

The Private Infrastructure Development Group Ltd
Terms of Reference for the Credit Committee
(as approved on 1 April 2019)



1 DEFINITIONS

“Additionality” means the particular value which PIDG Ltd. and / or PIDG Companies bring to a transaction or project that was not brought by others and may relate to finance, policy, design, standards or enhanced impact.

“Approved Delegation of Authorities” means the delegation of authorities adopted by the Board from time to time.

“Board” the board of directors of PIDG Ltd.

“CEO” means the chief executive officer of PIDG Ltd. or in his/her absence a person nominated by PIDG Ltd. to act in his/her place.

“CFO” means chief financial officer of PIDG Ltd. or in his/her absence a person nominated by PIDG Ltd to act in his/her place.

“Chair” means the chair of the Committee as appointed by the Board from time to time.

“Committee” means the Credit Committee of PIDG Ltd.

“CRO” means the chief risk officer of PIDG Ltd. or in his / her absence a person nominated by PIDG Ltd. to act in his / her place.

“Client Company” means any person (other than a natural person) in relation to whose payment obligations a Guarantee Product has been issued by GuarantCo and in the case of EAIF to whom a Loan Product has been made.

“Company Manager(s)” means any manager appointed to manage a PIDG Company in relation to Guarantee Products or Loan Products, currently being GMC for GuarantCo and Investec for EAIF.

“Credit Paper Template” means any template or templates (as approved by the Committee from time to time in consultation with the Board, other committees of PIDG Ltd. and the Executive Team as appropriate) for a paper setting out a recommendation for a Guarantee Opportunity to be entered into by GuarantCo or a Loan Opportunity to be entered into by EAIF.

“Executive Team” means the executive team of PIDG Ltd.

“GMC” means GuarantCo Management Company Limited.

“Guarantee Opportunity” means an investment opportunity which complies with the Unified Investment Policy.

“Guarantee Product” means any guarantee, insurance policy, liquidity instrument or other similar contingent product issued in support of a Client Company or any loan created by the making of a payment under any such instrument in each case which GuarantCo provides or participates in, whether directly or indirectly and in accordance with the Unified Investment Policy or any other form of funding provided by GuarantCo to a third party in accordance with the terms of the Unified Investment Policy.

“Investec” means Investec Asset Management Guernsey Limited.

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“Loan Opportunity” means an investment opportunity which complies with the Unified Investment Policy.

“Loan Product” means any loan which EAIF provides or participates in, whether directly or indirectly and in accordance with the Unified Investment Policy or any other form of funding provided by EAIF to a third party in accordance with the terms of the Unified Investment Policy.

“Member” means a member of the Committee.

“New Business” means any suitable Guarantee Opportunity identified by GMC or any Loan Opportunity by Investec which has not yet been through due diligence.

“PIDG Companies” means The Emerging Africa Infrastructure Fund Limited (“EAIF”), GuarantCo Limited (“GuarantCo”), InfraCo Africa Limited (“InfraCo Africa”), InfraCo Africa Investment Limited (“IAfI”), InfraCo Asia Development Pte Ltd (“IASD”), InfraCo Asia Investments Pte Ltd (“IASI”).

“PIDG Group” means PIDG Ltd. and the PIDG Companies.

“PIDG Ltd.” means The Private Infrastructure Development Group Limited.

“PIDG Owners” means any donor (as defined in the constitution of The Private Infrastructure Development Group (“PIDG”) as amended from time to time) who is or becomes a member the PIDG.

“Portfolio” means GuarantCo’s portfolio of Guarantee Products and EAIF’s portfolio of Loan Products.

“Secretary” means any person appointed as secretary of the Committee in accordance with these Terms of Reference.

“Unified Investment Policy” means the investment policy for the PIDG Companies approved by PIDG Ltd and the PIDG Owners from time to time.

2 CONSTITUTION

- 2.1 The Committee is constituted as a committee of the Board by approval of a full meeting of the Board held on May 21, 2018 in accordance with the articles of association of PIDG Ltd.

3 ROLE

- 3.1 The role of the Committee is to assist the Board in:
- 3.1.1 Developing its investment strategy;
 - 3.1.2 Monitoring investment performance and (including financial and impact) governance;
 - 3.1.3 Investment decision-making for the PIDG Group in relation to Guarantee Products and Loan Products.
- 3.2 For the purpose of this role the Committee shall:
- 3.2.1 Work with the other committees of the Board and the PIDG Group to endeavour to achieve a fully integrated organisation (‘one PIDG’) including good information flows between the PIDG Companies on investment opportunities, market information and risk issues.

