ESG Due Diligence Report

ARC Ride

Oct 2025

1 - Purpose of this report

The purpose of this ESG due diligence report is to provide a comprehensive assessment of ARC Ride's 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 and peri-urban mobility across Africa, yet negative environmental impacts, rising fuel and maintenance costs, coupled with limited access to affordable financing, are squeezing driver incomes and threatening sector sustainability.
Company & solution	ARC Ride offers a scalable, infrastructure-led solution to these challenges through its Battery-as-a-Service (BaaS) model. Its flagship electric motorcycle, the Bidii Boda, is tailored for African terrain and commercial use cases, featuring dual batteries, IoT integration, and a high payload capacity. ARC Ride's proprietary battery management system enables real-time monitoring, remote fault detection, and lifecycle optimisation. The company also provides a driver-facing app and fleet dashboard for seamless operations.
Company Stage	Innovating
Geographies and facilities	• Current: Kenya • ARC Ride's facilities in Nairobi include a combined office and warehouse; a combined workshop and warehouse; charging hubs distributed in the Nairobi Metropolitan Area; and charging cabinets distributed in the Nairobi Metropolitan Area. In Nakuru, the company has a satellite office and charging cabinets. • Manufacturing and assembly of motorcycles, batteries and battery cabinets is carried out by ARC Ride partners at partner-owned facilities.
Leadership	• Co-Founder & CEO; CFO; Chief Strategy Officer ESG Leadership • ESG Manager - Overall Responsibility in managing ESG related matters. With regards ESG matters, the ESG manager reports to the People and Compliance manager, who reports to the CEO. ESG matters are reported to the CFO and CEO on a weekly basis. • ESG Assistant 1: Supports the implementation of ARC Ride's Environmental management practices, ensuring proper disposal and recycling of e-waste, batteries, and other waste components. She also coordinates stakeholder engagement activities, including community consultations and grievance resolution follow-ups. • ESG Assistant 2: Supports ESG by focusing on workplace safety, conducting risk assessments, and coordinating safety training programs. She ensures compliance with occupational health regulations and incident management procedures. She also contributes to staff wellbeing initiatives.

Employees	95 Full-Time; 2 Contractors
Key suppliers	The company has suppliers for the following: • Battery tech and BMS (battery management system) development • Motor powertrain units and strategic investment • Local assembly partner for the motorcycles • Manufacturer of motorcycles
Customers	Fleet management companies; Asset financiers; Individual Riders
Other key stakeholders	Equity investors; Debt investors; Infrastructure partners such as petrol stations that host the battery swap cabinets and hubs
ESG experience to date	ARC Ride demonstrates strong ESG foundations: • Has an experienced ESG Lead and 2 ESG assistants that work fully on ESG • Has a formal ESAP with a DFI investors.

3 - Executive Summary

Investment Policy Conformance

ARC Ride 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

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

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

4 - Detailed ESG Assessment

4.1 - Scope of Review and Methodology

Applicable Environmental and Social Laws and Standards	• 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	• Completed Novastar ESG Questionnaire • ARC Ride ESG data room
Site visits and interviews	• Site Inspection comprising visual observations of relevant areas and meetings o Novastar Deal Team visited ARC Ride operations and had extensive meetings with the leadership team both in person and online. o Other visits by the deal team included visits to fleet management partner, ARC Ride mechanics, ARC Ride staff at the assembly and charging depot in Westlands. o Conversations with fleet management partner drivers with ARC Ride bikes o Visits to the ARC Ride hubs, warehouse/office
External consultation	Due to the company's medium E&S risk rating, we did not hire external consultants to separately assess ESG risk on behalf of Novastar.

4.2 - Key focus areas for ESG due diligence

I. Vehicle and Road Safety
The diligence covered ARC Ride's approach to managing road safety risks associated with the design, assembly, deployment, and use of electric motorbikes. The assessment reviewed supplier/contractor safety standards, vehicle design/safety features, customer training, vehicle maintenance, incident management, and company's road safety management framework.

