

ESG Due Diligence Report

MOCX Smart Technologies Inc (Rechaj).

June 2026

1 - Purpose of this Report

The purpose of this ESG due diligence report is to provide a comprehensive assessment of MOCX Smart Technologies Inc. (Rechaj)'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	Kekes are a primary mode of transport in Nigeria, with an estimated 2–5 million in operation nationwide. The ban on motorcycles (okadas) in Lagos and other urban areas in 2020 shifted passenger demand toward kekes. However, since May 2023, a fourfold increase in petrol prices has made operating petrol-powered kekes economically unviable. For full-time drivers, transitioning to electric vehicles has become essential, often resulting in a doubling of their take-home income.
Company & solution	Rechaj is a Lagos based e-mobility company that retrofits existing petrol kekes to electric with proprietary kits, operates a BAAS (battery-as-a-service) at its swaps stations and KAAG ("Keke-as-a-Generator") product that lets the same battery power the rider's home at night, turning one asset into a transport-by-day, energy-by-night dual revenue stream.
Company Stage	Innovating
Geographies	Lagos, Nigeria with multiple swap stations and retrofit facilities across the city.
ESG Leadership	ESG related responsibility and oversight sits with the COO and CO-founder.
Business model	Rechaj operates a vertically integrated electric mobility company focused on converting petrol-powered tricycles into electric vehicles and delivering energy through a battery-as-a-service (BaaS) model enabled by a network of battery swap stations (BSS).
Employees/Workers	Rechaj employs 200+ people across a range of roles
Key suppliers	Rechaj's key-suppliers include: • Battery cell manufacturers • Energy partners for solar installation and backup power generation • Local mechanics and retrofit technicians
Customers	Rechaj's primary customers are commercial tricycle (keke) drivers operating in urban cities in Nigeria. These drivers depend on their keke as their main source of livelihood. Indirect beneficiaries include passengers using keke transport and households accessing cleaner energy
ESG experience to date	Rechaj is at an early stage of ESG maturity. The company does not yet have a formal Environmental and Social Management System (ESMS) or fully embedded ESG management structures. However, it demonstrates a clear awareness of key ESG risks — particularly those related to battery supply chains, rider safety, and operational safety at swap stations. The company has not previously operated under a formal ESG Action Plan but has indicated strong openness to implementing proportionate ESG governance, policies, and controls post-investment, including developing a structured ESMS and strengthening oversight as it scales

3 - Executive Summary

Investment Policy Conformance

Rechaj neither operates nor intends to operate in any of Novastar's excluded business activities; however, it triggers a GCF exclusion around the use of LPG. In line with the agreement, the use of LPG will be monitored and reduced to <20% by year 5. Also, the company will sign up to Novastar's Mandatory Provisions and ESG Action Plan.

Overall ESG Risk Assessment

Environmental and Social Risk

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Activities with limited potential adverse social or environmental impacts that are site-specific and readily addressed through well-known mitigation measures.

Environmental and Social: 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. Rechaj is classified as a Category B (Medium-Low Risk) 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	• 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] • ILO Core Conventions • The Nigeria Labour Act 2004 • Companies and Allied Matters Acts 2020 • Nigeria Data Protection Act, 2023 • Nigeria Factories Act, 2004 • Employees' Compensation Act 2010
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	• Pension Reform Act 2014 • National Minimum Wage Act • National Health Insurance Authority Act 2022 • Industrial Training Fund (ITF) Act • Environmental Impact Assessment (EIA) Act, Cap E12 LFN 2004 • NESREA Act 2007 • National Environmental (Battery Control) Regulations, 2024 • National Environmental (Sanitation and Wastes Control) Regulations, 2009 • National Environmental (Permitting and Licensing System) Regulations, 2009 • National Environmental (Electrical/Electronic Sector) Regulations (E-waste management requirements) • Electricity Act 2023 (for distributed solar generation, storage, and electricity supply activities) • Applicable NERC Mini-Grid and Distributed Generation Regulations • State-level environmental regulations and permits (e.g., Lagos State Environmental Protection Agency requirements where facilities are located)
Examples of documents to be reviewed	Rechaj shared a data room and completed the Novastar ESG due diligence questionnaire. Documents reviewed include the completed ESG DD questionnaire and responses, retrofit and post-retrofit QA process documents, the energy-mix / solar-transition strategy and use-of-funds memo, GCF Exclusion List correspondence, unit-economics and impact materials, and HR documentation.
Site visits and interviews	The Novastar team conducted a site visit covering retrofit operations and swap/charging stations (including a visit to an LPG-powered station), with management interviews and a follow-up energy call with the solar EPC and IPP partner. Observations informed the assessment of road-safety behaviours, LPG genset safety, retrofit-facility safety, and incident management.
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.

