

ESG Due Diligence Report

Greenwheels

May 2025

1 - Purpose of this report

The purpose of this ESG due diligence report is to provide a comprehensive assessment of Greenwheels' environmental, social, and governance (ESG) practices to ensure that the company's operations align with Novastar's principles of responsible investing and to identify material non-financial risks and opportunities that may impact the company's long-term viability and attractiveness as an investment.

2 - Business Overview

Problem	Motorcycles are the backbone of urban mobility across Africa, filling the void left by underinvestment in public transport systems amid rapid population growth and urbanization. However, the sector faces challenges: informality, regulatory uncertainty, high accident and fatality rates, environmental pollution (air and noise), and rising fuel and maintenance costs.
Company & solution	<p>Electric motorcycles present a compelling solution, offering reduced emissions and lower total cost of ownership. Yet, widespread adoption is constrained by limited charging and battery-swapping infrastructure, high upfront costs, and a lack of affordable financing options.</p> <p>Greenwheels addresses these challenges with an integrated electric mobility platform that includes affordable, flexible lease-to-own plans; a robust technology platform for fleet management; a partnership with ride hailing platforms (ensuring demand and driver earnings); comprehensive driver recruitment and training; ongoing performance management; partnerships with leading electric motorcycle and battery-swapping providers; 24/7 incident management; proactive maintenance; and a suite of driver support services.</p>
Company Stage	Innovating
Geographies and facilities	<p>Kenya. Planned expansion to additional countries in East, West and Southern Africa.</p> <p>Greenwheels facilities include their office which houses the Greenwheels employees. All motorbike manufacturing and battery swapping or charging infrastructure is owned by OEM partners.</p>
Employees	Greenwheels employs 60+ people across a range of roles
Key suppliers	OEMs (Bike and Battery Suppliers and Swapping partners)
Customers	Greenwheels customers are their drivers who sign up to a lease to own (LTO) model and then ride for ride hailing platforms to guarantee their incomes.
Other key stakeholders	Ride hailing platforms; Finance Partners; Motorcycle OEMs; battery swapping service providers.
ESG experience to date	<ul style="list-style-type: none">Greenwheels demonstrates good ESG standards for an innovating stage company based on our observations, review of documents, and due diligence conversations with the company leadership.As expected for an innovating stage company, Greenwheels does not have a formal ESMS in place and has not had an ESAP before, or DFIs as investors.Nevertheless, the founders and leadership team have worked in companies with strong reputations and/or DFI investors and have demonstrated strong ESG foundations and openness to developing ESG systems

3 - Executive Summary

Investment Policy Conformance

Greenwheels neither operates nor intends to operate in any of Novastar's excluded business activities. The company will sign onto Novastar's Mandatory Provisions and ESG Action

Plan. Furthermore, Novastar will hold a board seat which will provide visibility into the company's adherence to these commitments.

Overall ESG Risk Assessment

<p>Environmental and Social Risk</p> <p>B</p> <p>MEDIUM-LOW RISK</p> <p>Activities with limited potential adverse social or environmental impacts that are site-specific and readily addressed through well-known mitigation measures.</p>

E&S: The contextual and business-level environmental and social (E&S) risks underpinning the rationale for this rating are detailed in Section 4. Greenwheels is classified as a Category B business, reflecting the presence of moderate but manageable environmental, social, and governance (ESG) risks.

4 - Detailed ESG Assessment

Scope of Review and Methodology

Applicable Environmental and Social Laws and Standards	<ul style="list-style-type: none"> • IFC Performance Standards [ifc.org/ps1-8] • IFC Corporate Governance document [ifc.org/corp_gov] • BII Good Practice Note on GBVH [bii.co.uk/GBVH]; Supply Chains [fintoolkit.bii.co.uk/supply-chains]; Road Safety [road-safety-in-emerging-markets] • The Multilateral Development Banks guidelines on Business Integrity [MDB-General-Principles-for-Business-Integrity-Programmes]
Documents in ESG data room	<ul style="list-style-type: none"> • Completed Novastar ESG Questionnaire • Greenwheels ESG data room
Site visits and interviews	<ul style="list-style-type: none"> • Site Inspection comprising visual observations of relevant areas and meetings <ul style="list-style-type: none"> ◦ The Novastar x Greenwheels Deal Team visited Greenwheels operations and had extensive meetings with the leadership team in April 2025. ◦ Other visits by the deal team included visits to OEM partners; Interviews with OEM partner co-founders; OEM partner CFO; OEM partner HQ staff including mechanics, staff at the assembly and charging depot in Nairobi. ◦ Conversations with Greenwheels customers/drivers. • Engagement with Relevant Stakeholders <ul style="list-style-type: none"> ◦ Ride Hailing Platform: Interview with Regional Head of Africa ◦ Interviews of potential board members (2)
External consultation	Due to the company's low E&S risk rating, we did not hire external consultants to separately assess ESG risk on behalf of Novastar.