ARC Ride demonstrates strong road safety practices through compliance with international manufacturing standards and integration of safety features in vehicle design. ARC Ride engages with the Fleet Management Client and manufacturing partners to continuously monitor and improve the safety of their vehicles. The company also offers rider training and incident reporting protocols.
Since ARC Ride operates as an Original Equipment Manufacturer (OEM), supplying electric vehicles to primarily to business clients, their direct control of road safety is limited to vehicle design, safety features, and performance standards. Road accidents involving ARC Ride vehicles that stem from external factors—such as driver behaviour, road conditions, or third-party operations fall outside their operational scope - this distinction is crucial in accurately assessing our ESG impact and responsibilities.

Supplier/contractor safety standards:
- ARC Ride's vehicle manufacturer complies with key international safety standards. These include EN ISO 12100:2010 for machinery risk assessment and other EN (European Standard) for electric two-wheeler safety, limiting radio interference, and controlling emissions.

Vehicle design and safety features:
- ARC Ride integrates road safety into the design and assembly thorough a combination of built-in safety features. The motorbikes are equipped with key safety features including reflectors, LED brake lights/headlamps, phone mounts, helmet, and USB charging ports.
- ARC Ride installs speed limiters for corporate clients (e.g. the Fleet Management Client) who request a specific speed limit to minimize accident risk in urban settings.

Customer education and training:
- Mandatory onboarding training for all riders includes basic electric vehicle operation, helmet usage, passenger safety, and pre-ride inspection protocols.

Vehicle monitoring and maintenance:
- ARC Ride monitors rider performance such as distance, location, and speed on the IT platform.
- ARC Ride bikes have a maintenance schedule that is provided to the customers to ensure that they can carry out maintenance.
- ARC Ride does not currently enforce or verify adherence to the provided maintenance schedule. However, they offer occasional free maintenance workshops to customers to drive servicing.

Incident management and feedback loops:
- Incident reporting and Root Cause Analysis (RCA) are conducted for all reported road safety incidents that fall under ARC Ride's remit.
- Feedback loops with manufacturers are in place to improve vehicle design based on recurring safety issues.
- ARC Ride meets the Fleet Management Client every week, has started having weekly meetings with suppliers, and ARC Ride mechanics interact with riders on a daily basis. All these activities allow ARC Ride to receive feedback on the safety of their vehicles and incorporate it into vehicle design.

Road safety management framework:
- ARC Ride complies with Kenya's Traffic Act (Cap 403) and NTSA Road Safety Guidelines.
- Internal SOPs exist for emergency situations, inspections, and service protocols.

II. Safety of Charging Infrastructure System
The diligence reviewed safety of ARC Ride's charging infrastructure system which is composed of battery units, battery swapping cabinets, and battery hubs. The review also examined their training & capacity building, emergency response, continuous improvement of safety performance, and incident management.

ARC Ride demonstrates strong safety controls across its charging infrastructure system, with compliance to international standards, advanced Battery Management Systems, and robust fire safety infrastructure in swapping cabinets and hubs. Preventive maintenance and remote monitoring are consistently applied, though emergency response procedures lack evidence of regular drills. Continuous improvement is supported through structured incident management, regulatory engagement, and a dedicated Health and Safety Committee.

Battery units:
- ARC Ride's batteries comply with UN, IEC, and ISO standards, ensuring safe transport, functional safety, and cell-level protection.
- ARC Ride's batteries include multiple layers of protection such as thermal management, overcharge/discharge protection, short circuit protection, overcurrent control, and cycle life protection.
- Battery Management System (BMS) includes real-time monitoring, fault protection, and remote updates via GPS and 4G.

Battery swapping cabinets:
- ARC Ride's cabinets are equipped with fire extinguishers, high temperature auto-shutdown, short-circuit protection, and water immersion detection.
- ARC Ride's cabinets include digital door locks, bluetooth access control, and smart camera surveillance to prevent unauthorized access and tampering.
- Preventive maintenance is conducted on a set and recurring schedule, with daily remote monitoring for fault detection and performance tracking.

Battery hubs:
- ARC Ride's battery hubs are equipped with multi-layered fire safety infrastructure and temperature control.
- ARC Ride adheres to the Occupational Safety and Health Act (OSHA) 2007, and has received certification for electrical safety, fire safety, ventilation, and emergency preparedness.
- Preventive maintenance is conducted monthly, with weekly physical checks and daily remote status updates via WhatsApp or phone.
- Emergency response procedures are in place but lack evidence of regular drills or simulations to test effectiveness.