Key Focus Areas for ESG Due Diligence

I. Environmental and Social Management System Rechaj operates an in-house model (retrofitting, battery handling, owned charging/swap infrastructure) and reliance on contract labour, a formal ESMS is critical to identify, assess, manage and monitor E&S risks. Key questions: • Is there a documented ESMS / ESG / HSE / risk-management policy? • Who owns ESG, and how do the board and executive oversee it? • Is there an ESG strategy with goals, KPIs and monitoring?
Environmental and Social Management System (ESMS): • Rechaj does not yet have a documented ESMS, nor an ESG, E&S, HSE or risk-management policy, and no ESG risk-identification or assessment framework is in place; the company confirmed that “nothing is in place”. While not unusual for a company at this stage, a proportionate ESMS will be critical given Rechaj’s in-house retrofitting, battery handling and owned charging/swap infrastructure. Organizational Capacity and Competency: • No individual is currently responsible for ESG; there is no ESG team, and no board or executive oversight of ESG matters (no ESG committee, dashboard or periodic updates). Management has, however, expressed strong openness to building proportionate ESG governance and intends to hire a dedicated resource to manage and track ESG initiatives post-seed. Monitoring and Review: • There is no ESG strategy, and no KPIs or action plans have been defined; ESG performance is not currently monitored or reported, either internally or externally. . Developing a proportionate ESMS, assigning interim ESG ownership and securing board-level oversight are the foundational ESAP priorities (PS 1.1, PS 1.5).

II. Vehicle Retrofit, Battery & Charging Infrastructure Safety (OHS) In-house Internal Combustion Engine (ICE)-to-electric conversion (welding, drivetrain assembly), handling of heavy LFP battery packs, and electrical-fire risk at workshops and swap/charging stations are the principal occupational hazards. Key questions: • How safe are the retrofit process and the charging/swap infrastructure? • What PPE, training, certification, and emergency response are in place? • How are incidents and equipment safety monitored over time?
Retrofit Process and Quality Assurance: • Vehicle conversion follows a structured six-stage process with in-line and post-retrofit QA checks and is performed by in-house trained technicians. Technicians are issued role-appropriate PPE (coverall, steel-toe boots, gloves, safety glasses, ear plugs and bump cap, with welding gloves and an auto-darkening helmet for welders), and usage is enforced by line managers. Battery and Electrical Safety: • Battery safety features include a 200A battery management system (BMS) per pack providing overcurrent, overvoltage and thermal protection, alongside manual circuit breakers, surge protection and industrial earthing. Packs are LFP using UL38.3-certified cells and are stored in custom-fabricated three-step steel racks. • Faulty packs are detected via BMS fault alerts, VCU telemetry or by station agents, then quarantined and reworked in-house; defect rates are currently low. Certification, Training and Emergency Preparedness: • No third-party safety certification is held beyond EPC installation sign-off for solar stations, although Federal Fire Service certification is in progress across station locations. There is no formally documented emergency response plan for fire, electrical or battery incidents, and no standardised, role-specific OHS training or refresher/recertification cycles – training is basic and delivered at onboarding only. Certification and training for workers using welding/laser equipment and performing battery assembly/disassembly (explosion risk) should be verified. Monitoring and Review: • Safety performance is monitored informally through incident logs held by the Cluster Operations Manager; there are no formal safety KPIs, root-cause analysis or mandated equipment-inspection frequency. Significant safety improvements are needed around LPG genset operations and vehicle retrofit stations. Overall, a strong technical foundation that needs to be standardised through a formal OHS management system (PS 1.6, PS 2, PS 3).