Key focus areas for ESG due diligence

1. Fair treatment of drivers

- How does Greenwheels (GW) classify drivers (i.e. as contractors / employees etc.), and what are the labour regulations Greenwheels is adhering to in its engagement with drivers based on this classification?
- Fair Treatment: What policies and practices are in place to ensure that drivers receive fair wages, leave, reasonable working hours, and appropriate benefits (e.g., medical, theft and life insurance)—and how are these terms clearly communicated in contracts?
- Driver Contracting Policies & Protections: Please provide an overview of your policies regarding recruitment, onboarding, performance management, discipline, termination, and grievance reporting—including how these are applied to drivers.
- Does Greenwheels have grievance mechanisms in place for drivers? What procedures are in place to address driver complaints and manage incidents in the company?

Separately, what policies does Greenwheels have in place to ensure that complaints *against* drivers are handled properly?

- Driver Voice & Representation: What mechanisms (formal or informal) exist to ensure drivers can freely express concerns, participate in workplace decision-making, or engage in collective bargaining without fear of retaliation?
- Driver Engagement & Feedback: How do you collect feedback from drivers (e.g., through surveys, exit interviews, churn rates, or other methods), and how is this feedback used to improve working conditions or driver satisfaction?
- Turnover & Churn: What is your current turnover rate for drivers, and what strategies or initiatives do you have in place to retain them and improve job satisfaction?
- Sample Contracts: Provide sample driver contracts. For 3 drivers (anonymised), provide evidence of earnings and work hours for the past 3 months.
NB: Elaborate on whether there are differences in contracts for drivers for example if drivers are dedicated to carrying passengers vs food/parcels.

While GW's model avoids formal employment obligations, the company demonstrates a structured and proactive approach to driver safety, fairness, and support. Current strengths include: strong informal support and engagement culture, transparent onboarding and performance expectations, planned rollout of health insurance while key areas of improvement include: no formal grievance or representation mechanisms and lack of social protection leaves drivers vulnerable highlighting the need for benefits such as insurance cover.

- Drivers are not employees. They're customers/lessees and are therefore, there are no requirements for minimum wage, leave, or statutory benefits under labour law.
- While there are no formal wages, the Lease Agreement sets performance metrics for drivers that ensure fair earnings.
- Support systems for drivers include: helmet replacements, emergency response services, low-cost maintenance, lease pauses, and proposed introduction of health insurance for illness/injury.
- A Customer Success team monitors driver earnings, technical issues, and platform performance
- A performance scoring system is expected to launch in 2025.

Driver Onboarding, Monitoring & Discipline

- Recruitment & Onboarding include license and ID verification, police clearance, and multiday training on lease terms, safety, and performance.
- Performance tracking uses: telematics, ride hailing platform data, internal dashboards.
- Disciplinary actions are documented and include repeated violations, poor performance, Ride hailing platform account suspension, all of which can result in lease termination.

Grievance Mechanism:

- There is no formal grievance mechanism
- Multiple informal yet accessible channels for complaints and grievances: WhatsApp and ticketing system, 24/7 Control Room, NPS surveys, pilot WhatsApp group with the CEO and department heads.
- Complaints against drivers are handled through: Ride hailing platform's reporting tools, internal escalation (e.g., immobilisation of vehicles, deduction from Ride hailing platform earnings).

Worker Voice & Representation:

- Drivers are customers rather than employees and therefore do not have formal representation or collective bargaining structures. Nevertheless, GW encourages open dialogue through informal engagement forums.

Engagement, Retention & Turnover:

- Driver churn rate is low (less than 3%), indicating strong satisfaction and retention. Retention strategies include empathetic response to personal challenges, real-time engagement with leadership, use of exit interviews and NPS data to inform improvements.

Contract Consistency and transparency:

- All drivers access multiple Ride hailing platform services (Rides, Packages, Food delivery) under uniform lease terms.