Emergency Response:
- Emergency response procedures are in place for fire, floods, medical emergencies, and stalled bikes, with visible fire department contact information.

Continuous Improvement:
- Continuous improvement is driven by incident tracking, Root Cause Analyses (RCAs), and safety audits, with learnings shared across hubs.

- ARC Ride maintains a Health and Safety Committee, led by the CEO, that reviews incidents, conduct risk assessments, and updates SOPs.
- ARC Ride engages with regulatory bodies, industry associations, and technical partners to stay current with EV safety standards.

Incident management:
- At ARC Ride, all incidents, near-misses, or safety concerns, especially those involving the charging infrastructure system are reported immediately to the supervisor or safety lead on-site and escalated to the People and Compliance Department.
- ARC Ride follows a structured incident management process involving online reporting, Root Cause Analysis using techniques like “The 5 Whys,” standardized documentation, case tracking with assigned owners and timelines, and safety team reviews to identify trends and implement preventive measures.

III. Supply Chain
The diligence reviewed ARC Ride’s supply chain structure, including key suppliers for EV bikes, batteries, charging infrastructure, and solar panels. It assessed supplier governance, ESG policies, onboarding and monitoring processes, and labour practices—particularly in some geographies that are known to be high-risk. Focus areas included forced labour risks, grievance mechanisms, and ARC Ride’s leverage to enforce ESG standards.

ARC Ride demonstrates a clear understanding of the ESG risks in their supply chain and a commitment to addressing them, which has been supported by the current ESAP they have with a 2 investors (including a DFI) which tasked the company to update its procurement and supply chain risk procedures to screen all suppliers for human rights violations; develop a severity matrix to prioritise high-risk suppliers; ensure that supplier contracts include key environmental and social clauses aligned with ILO labour standards and require a compliance declaration.

• Formal, well-documented agreements with suppliers
- ARC Ride’s main suppliers are reputable companies with whom ARC Ride has formal contracts including for EV bikes, battery packs, charging cabinets, and solar panels.
- ARC Ride demonstrates an awareness that parts of their supply chains carry elevated labor risks including forced labor, excessive overtime, wage violations, and restrictions on freedom of association, particularly in regions with limited labor protections. ARC Ride acknowledges these as critical issues in the broader EV sector and monitors them as part of its responsible sourcing strategy. To mitigate these risks, ARC Ride will require suppliers to uphold the standards outlined in its Supplier Code of Conduct, which strictly prohibits such practices. The code of conduct and additional ESG clauses for supplier contracts are in the process of being rolled out.

• Supply Chain Governance and Oversight
- ARC Ride is yet to complete the roll out of their suppliers' code of conduct.
However it has been developed, and the company will use it to align supplies with their ESG principles and sets the basis of future engagements.
- The supplier code of conduct covers supply chain risks and especially risks related to human rights. Key provisions include respecting international human rights standards (e.g., ILO conventions), banning forced labor and recruitment fees, preventing child labor, workplace safety and fair treatment.
- Based on the Supplier Code of Conduct, ARC Ride will be able to conduct regular compliance audits, and the company will mandate that suppliers communicate the policy to their own staff and to their subcontractors. The company may shift procurement decisions away from high-risk suppliers if improvements are not made.
- ARC Ride has dedicated resources assigned to supply chain governance including the Logistics Manager who is responsible for supplier onboarding. The Logistics Manager collaborates with the ESG Lead who is responsible for ESG-related compliance.
- The supply chain policy is reviewed by the People and Compliance Manager to who the ESG Lead also reports, and overall ESG accountability lies with the Chief Executive Officer (CEO).

• Monitoring and Continuous Improvement
- ARC Ride visits their international suppliers to assess the factories production quality and safety concerns are incorporated into decision making. The Supplier code of conduct clearly states that Supplier Audits will be incorporated in the future.
- Furthermore, the CTO of ARC Ride’s key technology partner, is deeply embedded within and collaborates closely with the ARC Ride team, which provides opportunities for ARC Ride to remain consistently aligned with its key suppliers. He also helps to facilitate strategic relationships with leading Chinese OEMs.