III. Fair Treatment of Workers (Labour & Working Conditions)
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Rechaj employs 200+ people across a range of roles. Key questions: • Are wages, hours, contracts and benefits compliant and fair? • Are there grievance, child/forced labour, and retrenchment protections? • What is turnover, and why do workers leave?
HR Policy: • Rechaj has a formal HR policy covering full-time, part-time and contract staff, and all staff have written contracts. The employee handbook provides guidelines on benefits, including overtime, four months' paid maternity leave and 14 working days' paid paternity leave. Working Conditions and Terms of Employment: • Standard working hours are 09:00–18:00, Monday to Friday, with shift arrangements for station staff aligned to the 07:00–20:00 station opening hours. Overtime is handled case-by-case, employees receive a basic health insurance benefit, and PPE is provided by role. Grievance Mechanisms and Worker's Organization: • Worker concerns are handled formally via HR and line managers, through a formal, confidential and non-retaliatory grievance mechanism that covers all worker categories, notably contractors. There is no union or worker committee, but the company does not discourage worker organisation or collective representation. Policy Gaps and Turnover: • There is no child- or forced-labour policy, supplier requirement or audit process. The likelihood of encountering child or forced labour in the company's own operations is considered low, but the gap extends to the supply chain. There is also no formal retrenchment policy in line with national labour law. • Turnover is concentrated among contract battery handlers and is driven largely by the physical demands of battery handling, reinforcing the need for mechanical lifting aids and an ergonomics review.

IV. Gender Policy and Gender Based Violence and Harassment Gender Policy and Gender-Based Violence & Harassment (GBVH) Rechaj operates a direct-contact model (riders, station agents, passengers and communities), which elevates GBVH and safeguarding risk. Key questions: • Are there gender-inclusion and GBVH-prevention policies, training and grievance mechanisms? • Is gender-disaggregated data collected? • Is there a Code of Conduct addressing safeguarding in direct interactions?
Diversity and Inclusion Policy: • Rechaj has a documented policy committing to non-discrimination across race, gender, disability and other protected categories. GBVH Prevention and Response: • There is no formal GBVH-prevention framework or training programme for the workforce or riders. No GBVH risk assessment has been conducted, and the grievance mechanism does not extend to customers or passengers for GBVH incidents. • There is no Code of Conduct explicitly addressing safeguarding risks arising from interactions between employees, riders and passengers. Gender Data and Equity Measures: • Gender-disaggregated data is not collected or tracked, and no gender-equity policies (such as flexible working arrangements or leadership representation targets) are in place. Management Commitment: • Management recognises this as a priority and plans to develop a formal GBVH/safeguarding framework and Code of Conduct as part of post-seed organisational development. Overall, a GBVH and safeguarding framework, training, and a customer-facing grievance channel are required (PS 2.2, PS 1, PS 4).

V. Road Safety and Rider Incident Liability Although Rechaj does not own the vehicles the riders are not its employees, it does own and supply the electric drivetrain in the converted kekes giving it an operational stake in the safety of the vehicles. . Riders transition from manual petrol vehicles to faster electric tricycles. Key questions: • What rider training, monitoring and incident management exist? • How are accidents investigated, tracked and supported? • Is there a road-safety management system?
Rider Training and Support: • Riders receive basic hands-on onboarding covering vehicle operation, battery awareness, water-ingress safety, a supervised test drive and basic maintenance safety, together with guidance on braking, speed and driving caution, and drive-mode transitions. • Riders are informed about battery-swap procedures, cost transparency and support channels (relationship managers and a monthly riders' forum with the founders), and can access loans for part replacement, subject to underwriting. Road Safety and Incident Management: • Rechaj currently takes a largely hands-off approach to rider accidents, generally not engaging until there is clarity on the nature of the event, despite owning the drivetrain. There is no road-safety management system, structured incident-tracking system or formal accident-investigation/root-cause process; incidents are reported informally to relationship managers, and three to four incidents have reportedly already occurred without systematic reporting. Site-Visit Observations: • Observations during the site visit included overloading, wrong-way driving and stopping mid-road to pick up passengers. Overall, Rechaj needs to formalise driver training (road safety, incident tracking and emergency response) in local languages, take ownership of incident management, and consider engaging road-safety consultants (PS 2.3, PS 4.1).

VI. Battery Lifecycle, End-of-Life & Environmental Management Rechaj uses LFP batteries with a ~10-year theoretical lifespan. As the fleet scales, end-of-life batteries and e-waste become a material environmental issue. Key questions: • How is battery health monitored across the lifecycle? • What happens to batteries and retrofits waste at end of life? • Are environmental benefits (fuel/GHG avoided) tracked?
Battery Health Monitoring: • Each battery pack has a unique serial number linked to the operations platform. Day-to-day monitoring is via swap-event logging and live state-of-charge and performance telemetry (VCU), and BMS cycle-count data can be retrieved for lifecycle assessment. Battery health was not historically tracked, but the company has now put a plan in place to track battery lifespan.