II. Road Safety Risks

- Please describe your approach to managing road safety risks across your delivery operations. In your response, please include:
 - Any road safety or fleet management system including policies in place
 - Driver vetting and training processes
 - Use of safety equipment (e.g. helmets, reflective vests, protective clothing, phone mount)
 - Systems for tracking incidents, complaints, or near-misses
 - How performance measurement and incentives are balanced with safe riding practices
 - How road safety audits or reviews are conducted regularly
 - Road safety incident logs from the past 3 months (or longer) (including how incidents were resolved)
- Have your drivers received traffic fines from the beginning of operations? If yes, how many, why and how does the company handle these situations?

We were impressed by the company's robust safety culture—from mandatory driver onboarding and preventive maintenance to real-time incident response via its Control Room partnership with Ride hailing platform and Emergency response services. Their rigorous vetting and training process, quality-checked vehicles and gear, speed-capping ECUs, and transparent incident dashboard all demonstrate a strong commitment to protecting drivers and passengers alike. Equally commendable are the clear accountability mechanisms—linking lease agreements to safety performance, incentivizing clean records, and providing post-incident refresher training. That said, there is room for improvement: Greenwheels lacks formal road safety audits, and its telematics data remains only passively stored rather than fully integrated into fleet management. Addressing these gaps will elevate an already solid system into a best-in-class safety program.

Road Safety Management System:

- GW has a comprehensive road safety management process which integrates road safety across its operations. Drivers undergo mandatory onboarding covering road safety, bike maintenance, and first aid. Preventive maintenance is encouraged through complimentary labor (provided by GW mechanics) on routine vehicle checks. Safety is contractually enforced via Lease Agreements, and helmets are mandatory.

- A centralized Control Room enables real-time incident response, supported by a tri-party partnership with Ride hailing platform and Emergency Response Services to dispatch ambulances/tow trucks within a few minutes.

- Ride hailing platform passenger feedback system and driving-time limit policy (limited to 12-hour shifts) further reinforce safety and accountability – after 12 hours, drivers must be offline for 6 consecutive hours before driving again.

- All bikes are quality-checked before deployment and after major repairs.

Driver Vetting and Training Process:

- All drivers must hold valid motorcycle licenses verified with the NTSA, and submit KRA PINs, National IDs, and Police Clearance Certificates.

- Onboarding includes multiday theoretical and practical training covering safe driving, emergency response, legal awareness, and gear compliance. The program aims to develop “road champions,” not just drivers.

Safety Equipment and Vehicle Design:

- GW issues each driver with a helmet and high-visibility safety gear (jackets and vests). Damaged helmets are replaced for free; lost ones are subsidized. All motorcycles are equipped with mobile phone holders for hands-free navigation and fitted with ECUs that cap speed at 70 km/h.

Incident Tracking and Response Systems:

- GW operates a 24/7 Incident Response Centre and leverages telematics to collect real-time data (e.g., speed, GPS location). Passenger complaints are investigated by the Ride hailing platform, with GW informed of outcomes. While telematics data is currently stored passively, integration into fleet management is planned.

Incentives and Accountability for Safe Driving:

- Driver Lease Agreements are linked to the Ride hailing platform account status—suspension for safety violations triggers lease termination.
- Safe driving is incentivized through uninterrupted earnings potential. Drivers with clean records receive informal recognition and are prioritized for pilot programs.
- Refresher training is provided post-incident.

Road Safety Audits and Reviews:

- GW does not conduct formal road safety audits. However, it monitors safety via telematics, incident reports (Control Room and Ride hailing platform), and informal Mystery Driver spot checks.

(Road Safety) Incident Records and Dashboards:

- GW maintains an impressive digital Incident dashboard. Login credentials were provided to Novastar for due diligence access, allowing transparent review of reported incidents and follow-up actions. The incident logs tracks, categorises and efficiently displays incidents in a manner that eases analysis of trends such as incidents and also tracks other incidents such as traffic violations, theft/attacks on drivers etc.

Management of Driver Traffic Violations:

- Drivers are responsible for handling the traffic fines they receive. However, GW provides ad hoc support in cases of hardship.
- For serious incidents (e.g., hospitalizations), GW retrieves impounded bikes and settles fines as the legal vehicle owner.

