercial Operations, witnessed at a congressional hearing led by U.S. Rep. Bill Foster, D-Naperville, chairman of the *House Science, Space and Technology Committee's Subcommittee on Investigation and Oversight* on an expected surge in demand for electric vehicle batteries.⁸

⁸ <https://science.house.gov/pedal-to-the-metal-electric-vehicle-batteries-and-the-critical-minerals-supply>

Appendices

- *Standard Indices*
- *Data Tables*
- *Glossary and Acronyms*
- *Caution Regarding Forward-Looking Statements*



Appendices

Standard Indices: TCFD Recommendations

Topic and recommended content	Disclosure
Governance	
a) Describe the board's oversight of climate-related risks and opportunities	Governance - Board Composition and Competencies
b) Describe management's role in assessing and managing climate-related risks and opportunities	Not disclosed
Strategy	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long-term	Not disclosed
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	Not disclosed
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, include a 2°C or lower scenario	Not disclosed
Risk management	
a) Describe the organization's processes for identifying and assessing climate-related risks	Not disclosed
b) Describe the organization's processes for managing climate-related risks	Not disclosed
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Not disclosed
Metrics and targets	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Not disclosed
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	Environmental - Operations
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Not disclosed

Appendices

Standard Indices: SASB – Industrial Machinery & Goods

Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting metric	Code	Disclosure
Product Safety	Percentage of vehicle models rated by NCAP programs with an overall 5-star safety rating, by region	TR-AU-250a.1	Not disclosed
	Number of safety-related defect complaints, percentage investigated	TR-AU-250a.2	Not disclosed
	Number of vehicles recalled	TR-AU-250a.3	0
Labor Practices	Percentage of active workforce covered under collective bargaining agreements	TR-AU-310a.1	0%
	(1) Number of work stoppages and (2) total days idle	TR-AU-310a.2	0
Fuel Economy & Use-phase Emissions	Sales-weighted average passenger fleet fuel economy, by region	TR-AU-410a.1	Not disclosed
	Number of (1) zero emission vehicles (ZEV), (2) hybrid vehicles, and (3) plug-in hybrid vehicles sold	TR-AU-410a.2	(1) 80 units in 2020 and 196 units in 2021 (2) 0 (3) 0
	Discussion of strategy for managing fleet fuel economy and emissions risks and opportunities	TR-AU-410a.3	Message from our Leadership Team
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TR-AU-440a.1	Environmental – Products
Materials Efficiency & Recycling	Total amount of waste from manufacturing, percentage recycled	TR-AU-440b.1	Not disclosed
	Weight of end-of-life material recovered; percentage recycled	TR-AU-440b.2	Not applicable
	Average recyclability of vehicles sold	TR-AU-440b.3	Environmental – Products – Product Lifecycle

Activity Metrics

Activity metric	Code	Disclosure
Number of vehicles manufactured	TR-AU-000.A	Environmental – Operations – GHG Emissions
Number of vehicles sold	TR-AU-000.B	80 units in 2020 and 196 units in 2021

Appendices

Standard Indices: SASB – Industrial Machinery & Goods

Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting metric	Code	Disclosure
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	RT-IG-130a.1	Environmental – Operations – Energy Use and Management
Employee Health & Safety	(1) Total recordable incident rate (TRIR), (2) Fatality rate, and (3) near miss frequency rate (NMFR)	RT-IG-320a.1	Social – Health and Safety
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium and heavy-duty vehicles	RT-IG-410a.1	Not applicable
	Sales-weighted fuel efficiency for non-road equipment	RT-IG-410a.2	Not applicable
	Sales-weighted fuel efficiency for stationary generators	RT-IG-410a.3	Not applicable
	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	RT-IG-410a.4	Not applicable
Materials Sourcing	Description of the management of risks associated with the use of critical materials	RT-IG-440a.1	Environmental – Products
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services	RT-IG-440b.1	Not disclosed

Activity metrics

Activity metric	Code	Disclosure
Number of units produced by product category	RT-IG-000.A	2020: 80 LionC and 0 Lion6 2021: 151 LionC and 45 Lion6
Number of employees	RT-IG-000.B	Message from our Leadership team