End-of-Life Management: - The intended end-of-life approach is to repurpose packs for stationary storage and/or sell them to a large-scale recycler (GEM, China); however, no formal end-of-life policy, decision tree or recycler MoUs are yet in place. - Damaged or defective components are dismantled in-house: usable components are returned to inventory, and defective parts are stored on-site (with no specialised hazardous storage given low volumes). Cartons are reused to return ICE parts to riders, and ICE components removed during conversion (engine, fuel tank, exhaust) are returned to the rider, transferring disposal responsibility and avoiding ICE-waste liability for Rechaj. Impact Tracking: - Environmental benefits, such as fuel consumption and GHG emissions avoided, are not currently tracked – a recognised gap. Overall, this area is assessed as Acceptable. A formal battery end-of-life management plan (reuse/repurpose/recycle), a hazardous-battery-handling SOP and impact tracking are required (PS 3).

VII. Energy Mix & Environmental Footprint (Solar Transition / LPG Exposure) As Rechaj scales its electric-tricycle fleet, the environmental footprint of its Battery Swap Stations (BSS) – where energy is the single largest operating cost – is increasingly material. Key questions: - What is the current energy mix, and is it transitioning to renewables? - How is LPG/diesel reliance governed and phased down? - Does the model comply with investor and GCF requirements?
Current Energy Mix: - Rechaj operates an off-grid hybrid model. Of ~2.78 MW of current charging capacity, the company reports ~2.3 MW (83%) solar DC and ~0.48 MW (17%) generator-powered AC, with the founding Sango Ota cluster running at roughly 70% solar / 30% LPG. Site-visit and EPC inputs indicated a broader station mix of ~75% solar / 20% diesel / 5% LPG, to be reconciled in monitoring. Solar Transition and LPG Exposure: - Solar was the original station design and the intended primary energy source; LPG (via an independent power producer, IPP) is a transitional bridge in space-constrained urban clusters, with diesel backup at solar sites during prolonged poor insolation. - The LPG exposure has been discussed in detail and addressed through correspondence with the Green Climate Fund (GCF Exclusion List Clarification Memo and follow-up responses). Rechaj does not own or operate LPG assets (the IPP does), no investment proceeds fund LPG equipment, and the PPA contains no take-or-pay or minimum-offtake obligations and is terminable on three months' notice. Commitments and Governance: - Rechaj has committed to binding, monitorable measures: less than 50% LPG use in the Sango Ota cluster within 24 months of our investment; network-level LPG caps ($\leq 75\%$ in Year 1, expected to scale down to $\leq 20\%$ by Year 5, with a remedial/cure period of ~2 years); a solar-first design standard for new non-Lagos stations; annual independent energy-mix audits; and board-level governance covenants. The transitional use of gas is consistent with Nigeria's NDC 3.0 recognition of LPG/CNG as transitional fuels. Impact Tracking: - GHG emissions and emissions avoided are not yet tracked operationally. The transition will be documented and monitored well-documented, monitorable transition, through the ESAP and side letters.

VIII. Community Health & Safety (incl. KAAG home batteries & security) Swap stations and workshops sit within urban environments, and the KAAG product places batteries in low-income homes. Key questions: - How are sites selected relative to residents, and are community concerns managed? - Are KAAG home-battery safety protocols in place? - How is third-party security vetted and overseen?
Site Selection and Community Impacts: - Stations are sited along active keke routes and near motor parks; the network is a mix of shared commercial premises and standalone compounds, with an ongoing transition to standalone facilities to improve operational control and safety. - Isolated noise and activity complaints have been received at shared-premises stations (none at standalone sites). There is no formal site-selection SOP or minimum residential setback rule, though safe distance from high-voltage lines and residences is considered informally; generators are placed within compounds to contain noise, and operating hours align with normal commercial activity. KAAG Home-Battery Safety: - The KAAG product is safety- and tamper-proof, and the company ascertains the driver's electrical installation at their home. However, there are no formalised KAAG home-battery safety protocols, user guidelines or emergency procedures for riders using batteries at home. Third-Party Security: - Security is provided by two contracted third-party firms (Proton Security and Corporate Guards), and no incidents, complaints or allegations involving security personnel have been recorded in the past two years. However, Rechaj has no visibility into, or oversight of, security-personnel vetting, and no training is in place on use of force, human rights, community interaction or conflict de-escalation.