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- 3.3 The PIDG Group seeks to achieve both value for money and transformational impact. The Committee shall have regard to both of these objectives in performing its role.

4 SCOPE

- 4.1 PIDG Ltd. will have three committees which will be responsible for its investment activity, to be known as the “Credit Committee”, the “Africa Investment Committee” and the “Investment and Divestment Asia Committee”.
- 4.2 The Credit Committee’s scope covers the PIDG Group’s lending and guarantee activities currently undertaken by EAIF and GuarantCo and references to investments in these Terms of References should be read as referring to these activities.
- 4.3 The separately constituted investment committees’ scope covers the early-stage project development and related investment activities currently undertaken by InfraCo Africa Ltd and InfraCo Africa Investment Ltd (Africa Investment Committee Africa), and InfraCo Asia Development Pte. Ltd and InfraCo Asia Investments Pte. Ltd (Investment and Divestment Asia Committee).

5 COMPOSITION AND APPOINTMENT OF MEMBERSHIP

5.1 Appointment and Term

- 5.1.1 The Board shall nominate the Chair and, in consultation with the Chair, the other Members to serve for a term of 3 years each or, in the case of vacancies, such other time period as determined by the Board. The Chair and Members shall serve at the discretion of the Board.

5.2 Conflict of Interest

- 5.2.1 It shall be each Member’s responsibility to disclose to the Chair and the Committee any interests of such Member which constitute, in such Member’s reasonable opinion, an actual or perceived conflict of interest with their functions as a Member and, in such circumstances, such Member may absent themselves from voting. If the Chair decides (after consultation with other Members (if necessary) that a Member has an actual or perceived conflict of interest, the Chair may determine that such Member should be required to absent themselves from a particular Committee business and/or that a recommendation should be made to the Board that such Member be removed as a Member. Any decision of the Chair (and/or of the Board) in this regard shall be final and binding.

5.3 Independence of the Committee

- 5.3.1 Each Member shall act independently, impartially and shall not be representative of, and shall act without undue regard to, the particular interests of any particular body, person or class of persons.

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5.3.2 Members acknowledge that in carrying out their duties and functions as a Member they may, in the course of their business, be in receipt of confidential information. For the avoidance of doubt, each Member shall not disclose any confidential information received in their capacity as Member to any person except where:

- (i) required under law and/or these Terms of Reference;
- (ii) the disclosure of data is to a relevant authority;
- (iii) the data is in the public domain; or
- (iv) required to do so in order to comply with any dispute resolution process.

5.4 Alternates

5.4.1 Members shall make themselves available at all reasonable times to attend meetings and to carry out their duties and functions as a Member.

5.4.2 If a Member is unable to attend a meeting and/or carry out their duties and functions as a Member, the Member may, subject to the consent of the Chair, appoint a Board member or other PIDG Ltd. committee member (other than an existing Member) or a nominee to act as such Member's alternate. For the avoidance of doubt, the appointment of an alternate shall automatically terminate upon the termination or expiration of the term of office of the relevant appointing Member.

5.4.3 Where an alternate has been appointed, these Terms of Reference shall apply in respect of the alternate as though references to the Member in any paragraph were to such alternate.

5.5 Chair

5.5.1 The Chair (or in the Chair's absence their designee) shall preside at all meetings of the Committee and perform any duties as may be assigned by the Board from time to time. The Chair shall also be responsible for ensuring that key actions taken, and significant matters discussed by the Committee are reported to the Board on a regular basis.

5.6 Committee Resources

5.6.1 The Board shall ensure that the Committee has adequate resources and authority to discharge its responsibilities.

5.7 Expenses

5.7.1 PIDG Ltd. shall provide appropriate funding for the payment of any expenses of the Committee that are necessary or appropriate in carrying out its duties, including expenses relating to any external consultants or advisers retained by the Committee. The Committee is authorised to obtain advice and assistance from internal or external legal, accounting, or other advisors at PIDG Ltd.'s expense up to a maximum cost of GBP10,000.00 without the prior approval of the Board.