III. Fair Lending and Driver Financing Practices

- **Loan Terms and Transparency:** What are the key terms of the financing arrangements offered to drivers (e.g., interest rates, repayment period, penalties, ownership transfer conditions), and how are these terms communicated to borrowers to ensure full understanding?
- **Affordability and Risk Assessment:** Does the company assess drivers' ability to repay before extending financing (e.g., through income assessments, credit checks, or affordability metrics)? How are loan terms structured to avoid over-indebtedness?
- **Borrower Protections:** What protections are in place for drivers who fall behind on payments (e.g., grace periods, loan restructuring options, repossession policies)? Are there safeguards to ensure non-punitive treatment?
- **Contractual Fairness:** Are contracts written in accessible language and available in drivers' native language(s)? Do drivers receive a copy of their signed contract and have access to dispute resolution mechanisms?
- **Grievance and Support Mechanisms:** Do drivers have access to a clear grievance mechanism or support channel for financing-related issues (e.g., disputes, misunderstandings, repayment concerns)?
- **Data Privacy and Consent:** What data is collected from drivers as part of the financing process, and how is it stored and used? Is informed consent obtained for data collection and usage?
- **Training and Financial Literacy:** Does the company provide any form of financial literacy training or onboarding support to help drivers understand the financing model, their obligations, and how to manage repayments responsibly?

GW demonstrates strong alignment with responsible lending principles. Its human-centered approach to affordability, flexibility, and driver engagement is commendable. However, some policy and documentation gaps

exist—particularly around grievance mechanisms, contract accessibility, and data privacy—and warrant attention. Recommended actions include: A formal grievance and dispute resolution process, written hardship and lease restructuring policy, A data privacy and consent framework, Swahili written contract options.

Product Classification & Transparency

- GW offers a Lease-To-Own (LTO) product. While this distinction limits regulatory obligations under credit and lending best practices such as income verification and credit checks, it closely mirrors the structure and financial commitments of micro-leasing or consumer credit.
- Key terms (daily repayment, ownership transfer, breach consequences) are clearly documented in the lease agreement and reinforced through onboarding.
- Drivers complete a comprehension assessment as part of onboarding, which is conducted in English and Swahili.
- Contracts are only available in English. Although verbally explained, this may pose risks to full informed consent, particularly for lower-literacy drivers.

Affordability and Over-Indebtedness Safeguards

- GW does not conduct formal credit assessments, but its model embeds some affordability checks and buffers: An upfront fee signals basic affordability; and integration with the ride hailing platform ensures immediate income generation potential.
- Continuous earnings monitoring enables early detection of financial strain.
- Absence of formal affordability assessments may expose drivers to financial overextension, especially during earnings volatility or personal emergencies.

Protections for Drivers in Financial Distress

- GW has adopted a notably empathetic and flexible approach to drivers experiencing payment challenges.
- Case-by-case hardship support, including short grace periods and lease pauses.
- Non-punitive culture focused on long-term driver success.
- Internal decision framework considers “Willingness” and “Ability” before taking enforcement action.
- Very low termination/churn rate and receivables overdue underscore model effectiveness.
- There is no formal written hardship or restructuring policy. Reliance on informal criteria may limit consistency and transparency.

Grievance and Dispute Resolution Mechanisms

- Multiple support channels (WhatsApp, phone, email) linked to a ticketing system.
- Financial Operations team provides 1:1 in-person or remote support.
- Drivers can escalate issues through the Customer Experience team and Control Room.
- No formal grievance policy or documented resolution process for financing-related issues.

Data Privacy & Consent

- Data collected includes ID documentation, operational metrics, and telematics.
- GW acknowledges the importance of structured data governance but has no formal data privacy or processing policy in place. No documented process for obtaining informed consent for data collection, use, or sharing.

Financial Literacy & Responsible Use

- Onboarding includes a tailored financial literacy module covering income tracking, savings, repayment planning, and default consequences.
- Delivered through verbal and written formats, often in local languages.
- Ongoing support is provided via Customer Success and Financial Operations teams.
- No post-onboarding reinforcement (e.g., periodic refresher training, digital nudges) to promote continued financial health.

IV. Gender Policy and Gender Based Violence and Harassment

Please describe your approach to promoting gender inclusion and preventing gender-based violence and harassment (GBVH) across your workforce. In your response, please include explanations and supporting evidence):

- Gender representation across different business units and leadership levels
- Any policies or initiatives in place to support gender equity (e.g. maternity/paternity leave, flexible work, support for working parents, improving gender representation in leadership roles)

Please describe your approach to promoting gender inclusion and preventing gender-based violence and harassment (GBVH) across your workforce (employees, contractors, gig workers). In your response, please include explanations and supporting evidence):

- Gender representation across different business units and leadership levels
- Any policies or initiatives in place to support gender equity (e.g. maternity/paternity leave, flexible work, support for working parents, improving gender representation in leadership roles)
- Whether gender-disaggregated data is collected and tracked

GBVH: Can the company demonstrate a structured approach to preventing and addressing gender-based violence and harassment (GBVH) within its workforce and operations, including a clear policy framework, robust grievance mechanisms, training programs (including for drivers, investigators), and leadership accountability to ensure a safe and respectful work environment for all drivers, employees and affected customers?