IX. Supply Chain Management Battery packs and retrofit kits are sourced internationally; solar PV, battery, inverter and retrofit supply chains carry recognised forced-labour and human-rights risks. Key questions: - Is there a supplier code of conduct and ESG screening? - Are supplier agreements, certifications and warranties in place? - How are forced labour and quality risks managed?
Supplier Policy and ESG Screening: - There is no formal supplier policy or code of conduct incorporating ESG expectations, and no assigned responsibility for supplier selection, monitoring and compliance. There is also no screening or mapping of human-rights and forced-labour risk in the solar PV, battery, inverter or retrofit-kit supply chain. Supplier Relationships and Quality: - The company started off by sourcing via Alibaba with no supplier agreement or contract in place, and no quality certifications or warranties obtained directly (cells are stated to be UL38.3-certified, with certifications listed on the supplier's website). It has since established stronger relationships and partnerships with its Chinese suppliers. - Rechaj maintains multiple battery-pack designs across different LFP cell manufacturers to mitigate supply shortages and quality variability. Overall, this area is assessed as Marginal – a supply-chain management system (supplier code of conduct, risk screening, contractual human-rights clauses and traceability) is required, drawing on the BII Supply Chain toolkit.

Benchmarking of the Company’s Performance Against ESG Standards

IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts
Rechaj does not yet have a formal Environmental and Social Management System (ESMS), structured ESG risk-assessment framework, or designated ESG owner, although this is not uncommon for an early-stage company. ESG capacity remains limited, but the company has committed to hiring an ESG/HSE lead. It also lacks a documented emergency response plan, formal ESG monitoring process, and structured stakeholder engagement plan; however, Fire Service certification is underway. Grievances are currently handled informally through relationship managers and the HRBP, with no formal external grievance mechanism in place.
IFC Performance Standard 2: Labor and Working Conditions
Rechaj has a formal HR policy, written contracts for all worker categories, health insurance and role-appropriate PPE. However, gaps remain in grievance management, worker access to entitlements, child- and forced-labour safeguards, standardised OHS training, emergency preparedness, safety KPIs, contractor labour monitoring and supplier ESG screening. While the likelihood of child or forced labour in Rechaj’s direct operations appears low, supply-chain controls are not yet formalised.
IFC Performance Standard 3: Resource Efficiency and Pollution Prevention
Rechaj reworks batteries in-house, reuses materials, returns ICE parts to riders and operates under a GCF-agreed solar/LPG transition plan. Key gaps are the absence of a formal battery end-of-life plan, hazardous-battery handling SOP, and routine GHG, energy and resource-efficiency tracking.
IFC Performance Standard 4: Community Health, Safety, and Security Performance
Rechaj is moving toward standalone compounds and has received only isolated noise complaints, but it lacks a formal site-selection SOP and KAAG home-battery safety protocols. Security is outsourced to third-party firms, with no incidents recorded in the past year; however, Rechaj does not yet oversee security-personnel vetting or training on use of force, human rights and community interaction. Data controls are emerging, but rider privacy notices and consent processes are not yet in place.

Nigeria’s Fragility and Conflict Sensitivity Assessment

Nigeria’s Fragility Context: Nigeria is classified by the World Bank as a Fragile and Conflict-Affected Situation (FCS) in FY2026. This reflects ongoing security challenges ranging from insurgency in the northeast to urban social unrest and communal tensions in the south. Rechaj’s operations are concentrated in urban and peri-urban clusters in southwest Nigeria, including the founding Sango Ota cluster in Ogun State, with battery-swap stations and retrofit workshops sited along active keke routes and near motor parks. The focus of Novastar’s assessment was therefore on urban violence and crime, community tensions around company sites, and the interface between riders and actors such as the police, transport unions and local authorities, which most directly affect Rechaj’s employees, contract workers and riders.
Rechaj’s operations improve incomes and livelihoods for keke riders, station agents, technicians and contract workers. By lowering riders’ energy and maintenance costs through electric conversion and battery swapping, and by extending affordable home power to low-income households through its KAAG (keke-as-a-generator) product, Rechaj plays an important role in combatting youth unemployment and lack of economic opportunity, some of the underlying causes of conflict and insecurity. Rechaj has put in place the following systems that enable workers and riders in particular to navigate challenges: • local recruitment across its operating clusters; • dedicated relationship managers and a monthly riders’ forum with the founders through which riders can raise concerns; • a formal, confidential and non-retaliatory grievance mechanism covering all worker categories, including contractors; • rider onboarding covering vehicle operation, safety and battery-swap procedures, with cost transparency; • contracted third-party security at stations, with no security incidents, complaints or allegations recorded in the past two years; and station siting within compounds, with operating hours aligned to normal commercial activity, which has kept community complaints isolated. In addition, the ESAP actions below will enable the company to better navigate conflict-affected situations and enable it to improve its practices as it scales.