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5.8 Skills, Experience and Training

5.8.1 Members should be suitably qualified by experience and relevant training.

5.8.2 PIDG Ltd. will provide an induction programme for new Members. This will cover the role of the Committee, including its Terms of Reference and expected time commitment by Members; and an overview of the PIDG Group's business model and strategy, identifying the main business and financial dynamics and risks and introduction to key staff members.

5.8.3 Training will be provided to Members on an ongoing and timely basis.

5.9 Succession Planning

5.9.1 The Chair shall be responsible for advising the Board on succession planning and the replacement, induction and training of Members in the case of vacancies.

5.10 Performance

5.10.1 The Board shall be responsible for the evaluation of the Chair and of the Committee as a whole. The Chair shall be responsible for the evaluation of the Members.

5.10.2 The Committee shall, at least annually, review its Terms of Reference and effectiveness to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

6 DUTIES AND TERMS OF REFERENCE

6.1 Investment Strategy

6.1.1 The Committee shall:

- (i) Assist the Board in implementing and setting the lending and guarantee strategy to achieve the PIDG Group's strategic objectives and on how best to balance short, medium- and long-term investment objectives;
- (ii) Recommend lending and guarantee approaches to the Board;
- (iii) Recommend any changes required to PIDG Group's lending and guarantee business model to support the creation of value in the short, medium and long term;
- (iv) Working with the Risk Committee, advise the Board on the appropriate level of lending and guarantee risk to be taken consistent with meeting the PIDG Group's strategic objectives;
- (v) Take into account the 'Additionality' of the lending and guarantee opportunities being brought to the Committee;
- (vi) Take into account the development impact of the lending and guarantee opportunities being brought to the Committee;

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- (vii) Review the Guarantee and Loan Policies and recommend any necessary changes to the Guarantee and Loan Policies to the Board.

6.2 Monitoring Investment Performance and Governance

6.2.1 The Committee shall:

- (i) Review the performance of Company Managers under their delegated authority and make recommendations to the Board on any required changes;
- (ii) Review the Additionality and ex-ante development impact of PIDG's lending and guarantee activity;
- (iii) Monitor and review the use of any collateral or other security arrangements in respect of credit risk exposures to third parties;
- (iv) Advise the Board on the appropriate quantitative and qualitative information to use in assessing the PIDG Group's lending and guarantee performance over time;
- (v) Working with the Executive Team, monitor the capacity and performance of lending and guarantee staff and Company Managers, and advise the Board on how to improve such capacity and performance over time (i.e. over the short, medium and long-term).

6.2.2 Where the Committee is not satisfied with any aspect of the proposed investment reporting by EAIF and GuarantCo, it shall report its views to the Board.

6.3 Risk Monitoring working with the Risk Committee.

6.3.1 The Committee shall:

- (i) Advise the Board on investment risk and mitigation strategies within its role;
- (ii) Consult with the PIDG Ltd. Risk Committee and PIDG Ltd. Audit Committee on lending and guarantee risk issues, including breaches of policies or limits;
- (iii) Contribute to the development of the principles of PIDG Group's system of internal control and risk management system.

6.4 Investment Decision-Making

6.4.1 Any determination of the Committee made in respect of any matter under the Delegation of Authorities shall be final and binding and no such decision shall be capable of being referred for the purposes of an appeal or otherwise to the Board (subject to any exception as may be stated by the Board when delegating its powers, functions and responsibilities).

6.4.2 The Committee shall:

- (i) Review and approve proposed credit exposures incurred by PIDG Ltd. which

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are novel, complex, contentious or large decisions or that have been referred to the PIDG Credit Committee by either the GMC or IAM Credit Committees.

- (ii) Be accountable for all decisions on whether to approve a Guarantee Opportunity or a Loan Opportunity within the Committee's remit as set out in 6.4.2 (i) above.
- (iii) Delegate authority for credit-related decisions to Company Managers;
- (iv) Review the making of material changes by Company Managers to the carrying value of credit and guarantee exposures, including impairments, restructurings and disposals and make recommendations to Audit Committee;
- (v) Monitor and advise the Board on any changes required to the Approved Delegation of Authorities for decisions on New Business and approval of Guarantee Opportunities and Loan Opportunities;
- (vi) Review and approve the processes and New Business and Credit Paper Templates to be used by the relevant Company Manager for the consideration of New Business and approval of Guarantee Opportunities, and by the relevant Company Manager for the consideration of New Business and approval of Loan Opportunities;
- (vii) Evaluate and consider whether to approve any New Business or Guarantee Opportunity or Loan Opportunity that meets the threshold criteria set out in the Approved Delegation of Authorities;
- (viii) Inform the Board of any proposed deviations from the Unified Investment Policy or the Unified Investment Policy.