International Standards: Has the company implemented any international standards related to stakeholder engagement (AA 1000 Standards on Stakeholder Engagement and Accountability Principles and ISO 26000)? How about external communication procedures and grievance mechanisms for customers and the public?

GBVH: Examples of up to 3 GBVH incidents in the past year, and how they were addressed by the company

GW has taken initial steps toward promoting gender inclusion and GBVH prevention, including policy articulation through its Code of Conduct, active hiring of women in male-dominated roles, and provision of basic workplace accommodations. However, these efforts are largely informal and not yet supported by formal systems, policies, or accountability mechanisms. Greenwheels needs to progress toward a safer, more inclusive workplace and aligns with global ESG best practices by taking key actions including: Develop a standalone GBVH policy aligned with IFC Performance Standard 2 and local law; Establish a structured, confidential GBVH grievance mechanism with trained focal points; formalize gender equity targets, accountability structures, and monitoring indicators; Translate key HR and Code of Conduct materials into local languages to ensure accessibility.

Commitment to Gender Inclusion

- GW demonstrates a strong stated commitment to gender inclusion and the creation of a respectful, safe work environment for all staff and Drivers. This commitment is anchored in the company's internal Code of Conduct and is reflected in hiring efforts, training, and limited but meaningful gender representation initiatives.
- The Code of Conduct prohibits discrimination and explicitly affirms a zero-tolerance policy for harassment and violence.

Proactive partnerships have resulted in the targeting of women drivers in a traditionally male-dominated sector.

- The company tracks and reports gender representation across departments and seniority levels.
- Some leadership commitment is evident, with 25% of leadership and 43% of management positions held by women; however, gender parity remains low across operations with a low overall female representation.
- No formal gender strategy or long-term inclusion targets are mentioned.

Workplace Accommodations and Equity Measures

- GW offers several supportive practices aligned with local labour law to enhance inclusivity for women in the workplace. Offers maternity (3 months) and paternity (2 weeks) leave; Provides private breastfeeding space and sanitary bins in restrooms.
- Monitoring of gender representation at departmental and seniority levels is ongoing.
- No formal gender equity policy or leadership accountability structure is defined.

Approach to GBVH Prevention and Response

- While GW expresses a clear commitment to preventing GBVH, its current efforts remain foundational and policy-light.
- The Code of Conduct outlines a zero-tolerance stance on GBVH and includes non-discrimination clauses covering gender, sexual orientation, and other identities.
- Employees receive onboarding training on respectful workplace behavior and expectations.
- At GW, there is no formal standalone GBVH policy exists, no dedicated GBVH grievance mechanism or trained focal points for GBVH response are in place and no mention of GBVH-specific training for staff, leadership, or Drivers.

Alignment with International Standards for stakeholder engagement and accountability

- GW has not adopted international standards (e.g., AA1000, ISO 26000) for stakeholder engagement or accountability and has no external grievance mechanisms for drivers or the public.

V. Safety of Charging Infrastructure

Can you describe your charging infrastructure (e.g. battery swapping stations, charging points, and at-home charging).

For each type of charging point (e.g. swap stations, at home charging)

- Describe how these points designed and operated in accordance with recognized national and global safety standards? Elaborate on any certifications required/obtained
- What safety features are in place at the stations (e.g., emergency shut-off switches, fire suppression systems, insulation, temperature control)?
- Do you inspect or certify driver homes for electrical safety before approving home charging?

Training & Capacity Building

- What type of safety training is provided to the workforce (employees, contractors, gig workers) and technicians who interact/handle batteries and maintain charging infrastructure?
- Are drivers educated on how to safely use and maintain home chargers or battery swapping equipment?
- Do you provide refreshers or certifications periodically?

Incident Management & Emergency Response

- Do you have a documented emergency response plan for incidents at charging points?
- How are incidents or near-misses reported, tracked, and investigated?
- How are local fire and emergency services engaged or informed about your infrastructure locations and hazards?
- Have there been any past incidents involving the charging infrastructure or batteries? If so, what were the root causes and corrective actions taken? In your responses, describe 3 safety incident logs from the past 3 months (or longer) (including how incidents were resolved)

Contractor & Third-Party Management

- If installation or maintenance is outsourced, how do you verify that third-party vendors follow good safety policies and standards?
- Are safety KPIs and audits built into third-party contracts?

Continuous Improvement

- How is safety performance monitored over time? (e.g., incident rates, root cause analyses, KPIs)
- How do you stay updated with evolving standards in EV infrastructure safety?