Appendices

Data Tables

Category	Standard	Indicator	Unit	2020	2021
GHG emissions	TCFD	Scope 1 Direct emissions	tCO2e	479.3	633.6
	TCFD	Scope 2 indirect emissions	tCO2e	18.4	78.5
	TCFD	Scope 3 Indirect emissions	tCO2e	Not disclosed	Not disclosed
Production	SASB - TR-AU-000.A	Number of vehicles manufactured	Number	80	196
Energy	SASB - RT-IG-130a.1 (1)	Total energy consumed	eMWh	4,397.8	6,037.8
	SASB - RT-IG-130a.1 (1)	Percentage grid electricity	%	100%	100%
Health and Safety	SASB - RT-IG-320a.1 (1)	Total recordable incident rate (TRIR)	Number	Not disclosed	27
	SASB - RT-IG-320a.1 (2)	Fatality rate	Number	0	0
	SASB - RT-IG-320a.1 (3)	Near miss frequency rate (NMFR)	Number	See 2021	26.64*
Employees		Gender ratio	%	Not disclosed	Female: 25% Male: 75%
		Age group ratio	%	Not disclosed	Under 30 - 28% 30-50 Years - 51% Above 50 - 21%

* From March 2021 to March 2022, as this metric was implemented during the year.

Appendices

Glossary and Acronyms

Clean energy

Energy derived from renewable, low-carbon or zero-emissions sources (e.g., wind, solar, hydropower, geothermal, biomass) that are regenerative over short periods of time and cannot be depleted

CO₂

Carbon dioxide, a greenhouse gas (GHG) that is released through human activities such as deforestation and burning fossil fuels

CO₂e

Carbon dioxide equivalent, amount of CO₂ as an emitted amount of another GHG or mixture of GHGs; can be expressed in different units e.g., tonnes (t) or kilograms (kg)

Decarbonization

Describes the reduction of GHG emissions using low-carbon energy sources

ESG

Environmental, Social, and Governance

EV

Electric vehicle

GHG

Greenhouse gas

Greenhouse Gas Protocol Corporate Standard

Comprehensive global standardized framework to measure, manage and report GHG emissions

ISO 14064-2:2019

A standard for the quantification, monitoring and reporting of activities intended to cause greenhouse gas (GHG) emission reductions or removals

LED

Light emitting diode

LEED

Leadership in Energy and Environmental Design

Net-zero

Reducing GHG emissions as much as possible, while balancing residual GHG emissions by removing an equivalent amount of GHGs from the atmosphere

OEM

Original equipment manufacturer

Paris Agreement

The Paris Agreement, adopted within the United Nations Framework Convention on Climate Change (UNFCCC), commits all participating countries to limit global temperature rise to well-below 2°C above preindustrial levels and pursue efforts to limit warming to 1.5°C

SASB

Sustainability Accounting Standards Board

Scope 1 emissions

Emissions from operations that are owned or controlled by the reporting company

Scope 2 emissions

Emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company

Scope 3 emissions

All indirect emissions (not included in scope 2) that occur in the value chain, including both upstream and downstream emissions

TCFD

Task Force on Climate-related Financial Disclosures

ZEV

Zero-emissions vehicle

Appendices

Caution Regarding Forward-Looking Statements

This report contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of applicable securities laws. Any statements contained in this report that are not statements of historical fact, including statements about Lion’s beliefs and expectations, are forward-looking statements and should be evaluated as such.