- ARC Ride's external grievance process has not yet been extended to complainants within their supply chain. However, the company has identified this gap and aims to address it.

IV. Gender Inclusion and Gender-based Violence Prevention
The diligence covered ARC Ride's approach to gender inclusion and GBVH across its workforce. Key areas assessed included gender representation, equity policies, mentorship initiatives, and data tracking. On GBVH, the review examined leadership accountability, policy coverage, risk assessments, grievance mechanisms, training, survivor support, and incident reporting, aligned with international ESG and DFI standards.

ARC Ride demonstrates strong gender inclusion and GBVH governance, with leadership commitment, inclusive policies, and survivor-centred support. While key frameworks are in place, gaps remain in risk assessment and gender action planning. Strengthening these areas will align ARC Ride more fully with IFC and BII GBVH best practice standards.

• **Gender Inclusion and Leadership**
- ARC Ride demonstrates a strong commitment to gender inclusion across its workforce, with 40% female representation—above industry norms—and 30% of leadership roles held by women. A female executive is in senior management, reinforcing gender equity at the highest levels.
- The company tracks gender metrics monthly, overseen by the People and Compliance Manager, indicating a structured approach to monitoring progress.
- ARC Ride qualifies under the 2X Challenge criteria, confirming alignment with international gender inclusion benchmarks.
- A women's mentorship programme is in place - this initiative supports career development and leadership pathways for junior female staff.
- Female employees have been given opportunities to lead strategic projects, demonstrating inclusive operational practices.
- The Employee Handbook includes provisions for parental leave, supporting gender-responsive workplace policies.
- ARC Ride is still in the process of developing a formal Gender Action Plan. A comprehensive plan would help institutionalise gender goals, track progress, and identify areas for improvement.

• **GBVH Policy and Prevention**
- ARC Ride has a written and active Sexual Harassment and Anti-Bullying Policy. This demonstrates strong leadership commitment and accountability, in line with BII's GBVH guidance.
- The policy applies to all categories of workers, including contractors, interns, volunteers, and board members, and includes clear definitions and examples of GBVH, sexual harassment, and bullying.
- Disciplinary procedures are clearly outlined, including dismissal for proven offences, reinforcing a zero-tolerance approach.
- The Employee Handbook and Grievance Procedure complement the policy, embedding GBVH expectations across all working relationships.
- ARC Ride provides both informal and formal grievance mechanisms, supports anonymous reporting, and ensures confidentiality and protection from retaliation—key elements of a survivor-centred approach.
- Training is provided during induction and through regular awareness programmes. Senior managers and board members are expected to model respectful behaviour, aligning with IFC Performance Standard 2 and BII's guidance on leadership accountability.
- The policy includes survivor support measures such as access to psychological, medical, legal, and workplace accommodations, including flexible work arrangements and accompaniment by a support person.

• **Incident Reporting**
- ARC Ride reported no GBVH incidents in the past year, which may reflect the effectiveness of

current policies and training.
- However, absence of reported cases does not necessarily indicate absence of risk. Without proactive situation-specific risk assessments and anonymous feedback mechanisms, underreporting remains a possibility.

V. Environmental Sustainability

The environmental sustainability diligence focused on ARC Ride's practices for battery disposal and second-life use, electric motorbike parts recycling, and solar panel waste management. The assessment reviewed disposal protocols, partnerships with licensed e-waste handlers, and plans for circularity and long-term waste mitigation.

ARC Ride demonstrates a proactive approach to environmental sustainability through circular practices in battery and bike component management, and early planning for solar panel waste. While key partnerships and procedures are in place, formalisation of internal waste policies and tracking systems is needed to align fully with IFC and DFI environmental standards.