Greenwheels does not own or operate any charging infrastructure. The company partners with OEMs and battery swapping partners to provide electric motorbikes, and battery charging/ swapping infrastructure. In one OEM's

model, the driver purchases and therefore also owns the battery along with the bike, while with another OEM, the driver purchases the bike but not the battery and can therefore swap at stations throughout Nairobi. A key action for Greenwheels, especially as they expand outside Kenya and engage additional OEMs is to ensure that they have robust supplier vetting policies to ensure that they partner with OEMs with robust environmental, social and governance practices.

As part of the ESG due diligence process, we visited both OEM partner plants/offices and also a battery swapping depot.

OEM partner 1

- *Battery management system:* This partner tracks the bike and battery and monitors them for performance and safety. Currently the battery has to be connected to the bike to be tracked but the company is looking to transition to a battery management system that independently monitors the battery regardless of whether it is connected to the bike or not
- *Charging infrastructure:* Batteries can be charged at centralised charging depots throughout the city where a driver can leave their battery to charge and rent another battery temporarily or can be charged at home by the driver.
- Before at home charging is approved, the company visits the driver's home and checks the quality of the infrastructure safety, upgrading it in partnership with KPLC (national power company) if needed
- The company will roll out rapid charging stations in the near future to give drivers alternatives to at home charging and thus reduce the safety risks of charging in the home.
- *Battery waste management:* For now, this OEM buys back aging batteries from drivers and uses them in the depots in the for-lease battery pool
- *Battery safety incidents:* The company confirmed at least one incident of a battery 'discharging' while at a driver's home after it had fallen down a flight of steps. The battery did not catch fire and no damage to property of injury to humans occurred.

OEM Partner 2

- *Battery management system:* This OEM tracks the bike and battery and monitors them for performance and safety. The battery, and the bike are tracked independently and need not be connected. At the point of swapping, each battery is 'linked' to the bike to ensure that the bike or swapping cabinet to which the battery is connected is known at all times.
- When an issue is identified, batteries undergo maintenance at charging hubs.
- *Charging infrastructure:* This OEM only offers a battery swapping system. Drivers locate swapping cabinets or depots distributed throughout Nairobi and swap their batteries for one with a higher charge as needed, similar to the experience of refuelling a vehicle.
- Charging depots require an upgrade of the electrical infrastructure which is done with the power utility (KPLC) and the company has monitoring and emergency systems for the electrical safety
- *Battery waste management:* The company is piloting using the batteries for alternative purposes to extend their life.
- *Road safety:* Top speed of the bikes is limited at 75kph
- *Complaints & Grievances:* The company offers 24h call centre, WhatsApp groups, and an app in case drivers need to raise a complaint.

VI. Battery safety management and waste management

Greenwheel's plan for battery safety management, training, and waste management, and the company's relationship with the OEM, such as roles and responsibilities in terms of instances of battery-related accidents, safety trainings, and emergency procedures in case of battery-related accidents.

Battery Safety Management

Greenwheels does not own and as a result does not manage battery infrastructure. Instead, it relies on its strategic partnership with OEMs for battery supply, swapping infrastructure, and safety systems. For example, OEM 2's infrastructure includes:

- Fire suppression systems, emergency shut-offs, and temperature control mechanisms in battery hubs and swapping cabinets
- Real-time monitoring via Battery Management Systems (BMS) for fault detection and

remote updates

Greenwheels ensures battery safety indirectly by:

- Conducting monthly inspections and subsidised repairs on its fleet
- Partnering with the OEM for battery swapping coordination, which includes quality checks and infrastructure safety

Driver Training and Emergency Preparedness

Greenwheels has a robust onboarding and training programme:

- 3-day onboarding covering financial literacy, app usage, bike handling, SOPs, and contract terms
- Emergency response training is included in the curriculum, and drivers are equipped with safety gear (helmets, high-visibility jackets) and ECUs that cap speed at 70 km/h
- A 24/7 Incident Response Centre provides roadside support and battery assistance

Waste Management

The batteries belong to the OEM, and therefore Greenwheels does not have a standalone battery waste management policy. Greenwheels relies on the OEM's infrastructure and protocols for battery disposal and recycling. The OEM:

- Partners with Enviroserve, a NEMA-licensed e-waste handler, for safe disposal of damaged battery components
- Has developed a second-life battery model for stationary applications in off-grid areas
- Is finalising its internal battery waste management policy, which will guide second-life deployment and end-of-life disposal