Forward-looking statements may be identified by the use of words such as “believe,” “may,” “will,” “continue,” “anticipate,” “intend,” “expect,” “should,” “would,” “could,” “plan,” “project,” “potential,” “seem,” “seek,” “future,” “target” or other similar expressions and any other statements that predict or indicate future events or trends or that are not statements of historical matters, although not all forward-looking statements contain such identifying words. These forward-looking statements include statements regarding the Company’s order book and the Company’s ability to convert it into actual sales, the Company’s long-term strategy and future growth, the Company’s battery plant and innovation center project in Quebec and its U.S. manufacturing facility, and the expected launch of new models of electric vehicles. Such forward-looking statements are based on a number of estimates and assumptions that Lion believes are reasonable when made, including that Lion will be able to retain and hire key personnel and maintain relationships with customers, suppliers and other business partners, that Lion will continue to operate its business in the normal course, that Lion will be able to implement its growth strategy, that Lion will be able to successfully and timely complete the construction of its U.S. manufacturing facility and its Quebec battery plant and innovation center, that Lion will not suffer any further supply chain challenges or

any material disruption in the supply of raw materials on competitive terms, that Lion will be able to maintain its competitive position, that Lion will continue to improve its operational, financial and other internal controls and systems to manage its growth and size, that its results of operations and financial condition will not be adversely affected, that Lion will be able to benefit, either directly or indirectly (including through its clients), from government subsidies and economic incentives in the future, and that Lion will be able to secure additional funding through equity or debt financing on terms acceptable to Lion when required in the future. Such estimates and assumptions are made by Lion in light of the experience of management and their perception of historical trends, current conditions and expected future developments, as well as other factors believed to be appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Lion believes that these risks and uncertainties include the following:

- Any adverse changes in U.S. or Canadian general economic, business, market, financial, political or legal conditions, including as consequences of the global COVID-19 pandemic and the emergence of COVID-19 variants, as well as varying vaccination rates amongst different countries.
- Any adverse effects of the Russia-Ukraine war, which is increasingly affecting economic

and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption.

- Any inability to successfully and economically manufacture and distribute its vehicles at scale and meet its customers’ business needs.
- Any inability to ramp-up the production of Lion’s products and meet project construction and other project timelines.
- Any inability to reduce total cost of ownership of electric vehicles sold by Lion over time.
- The reliance on key management and any inability to attract and/or retain key personnel.
- Any inability to execute the Company’s growth strategy.
- Any unfavorable fluctuations and volatility in the price and availability of raw materials included in key components used to manufacture Lion’s products.
- The reliance on key suppliers and any inability to maintain an uninterrupted supply of raw materials.
- Labor shortages which may in the form of employee turnover, departures, and demands for higher wages which result in the Company having to operate at reduced capacity, lower production and deliveries, delayed growth plans, and could pose additional challenges related to employee compensation.

Appendices

- Any inability by Lion to meet user expectations related to, or other difficulties in providing, charging solutions to its customers.
- Any inability to maintain the Company's competitive position.
- Any inability to reduce its costs of supply over time;
- Any inability to maintain and enhance the Company's reputation and brand.
- Any significant product repair and/or replacement due to product warranty claims or product recalls.
- Any failure of information technology systems or any cybersecurity and data privacy breaches or incidents.
- Any event or circumstance resulting in the Company's inability to convert its order book into actual sales, including the reduction, elimination or discriminatory application of government subsidies and economic incentives or the reduced need for such subsidies.
- Any inability to secure adequate insurance coverage or a potential increase in insurance costs.
- Natural disasters, epidemic or pandemic outbreaks, boycotts and geo-political events such as civil unrest and acts of terrorism, the current military conflict between Russia and Ukraine or similar disruptions; and the outcome of any legal proceedings that may be instituted against the Company from time to time.

These and other risks and uncertainties related to the businesses of Lion are described in greater detail in section 23.0 in our Management's Discussion and Analysis within our Q4 2021 Report entitled "Risk Factors." Many of these risks are beyond Lion's management's ability to control or predict. All forward-looking statements attributable to Lion or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained and risk factors identified in our MD&A and in other documents filed with the applicable Canadian regulatory securities authorities and the Securities and Exchange Commission. Because of these risks, uncertainties and assumptions, readers should not place undue reliance on these forward-looking statements. Furthermore, forward-looking statements speak only as of the date they are made. Except as required under applicable securities laws, Lion undertakes no obligation, and expressly disclaims any duty, to update, revise or review any forward-looking information, whether as a result of new information, future events or otherwise.