• Battery Disposal, Recycling, and Second-Life Use
- ARC Ride has developed a second-life battery model. This supports circularity and aligns with IFC Performance Standard 3 on Pollution Prevention and Abatement.
- Faulty or leaking batteries are promptly withdrawn from service and stored in secure, compliant containers at ARC Ride's maintenance facility.
- ARC Ride partners with a NEMA-licensed e-waste management company, for the safe disposal and recycling of damaged battery components, ensuring compliance with Kenya's national waste management regulations.
- ARC Ride has not yet finalised its internal battery waste management policy, which is essential for guiding second-life deployment, recycling procedures, and end-of-life disposal. The company needs to expedite the development and implementation of a formal battery waste management policy.

• EV Bike Parts Disposal and Recycling
- ARC Ride has established a structured process for managing the disposal and recycling of electric motorbike components, including controllers, sensors, display units, and wiring systems. These are securely stored and handled by a partner, ensuring environmentally responsible e-waste management.
- Metallic waste is sorted and sold to local metal fabricators, supporting Kenya's informal recycling economy and promoting material reuse.
- The company's R&D and maintenance teams actively recover and repurpose functional parts from decommissioned bikes for repairs, prototype development, and performance testing. This reduces environmental impact and extends component life.
- The company does not have formal tracking system for parts reuse or disposal volumes, which could limit visibility into environmental performance and reporting.

• Solar Panel Waste Management
- ARC Ride acknowledges the long-term environmental responsibilities associated with solar panel disposal and is proactively developing a solar panel waste management plan.
- The plan is still under development and not yet operational, which presents a gap in preparedness for future waste management needs. The company needs to finalise and implement the solar panel waste management plan ahead of panel end-of-life timelines.

4.3 - Benchmarking of company's performance against ESG standards

IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts	
	- ARC Ride does not yet have a fully developed Environmental and Social Management System (ESMS), though components such as risk assessments, policies, and stakeholder engagement processes are in place. The company has development of an ESMS as part of their current ESAP with 2 other investors. - ESG risks are tracked through an ESG technical working group, and in several policies. - ARC Ride has an ESG Policy that outlines environmental and social objectives, including commitments to gender equity, waste management, and occupational safety. The policy is reviewed by the People and Compliance Manager and overseen by the CEO, ensuring senior-level accountability. - ARC Ride conducts ESG risk assessments and has identified key risks in areas such as battery disposal, supply chain labour practices, and GBVH. - ARC Ride has developed thematic management plans (e.g. Waste Management Plan, Emergency Response Plan) and conducts regular safety audits and incident tracking. - There is an overarching Environmental and Social Action Plan (ESAP) with measurable targets and timelines as part of a recent investment. - ESG responsibilities are clearly assigned to named individuals, including the ESG Lead and ESG Assistants. The CFO and CEO receive regular updates. - ESG staff have relevant technical expertise and receive ongoing training. The company will need to ensure ESG capacity scales with operational growth. - ARC Ride has documented emergency response procedures. - Riders and staff are trained on emergency protocols. - ARC Ride tracks ESG performance through incident logs, safety audits, and quarterly reviews by the Health and Safety Committee. Monitoring will need to be embedded within a formal ESMS framework. - ARC Ride conducts stakeholder mapping and engages with employees, contractors, regulators, and communities through consultations and feedback mechanisms. - Community engagement is integrated into the EIA process for infrastructure projects. - ARC Ride has a multi-channel grievance mechanism accessible to internal and external stakeholders, including anonymous reporting and whistleblower platforms. External stakeholders have direct access to the grievance mechanism via the ARC Ride website. - Complaints are tracked and resolved through a structured process managed by the People and Compliance Department. - ARC Ride doesn't currently have risks/issues that require ongoing reporting to affected communities. If issues arise, the company has a stakeholder engagement process and external grievance mechanism that guide communication and reporting to those adversely affected by its operations.
IFC Performance Standard 2: Labor and Working Conditions	
	- ARC Ride has formal HR policies and employment contracts for all categories of workers, including provisions for probation, promotion, training, and separation. - Workers are informed of entitlements such as maternity leave, sick leave, and overtime pay through onboarding and HR support systems. - A grievance mechanism is in place, accessible via multiple channels including anonymous reporting, and is documented in the Employee Handbook. - ARC Ride has a retrenchment policy aligned with Kenyan labour law, though no retrenchments have occurred to date.