Greenwheels–OEM 2 Relationship: Roles and Responsibilities

Operational Partnership

Greenwheels and ARC Ride have a formal Service and Licensing Agreement that outlines their collaboration:

- The OEM provides battery swapping infrastructure, telematics systems, and technical support to Greenwheels
- The OEM is responsible for training Greenwheels' technical staff and battery swappers, and for supplying standard operating procedures (SOPs) for safe operation of swap stations

Emergency Procedures and Incident Management

- The OEM maintains internal SOPs for emergency situations, inspections, and service protocols, which are shared with Greenwheels
- In case of battery-related accidents, the OEM's infrastructure includes:
 - Fire suppression systems, temperature control, and emergency shut-offs.
 - Incident reporting and Root Cause Analysis (RCA) for all reported safety incidents
- Health and Safety Committee oversees safety KPIs and updates SOPs

Waste and Safety Accountability

- The OEM is responsible for battery waste disposal, including hazardous waste like leaking cells, through licensed partners such as Enviroserve and WEEE Centre
- The OEM conducts quarterly safety drills and training sessions on handling hazardous materials and maintains digital waste tracking systems
- Greenwheels relies on the OEM's systems and does not appear to have independent waste tracking or disposal protocols.

Benchmarking of company's performance against ESG standards

IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts	
	<p>As an early-stage company, Greenwheels doesn't have a formal Environmental and Social Management System (ESMS), a dedicated ESG team, or a structured ESG management program. The company also lacks a formal framework for assessing ESG risks and doesn't conduct regular ESG performance monitoring.</p> <p>While Greenwheels complies with local environmental and social laws and has some basic risk management and ESG processes in place, it has no formal emergency response plan. However, it does have some critical elements for emergencies, such as a 24/7 emergency response team and fire extinguishers in all facilities.</p> <p>The company also lacks a formal stakeholder engagement plan, an external grievance mechanism, and formal ESG reporting practices. Greenwheels does have future plans to develop leadership dashboards to monitor key performance indicators that relate to ESG such as road safety.</p>
IFC Performance Standard 2: Labor and Working Conditions	
	<p>Greenwheels drivers are on standard contracts from their ride-hailing platform. The company does have complaints mechanisms but no formal grievance mechanism for its employees or drivers. Greenwheels confirms compliance with local laws on child labor by verifying national ID details. The company has occupational health and safety policies and openly shared its incident tracking system to demonstrate how previous incidents were handled. With respect to their supply chain, Greenwheels currently lacks a supply chain governance and oversight process.</p>
IFC Performance Standard 3: Resource Efficiency and Pollution Prevention	
	<p>Greenwheels monitors energy, water, and material consumption through its financial and accounting records. The company also contracts a waste management firm for disposal and complies with basic environmental regulations. Greenwheels actively tracks its environmental performance using a carbon offset framework created in partnership with original equipment manufacturers (OEMs).</p>
IFC Performance Standard 4: Community Health, Safety, and Security Performance	
	<p>Greenwheels provides mandatory safety training for relevant staff, has firefighting equipment in all buildings, and carries out inspections. The company also has WIBA insurance for its employees. While the company contracts a third-party security provider and has not received any complaints, it lacks oversight regarding the quality of the training its security personnel receive.</p>

5 – Environmental and Social Action Plan (ESAP)

Action	Deadline from date of investment
<ul style="list-style-type: none"> ■ Develop and implement an Environmental and Social Management System (ESMS) aligned with IFC Performance Standards. The ESMS should include a process to systematically identify and assess potential ESG risks falling under IFC Performance Standards 1-8. 	18 months
<ul style="list-style-type: none"> ■ Assign ESG responsibilities to existing staff and clarify ESG governance structure. Responsibilities should be held at management, C-suite and at board level. 	3 months
<ul style="list-style-type: none"> ■ Ensure ESG roles and responsibilities across the organization (and at country-level) are well defined including <i>Person with overall ESG responsibility; Environmental Lead; Health & Safety Officer; Community Engagement Focal Point</i>. 	6 months
<ul style="list-style-type: none"> ■ Specifically for road safety risk, confirm that the Health and Safety Officer has the appropriate expertise <u>and</u> seniority to implement effective risk management measures. 	9 months
<ul style="list-style-type: none"> ■ The Greenwheels team members with ESG responsibility to attend an onboarding session with Novastar ESG on ESG & Business Integrity matters, including reporting requirements. <ul style="list-style-type: none"> - Thereafter, Greenwheels must inform Novastar whenever there is a change in personnel of the team member tasked with ESG reporting to Novastar. 	1 months & ongoing whenever new staff tasked with ESG reporting to Novastar are hired.
<ul style="list-style-type: none"> ■ Finalise and implement a formal internal and external grievance mechanism for ESG-related concerns. 	6 months
<ul style="list-style-type: none"> ■ Constitute a formal board with clear representation from co-founders, major investors, and independent members. 	1 month
<ul style="list-style-type: none"> ■ Strengthen road safety management. 	1 month from investment and alignment with the planned rolled out of the Business Intelligence dashboard
<ul style="list-style-type: none"> ■ Using benchmarks relevant to the company's sector and geography such as 2X criteria, formalize gender equity targets, accountability structures, and monitoring indicators. 	18 months
<ul style="list-style-type: none"> ■ Strengthen the company's GBVH prevention and response system in alignment with globally recognised standards. 	9 months
<ul style="list-style-type: none"> ■ Constitute a formal board with clear representation from co-founders, major investors, and independent members. 	1 month
<ul style="list-style-type: none"> ■ Formalize Hardship & Restructuring Policy. 	12 months