5 – Environmental and Social Action Plan (ESAP)

Performance standard	Risk	Mitigation Measures	Risk Significance	Responsible Person	Expected Deliverable	Deadline
IFC Performance Standard 1 – Assessment and Management of Environmental and Social Risks						
PS 1.1 – Environmental and Social Assessment and Management System (ESMS)	Rechaj has no documented ESMS, ESG/HSE policy, or risk-identification. Without a structured system, E&S risks across the retrofit workshops, BSS deployment (including fire risk) and climate/weather exposure are not systematically identified, managed or monitored as the company scales.	• Develop and implement a proportionate Environmental & Social Management System (ESMS) aligned with IFC Performance Standards. ◦ the risk assessment framework in the ESMS should reflect the risk landscape associated with the retrofit workshops, deployment of battery swapping infrastructure (BSS), as well as other risks, such as BSS fire risk and climate / weather event exposure risk.	Medium	COO	• ESMS framework document (including risk identification, controls, monitoring, incident & corrective action processes) • ESG risk register covering retrofit workshops, charging/swap stations, rider interface, supply chain	6 months

PS 1.5 – Organisational Capacity and Competency	No individual currently owns ESG: there is no ESG/HSE function and no board or executive oversight (leaving accountability and escalation gaps across the workforce.	- Assign ESG ownership and define ESG governance and escalation pathways. - Assess current ESG and HSE capacity within the team relative to the risks in the business and fill gaps - Hire an experience HSE officer with relevant experience to manage OHS and other safety risks. - Formally assign ESG oversight responsibilities to existing staff, including responsibility for data governance and riders facing risks. - ESG accountability should be reflected at management and board level as governance structures are formalised post-investment. - Define escalation process and reporting lines. - Rechaj team members with ESG responsibility to attend an onboarding session with Novastar ESG team on ESG & Business Integrity matters, including reporting requirements. - Notify the investors whenever there is a change in personnel of the team member tasked with ESG reporting	Medium	CEO	- Named ESG lead - Defined ESG roles & responsibilities matrix (incl. safety, battery/charging infrastructure, labour, data) - ESG escalation thresholds to senior management / board - Evidence of ESG onboarding or briefing for relevant staff and board members. - Confirmation of hire with CV of the HSE officer.	3 months
PS1.6 – Emergency Preparedness & Response	There is no formally documented emergency response plan for fire, electrical or battery incidents. Technicians face explosion risk, and LPG-powered swap stations pose significant fire/explosion risk without certified site safety or emergency drills.	- Develop and operationalise Emergency Preparedness and Response Plans covering fire, electrical/battery incidents, injuries, evacuation for workshops and charging/swap stations. - Include actions and information for workers, riders and where applicable communities and disseminated the information accordingly - Set up a regular cadence for emergency response drill or tabletop exercise. - Deploy fire safety equipment at workshops and BSS and ensure all fire safety equipment align with national and international standards, including those specific to electrical fire risks (such as CO2 fire extinguisher or a dry powder extinguisher for electrical fires) - Review the current battery rack design with consideration and integrate mechanical assistance or machinery to reduce manual strain during battery swaps and improve worker safety.	High	COO	- Emergency Preparedness and Response Plan - Site-specific emergency annexes - Proof of communication of OHS/fire safety risks at workshops and BSS for community awareness communication to workers, riders and community. - Record of at least one drill or tabletop exercise and lessons learned - Confirmation of fire safety system deployed at the BSS. - Updated 3D design of the battery rack with integrated mechanical assistance or machinery for battery swaps with a roll out plan.	6 months
PS1.9 – External Communications & Grievance Mechanism	The existing grievance mechanism covers workers only — it does not extend to riders, passengers or communities, leaving no formal channel for external complaints (including GBVH incidents) despite a direct-contact business model.	Establish formal grievance mechanisms for external stakeholders (communities, riders).	Low	ESG Lead	- Grievance policy and procedures - Multiple intake channels (phone/WhatsApp/email/form) - Grievance log showing intake, resolution timelines and close-out	6 months
Regulatory Compliance (Enabling Action)	Regulatory approvals are incomplete: Federal Fire Service certification is still in progress and many kekes running on Rechaj's drivetrain are not formally registered or insured. This exposes the company to enforcement action, accident liability and operational disruption.	- Develop a regulatory approval (NADDC, FRSC, fire service, site approvals, etc) and monitoring roadmap - Strengthen compliance related to driver permits and local operating requirements. - Clarify driver requirements (e.g. Hackney permits, insurance, local operating stickers) across jurisdictions. - Integrate compliance checks	Medium	COO	- Regulatory register - Named internal owners and status tracking - Ongoing regulatory monitoring process - Driver permits register - Compliance checks and monitoring log	6 months