7 REMUNERATION

7.1 The remuneration of the Members shall be determined by the Board.

8 DELEGATION

8.1 The Committee shall have authority to delegate its authority hereunder to subcommittees when appropriate.

8.2 The Committee shall have authority to:

- (i) Delegate the decision to approve any changes to the investment Portfolio, e.g. disposals and/or impairments for the relevant PIDG Companies in accordance with the Approved Delegation of Authorities;
- (ii) Delegate to the Company Managers the responsibility to evaluate and consider whether to approve any New Business, Guarantee Opportunity or

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Loan Opportunity in accordance with the Approved Delegation of Authorities.

9 MEETINGS

9.1 Quorum

9.1.1 The quorum necessary for the transaction of business shall be three Members.

9.1.2 Any Committee meeting at which a quorum is not in attendance after a period of one hour of its commencement shall be adjourned and re-scheduled. The Secretary shall give notice of such adjourned meeting and re-schedule as requested by the Chair.

9.2 Frequency

9.2.1 The Committee shall meet at least quarterly at appropriate times and otherwise as required.

9.3 Telephone Conference and/ or Correspondence Meetings

9.3.1 Where the Chair considers it appropriate, the meeting of the Committee may be validly held by telephone conference call (or such other similar means) or by correspondence.

9.4 Notice of Meetings

9.4.1 Meetings of the Committee shall be convened by the Secretary.

9.4.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of items to be discussed, shall be forwarded to each Member and any other person required to attend, no later than seven working days before the date of the meeting, unless the item is of an urgent nature. The agenda shall be circulated together with relevant supporting papers to Members and to other attendees as appropriate.

9.4.3 A scheduled meeting of the Committee may be cancelled if for any reason, the Chair determines that there is no business for the meeting to be conducted, or it is otherwise appropriate that the meeting should be cancelled and requests the Secretary to arrange such cancellation.

9.5 Minutes of Meetings

9.5.1 The Secretary (or any designee of the Chair) shall maintain minutes and other relevant records of the meetings and activities of the Committee. The minutes shall be available for review by the Board and any regulatory agency having jurisdiction over the affairs of the PIDG Group. At any time where the Secretary is not present, the Chair shall act as Secretary or designate an acting Secretary for the purpose of recording the minutes of actions taken at the meeting or executive session thereof.

9.5.2 Draft minutes of Committee meetings shall be circulated promptly to all Members. Once approved, the minutes shall be circulated to all other members of the Board unless it would

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be inappropriate to do so in the opinion of the Chair.

- 9.5.3 Final signed copies of the minutes of the meetings of the Committee shall be maintained for the PIDG Group's records.

10 REPORTING RESPONSIBILITIES

- 10.1 The Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities in a form to be agreed with the Board and shall also formally report to the Board on how it has discharged its responsibilities.
- 10.2 Working with the Risk Committee, the Committee's reporting in relation to Guarantee Products and Loan Products shall include:
- 10.2.1 The extent the PIDG Group is achieving its investment objectives including Additionality and ex-ante development impact for the relevant period;
 - 10.2.2 Any matters that substantially affect PIDG Group's ability to meet its related investment objectives over the relevant period;
 - 10.2.3 Any specific risks and opportunities that affect PIDG Group's ability to meet its related investment objectives over time (i.e. over the short, medium and long-term); and recommendations on how PIDG Ltd. should deal with them;
 - 10.2.4 Any challenges and uncertainties the PIDG Group is likely to encounter in pursuing its lending and guarantee strategy, and the potential implications for its business model and future performance;
 - 10.2.5 The allocation within the PIDG Group of capital for lending and guarantee activities for the relevant period;
 - 10.2.6 Identification of lessons learned from past experiences that are useful in determining the future strategic direction of the PIDG Group;
 - 10.2.7 Identification of material matters relating to the related investment activity of the PIDG Group that should be reported to PIDG donors in the Annual Report;
 - 10.2.8 Any other issues on which the Board has requested the Committee's opinion.
- 10.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.