■ Develop a formal data collection and processing policy that complies with national laws and international best practice.	12 months
■ Establish a Supply Chain Policy for All Suppliers & Contractors, with the objective to ensure every supplier & contractor (e.g. vehicle OEMs, maintenance partners, parts vendors, emergency service partners, security companies, waste off-takers) meet baseline social, environmental, and governance standards to protect reputation, operations, and compliance. The policy should be commensurate with the company's stage and material risks in the supply chain.	12 months
■ Emergency Preparedness and Response Plan (EPRP) Development: Establish and validate a lean EPRP, commensurate with the company's stage, where operations present potential risks of significant harm due to accidents, natural disasters, conflict e.g. social protests/sector worker strikes, or infrastructure failure.	12 months
■ Per country of operation, develop a stakeholder engagement plan to proactively manage ESG and regulatory risks to ensure compliant growth.	Recurring (create prior to entry into each new country and share with Novastar annually)

6 – Monitoring and Reporting Mechanism between the investee and Novastar

Novastar's monitoring and reporting mechanism, outlined in ESMS Section 9.4 (and summarised below), applies to the investee, including keeping Novastar and GCF informed of its E&S performance and the ESS performance of activities using GCF proceeds.

The investee must provide all reports required under the ESAP, which also form part of the standard covenants in the legal documentation. This requires the investee to submit periodic reports on ESG matters, as well as any changes in corporate governance practices or ESMS.

Novastar will comply with all ESG reporting obligations to GCF. Novastar will also provide the Limited Partners (including GCF) with an Annual Monitoring Report summarising the ESG performance of each portfolio company. This includes execution of the ESAP, material and serious ESG incidents (with mitigating actions taken), and new ESG risks identified during the year.

The investee must immediately report any serious or unforeseen ESG issues, including incidents and accidents resulting in loss of life, material effect on the environment, human rights, or material breach of law, to the Fund. Novastar will, within three days of receiving a serious incident report from an investee, provide the Advisory Committee with a report of any serious incidents related to any investee that result in loss of life, material effect on the environment, material breach of law, or high-risk GBVH incidents.

Monitoring is anchored by Novastar's right to board representation, as well as the right to access and inspect an investee's books, offices, and sites as set out in the legal documentation. Novastar may employ various supervision methods depending on the risk

category of the investee's business activities, with higher-risk investees subject to more intensive monitoring.

As part of the monitoring process, Novastar may conduct site visits and consider independent ESG audits, involving external consultants if necessary. The details of monitoring or supervision processes will be informed by issues identified during ESG risk assessment, ESG due diligence for new investees, or existing audits of current investees.

There are numerous ESG touchpoints during the investment period, which prompt monitoring and improvement. These include quarterly ESG performance monitoring, annual ESG compliance monitoring, portfolio company board meetings or ESG sub-committee meetings, and serious incident reporting.

Novastar is a multi-round investor, making follow-on investments in portfolio companies that are performing well. These follow-on investments, which can occur every 18–24 months, provide a natural opportunity to review the company's ESG practices, address new and emerging risks, assess performance against the action plan, and set new action plans as the company enters a new stage of growth. ESG due diligence (including site visits where appropriate) will be conducted as part of the investment process, with an ESG report and ESAP submitted to the Investment Committee for approval.

For active companies where Novastar is no longer undertaking fresh ESG due diligence, monitoring visits will be conducted at the frequency detailed in the Novastar ESMS. These visits will be carried out by the Investment Lead or Head of Sustainability.