		into onboarding and monitoring processes.				
Stakeholder Management	Operations involve frequent interaction with driver unions (NURTW), FRSC, police and local authorities in a sector where informal demands are common. Without a structured engagement approach, conflict with unions or authorities could disrupt rider operations as the fleet scales.	- Develop a basic stakeholder engagement approach for driver unions and local groups - Identify key external stakeholders (driver unions, FRSC, Police, local authorities) as fleet scales. - Define engagement and issue-management protocols to reduce conflict and operational disruption.	Medium	COO	Documented list of key stakeholders with engagement and issue-management approach.	6 months
IFC Performance Standard 2 – Labour and Working Conditions						
PS 2.1 – Labour and Working Conditions	There is no child/forced-labour policy or formal retrenchment policy, contractor grievance and entitlement-awareness protections need strengthening, and customer/employee data handling carries compliance obligations under the Nigeria Data Protection Act 2023.	- Strengthen contractor labour management and grievance protections and include - Grievance reporting channels - Data Protection & Privacy - Conduct a refresher training to employees and contractors on Employee Manual and incorporate training into onboarding. Hire a senior HR lead with logistics sector experience. Conduct HR systems audit covering contracts, payroll, leave, Shift management and benefits compliance. Implement employee communication channels and training on entitlements.	Low	HR	- Contractor labour standards SOP (hours, pay, H&S, incident reporting) - Confidential, non-retaliatory grievance channel for contractors - Grievance tracking log - HR Lead in place. CV of hired personel	6 months
	Complex contract terms not presented in accessible formats or local languages create risks of misunderstanding, disputes and perceived unfair treatment.	- Improve rider contract understanding and transparency - Simplify and translate key rider contract terms into understandable formats (audio, visual, or translated summaries) and local language where possible. - Incorporate contract explanation into onboarding and refresher training.	Low	HR	Update rider contract	6 months
	OHS training is basic and delivered at onboarding only, with no role-specific standardisation or refresher/recertification cycles and high-hazard tasks (welding, laser-welding, battery assembly/disassembly, manual handling of 65kg packs) poses explosion, blindness, burn and toxic-fume risks.	Standardise occupational health & safety (OHS) training across roles (technicians, welders, battery handlers, station agents)	Medium	ESG Lead	- Role-specific OHS training matrix - Refresher training schedule - Training attendance records	9 months
PS 2.2 – Non-Discrimination and Equal Opportunity (Gender, Inclusion & GBVH)	Rechaj's direct-contact model (station agents, riders, passengers, communities) elevates GBVH and safeguarding risk. No GBVH risk assessment, prevention framework or training exists; the grievance mechanism does not cover customers/passengers for GBVH incidents; and gender-disaggregated data is not collected.	- Conduct a risk assessment to identify gender-based violence and harassment (GBVH) risks across the company's operations. - Strengthen the company's GBVH prevention and response system in alignment with globally recognised standards such as BII's (British International Investment) detailed in the Good Practice Note on GBVH [bii.co.uk/GBVH] as follows: - Establish a formal and separate GBVH policy - Assign designated staff (e.g. HR personnel) to lead GBVH response - by providing specialized, trauma-informed training. - Incorporate anonymous reporting options in the incident reporting/grievance reporting.	Medium	ESG Lead	- Standalone or embedded gender non-discrimination / equal opportunity policy. - GBVH policy and confidential reporting pathway for employees. - Confirmation of GBVH training, training deck and attendance record.	12 months