	- The company complies with national labour laws including the Employment Act, Occupational Safety and Health Act, and Work Injury Benefit Act. - ARC Ride prohibits child labour and enforces age verification during hiring. No minors are employed. - The company has a comprehensive Equal Employment Opportunity policy and an Anti-Harassment & Discrimination Policy. - No incidents of discrimination have been reported. - ARC Ride has a comprehensive Health and Safety Policy tailored to EV operations, including battery handling and swap station safety. - Regular risk assessments, safety audits, and inspections are conducted. PPE use is mandatory and monitored. - Staff receive onboarding and refresher training on occupational health and safety, including emergency response. - Emergency plans are in place for fire, chemical leaks, and technical failures. - ARC Ride does not currently outsource installation or maintenance of infrastructure to third-party vendors. - No formal system is in place to manage third-party labour risks should outsourcing occur in future. However, this in progress, and will be addressed once the company rolls out the supplier code of conduct and incorporates ESG clauses in future contracts. - ARC Ride has a Supplier Code of Conduct aligned with ILO conventions, prohibiting forced labour and child labour. - The company is aware of elevated labour risks in part of its battery supply chain and has committed to monitoring and mitigation. - As part of its supplier code of conduct which is being rolled out, ARC Ride supports supplier audits and may shift procurement away from high-risk suppliers. - The Supplier Code of Conduct is still being rolled out and grievance mechanisms for supplier workers are under review. - No formal system is in place for ongoing monitoring of supplier compliance or ESG KPIs. This can be addressed if ARC Ride accelerate rollout of the Supplier Code of Conduct, implement supplier audits, and establish grievance mechanisms for supplier workers.
IFC Performance Standard 3: Resource Efficiency and Pollution Prevention	
	- ARC Ride monitors its consumption of water, electricity, and fuel on a monthly basis, demonstrating a basic resource tracking system. - The company's battery and charging infrastructure incorporate energy-efficient technologies, including thermal management systems, overcharge protection, and smart monitoring via BMS and cloud integration. - ARC Ride is exploring second-life applications for used batteries, repurposing them for stationary energy storage which supports circularity and efficient resource use. - ARC Ride will get certification for carbon credits. - ARC Ride has protocols for safe handling, storage, and disposal of e-waste and hazardous battery components through a licensed partner, in compliance with NEMA regulations. - The company is developing a solar panel waste management plan to address long-term disposal needs. - ARC Ride's battery hubs and swapping cabinets are equipped with fire suppression systems, temperature sensors, and emergency shut-off mechanisms, reducing pollution risks from accidents. - In partnership with other providers, waste is sorted, reused, or recycled where possible, including repurposing metallic bike parts and functional components.

IFC Performance Standard 4: Community Health, Safety, and Security Performance	
	- ARC Ride has implemented emergency preparedness and response procedures for fire, floods, medical emergencies, and stalled vehicles. These are documented and shared with relevant stakeholders, including local fire departments. - The company's infrastructure (battery hubs, swapping cabinets) is designed with safety features such as fire suppression systems, emergency shut-offs, and temperature control mechanisms. - ARC Ride conducts regular risk assessments and safety audits, and maintains a health and safety committee that reviews incidents and updates protocols quarterly. - The company has a documented emergency response plan and collaborates with local authorities where capacity is limited. - ARC Ride has a formal grievance mechanism accessible to external stakeholders, including community members, with multiple channels for anonymous reporting. - ARC Ride does not directly hire security personnel because these are provided by the landlords. As a result, the company does not have policies or screening procedures for security personnel, nor training programmes on human rights, use of force, or community interaction. - No incidents, complaints, or allegations involving security personnel have been reported in the past two years.