PS 3.2 – Pollution Prevention	No formal EoL policy, decision tree or recycler MoUs are in place for batteries; improper disposal would create hazardous e-waste liabilities under the National Environmental (Battery Control) Regulations 2024.	Design and put into action a comprehensive battery end-of-life (EoL) management strategy including safe disposal, recycling, or repurposing of used batteries and electronic components.	Low	COO	- Battery EoL policy (reuse, repurpose, recycle decision tree) - Scale-up storage and logistics plan	18months
IFC Performance Standard 4 – Community Health, Safety and Security						
PS 4.1 – Community Health, Safety and Security	The KAAG product places the keke's 8kWh lithium-ion battery in riders' homes for overnight power. Without formal safety protocols or user guidance, home use creates household fire, electrical and misuse risks among users unfamiliar with battery systems.	- Address gaps in Battery as a generator safety protocols: - create a training manual and safety guidelines around home use of batteries including a one-page protocol and safety procedures for riders	Medium	COO	One-Page Concise overview of key home use protocol and safety procedure steps for riders delivered in both digital and printed formats and in relevant languages.	6 months
PS 4.1 – Community Health, Safety and Security	Without a site screening process, the stations exposes surrounding communities to fire and climate-related hazards.	Formalise site selection and community impact controls for the retrofit workshops and BSS ensuring current and potential sites are screened for ecological sensitivity, climate risks (e.g. flooding and heat stress) and land-use compatibility.	Low	COO	- Site selection SOP - Community issue log and response protocols	9 months
PS 4.1 – Community Health, Safety and Security	Station agents operate charging and swap infrastructure without documented safety protocols.	- Address gaps in BSS safety protocols: - create a training manual and safety guidelines around charging infrastructures including a one-page summary on battery charging and safety procedures for operators - Ensure both digital and printed versions are available	Medium	COO	- One-Page Summary of charging and safety procedures for operators. - Confirmation of distribution to champions	6 months
PS 4.1 – Community Health, Safety and Security	Riders transition from manual petrol vehicles to faster electric tricycles with only basic onboarding, and many kekes are unregistered or uninsured — creating accident risk to riders and passengers and potential liability for Rechaj as owner of the drivetrain.	- Develop and implement a basic Road Safety Management Programme for all riders: - Prepare a road safety training manual covering: safe driving behaviour, prohibition of overloading, correct road usage, and basic defensive driving. - Integrate training into rider onboarding and require completion prior to deployment. - Deliver training in accessible formats and local languages to ensure comprehension.	Medium	COO	- Road safety training manual (covering safe driving, no overloading, correct road use) delivered in accessible formats and local languages - Confirmation of training, training deck and attendance record.	3 Months/before onboarding of next batch
PS 4.1 – Community Health, Safety and Security	There is no structured incident-tracking, investigation or root-cause process, so safety trends cannot be monitored or corrected as the fleet scales.	- Establish an incident reporting and investigation system which including a standardised incident reporting template and reporting timelines. - Assign internal responsibility for incident recording, review, and root cause analysis and a process for implementing corrective actions based on findings and monitor trends as fleet scales	Low	ESG Lead	- Incident reporting templates and escalation process - Team members responsible for incident logging and review - Root cause analysis template	6 months
Supply Chain						
BII Supply Chain I - Procurement Policy	Tier 1 battery, and solar PV sourcing from areas of systemic human-rights abuse would breach BII supply-chain requirements and create reputational and compliance exposure.	For all key suppliers (panel providers, battery energy storage systems, Inverters and retrofit kits) ensure that the tier 1 suppliers are not located or manufacturing the products in an area of systemic human rights abuse.	Medium	COO	Supply Chain policy with risk screening mapping procedure	6 months
Corporate Governance						
IFC Corporate Governance Framework	No formal board composition	Constitute a formal board in line with agreed terms with the investors.	Medium	CEO	- Board constituted - Board pack with agenda item including ESG updates.	3 months

(Board & Oversight)		Establish Board with explicit oversight of ESG risk as the company scales, including monitoring and reporting frequency.			Signed board resolution and updated company constitution reflecting board composition.	
Business Integrity						
MDB Principle – Governance, Risk & Compliance (GRC / Certification Pathway)	There is no formal anti-bribery guidance for interactions with authorities (including external stakeholders such as unions, and police) and no dedicated channel to capture and escalate requests for informal payments.	- Document an Anti-Money Laundering Policy. - Establish an anonymous reporting and whistleblowing mechanism. Document this in the Whistleblowing policy. - Train all existing and new employees on these policies and procedures and then run annual refresher trainings thereafter. - Implement measures to manage bribery and informal payment risks - Introduce internal guidance and monitoring for interactions with authorities and local stakeholders. - Capture and escalate any requests for informal payments that can disruptions to driver operations through an internal reporting channel.	Low	ESG Lead	- Anti-Bribery and Corruption Policy - Whistleblowing Policy - Evidence of training administered. - Internal guidance on interactions with authorities - Reporting mechanism for informal payment or bribery requests	9 months

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.