Governance	
	- ARC Ride has assigned ESG responsibilities to an ESG Manager, CFO, and CEO. The Executive Team oversees ESG policy implementation across departments. - The company has formal grievance procedures and stakeholder engagement processes, including an inclusive Grievance Redress Mechanism. - ESG transparency is maintained through regular reporting to the executive. ARC Ride has anti-bribery and anti-money laundering policies covering all personnel and third parties. - It is unclear which executive has ultimate ESG responsibility between the CFO and CEO. - The company doesn't have an ESMS Framework in place but is developing one. - ARC Ride has a Board of Directors chaired by the CEO. The company provided board meeting minutes showing regular meetings and formal record-keeping. - ARC Ride has structured internal controls supported by various policies and procedures. Clear accountability exists between the Board and Executive Team. - ARC Ride prepares audited financial statements using recognized standards. ESG policies and reporting frameworks are in place, with regular internal ESG reporting to the CFO and CEO. - ARC Ride's Shareholders Agreement ensures voting rights and control powers are exercised lawfully. Dividends require shareholder consent and legal compliance. The agreement provides access to shareholder information and outlines consent requirements for major decisions. - ARC Ride conducts structured stakeholder mapping to identify key groups including employees, communities, regulators, and investors. The company has a formal, inclusive Grievance Redress Mechanism to address complaints from external stakeholders.
BUSINESS INTEGRITY	
	- ARC Ride has robust governance policies covering ethics, anti-bribery, whistleblowing, ESG, human rights, and supplier conduct, ensuring compliance and integrity across all operations. - There is no dedicated Chief Compliance Officer; ESG and compliance duties are shared among senior leaders including the CEO, CFO, ESG Lead, and People & Compliance Manager. - The Board of Directors oversees business integrity, human rights, and anti-bribery policies, with documented governance procedures and periodic reviews by the Audit & Risk Committee.

	- There is no independent audit committee but the Board and ESG Committee address integrity concerns through confidential complaint mechanisms and internal oversight. - ARC Ride enforces a zero-tolerance policy for bribery, corruption, and unethical practices through its Anti-Bribery and Corruption (ABC) Policy. - ARC Ride conducts structured due diligence on third parties, including waste partners and suppliers, to ensure compliance with ESG, human rights, and anti-money laundering standards. - As part of its internal and external grievance processes, ARC Ride offers confidential whistleblower channels, including a phone line and web tool, with full investigation of reported violations under its ABC Policy. - ARC Ride mandates conflict disclosures, maintains a register, and requires directors to recuse themselves from decisions where conflicts exist. - ARC Ride provides mandatory anti-bribery training and ongoing compliance updates to employees and relevant third parties. - ARC Ride conducts periodic audits and ESG reviews, focusing on high-risk areas and ensuring transparency through regular reporting to the executive.

5 – Environmental and Social Action Plan (ESAP)

Action	Deadline from date of investment
Develop and implement an Environment and Social Management system.	12 months
Formally assign ESG & Business integrity responsibility, to a member of the executive and ensure that the executive gets training on key ARC Ride ESG & Business Integrity risks.	6 months and 12 months to complete the training
ESG & BI on the Board: Introduce on-going progress updates on ESG & BI to the board.	12 months
Update the responsible procurement procedure/supply chain risk management procedure to include the following: - All new and existing suppliers to be screened against international sanctions list and publicly available information to identify any association with human rights abuses; - Based on the above, develop a severity matrix to prioritise high risk suppliers, which may require further assessment; - Develop a supplier risk management plan to identifying and managing risks associated with high-risk suppliers; - Update supplier agreements to include key E&S clauses related to committing to core ILO labour covenants (minimum wage, equal remuneration, anti-discrimination, forced labour, child labour, freedom of association etc) and a compliance declaration by the supplier. Refer to BII's toolkit on supply chain human rights risk managements for templates to support with this.	Within 6 months of investment Within 18 months of investment
Develop a Gender Action Plan.	24 months
Maintain 2X alignment during investment period.	On-going
Update the waste management procedure.	18 months
Develop training for all customer facing staff, including sales agents around Code of conduct, anti-harassment, site-specific GBVH, Road safety; Discussing financial offerings by payment partners; Use of forced and/or child labour; Fatigue management. Also update terms in sales agent agreement to reflect code of conduct, and relevant HR policies	18 months
Develop and implement a methodology to capture and report the greenhouse gas (GHG) emission mitigation impact from the company's operation, structured as follows: • Baseline Emissions • Project Emissions • GHG Emission Mitigation Impact	6 months 6 months Ongoing Submit first report by Q1 2026

Develop and implement a methodology for capturing and reporting Scope 1-3 GHG Emissions.	31 March 2026 and annually thereafter

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.