

EMERGING AFRICA INFRASTRUCTURE FUND LIMITED

INVESTMENT POLICY

Effective date of amendment 10 November 2014 (the "**Amendment Date**")

This Investment Policy is structured as follows:

Part A	Introduction
1	Definitions
2	Overview of Investment Policy
3	Amendments
Part B	Investment Criteria
1	Investment Categories
2	Eligible Countries
3	Eligible Sectors
4	Community and Environmental Impact
5	Eligible Products
6	Commercial Terms
7	Competitive Tendering and Procurement
Part C	Investment Restrictions and Prohibitions
1	Excluded Sectors
2	Projects Exclusion List
3	Country, Sector and the Investee Company Exposure Limits
4	Prohibited Payments and Sanctions
5	Other Investment Restrictions
Part D	Integrity Due Diligence Procedure
Part E	Hedging Policy
Part F	Mismatch Policy
Appendix 1	Poverty Elimination Criteria

Appendix 2 Projects Exclusion List

Appendix 3 Anti-corruption, Anti-Money Laundering and Combating the Financing of Terrorism

Appendix 4 Definitions relating to Total Committed Amount

PART A – INTRODUCTION

The following guidelines constitute the “**Investment Policy**” of the Company.

1. Definitions

“**Board**” means the duly appointed board of directors of the Company from time to time.

“**Company**” means the Emerging Africa Infrastructure Fund Limited.

“**Constitution**” means the constitution of the Company dated 10 November 2014 as may be amended from time to time.

“**Environmental and Social Policy**” means the environmental and social policy of the Company dated 22 July 2014 as may be amended from time to time.

“**Fund Manager**” means the Company’s fund manager as appointed by the Board from time to time.

“**Investee Company**” means a Person (other than a natural person) in which an Investment is made by the Company;

“**Investment**” means a loan or commitment to provide a loan by the Company to any Person or any other investment made, in each case in accordance with this policy.

“**Investment Opportunity**” means a potential Investment which is being considered by the Company;

“**Person**” means any natural person, corporation, partnership, firm, association, governmental authority or any other entity, whether acting in an individual, fiduciary or other capacity and their successors.

“**Total Committed Amount**” means the aggregate of Equity and Debt of the Company. The terms “Equity” and “Debt” are defined in Appendix 4 (*Definitions relating to Total Committed Amount*).

“**Trust**” means the Private Infrastructure Development Group (“**PIDG**”) Trust.

2. Overview of Investment Policy

This policy reflects matters which should be addressed in an Investment Opportunity to measure the degree to which any proposed transaction with an Investee Company would meet normal credit criteria while satisfying the Trust’s objectives of poverty elimination, additionality, capacity building, sustainability and value for money.

3. Amendments

This policy may be amended in accordance with the relevant provision of the Company’s Constitution.

PART B – INVESTMENT CRITERIA

1. Investment Categories

The Company may only invest in:

- (i) majority private sector owned, managed and controlled Persons (other than natural persons); and
- (ii) public sector owned, managed and controlled Persons (other than natural persons) provided that the Company has shown that the private sector is responsible for developing and managing the assets of such Person on a risk sharing basis,

in each case that are engaged in the development, financing, construction, rehabilitation, restructuring, expansion, and/or operation of all forms of infrastructure or infrastructure-related ventures in eligible sub-Saharan Africa countries, including the following activities:

- a. Start-ups or Greenfield Developments: infrastructure or infrastructure-related investments in Persons that have received (or will have received prior to disbursement) the relevant permits, licences and concessions from governmental entities and that are seeking medium to long term finance. The contractual project finance arrangements could be based on derivations of the standard BOT concept, for example BOOT, DBFO etc.
- b. Operating Infrastructure Companies: going concerns that require finance for upgrades, expansions or other forms of growth.
- c. Privatised or To-be-Privatised Companies: privatised infrastructure businesses and parastatals that have a proven track record and are expanding or rehabilitating their operations. Privatisations where the host government is in a majority shareholding position but has a contractual undertaking to reduce its holding (including indirect holdings) to 49% or less within a defined period either through listing or trade sale may also be considered.

2. Eligible Countries

The Company may invest only in support of activities performed in those countries which are:

- a. in sub-Saharan Africa; and
- b. listed below

Angola	Liberia
Benin	Madagascar
Botswana	Malawi
Burkina Faso	Mali
Burundi	Mauritania
Cameroon	Mozambique
Cape Verde	Namibia
Central African Republic	Niger
Chad	Nigeria

Comoros	Rwanda
Congo - Brazzaville	Sao Tome
Congo (Democratic Republic)	Senegal
Djibouti	Seychelles
Equatorial Guinea	Sierra Leone
Eritrea	Somalia
Ethiopia	South Africa ¹
Gabon	Sudan
Gambia	South Sudan
Ghana	Swaziland
Guinea	Tanzania
Guinea Bissau	Togo
Ivory Coast	Uganda
Kenya	Zambia
Lesotho	Zimbabwe

3. Eligible Sectors

The Company shall provide credit facilities to support the funding of infrastructure or infrastructure-related companies or assets (with particular emphasis on maximizing benefits for the poor) which may be engaged in the following activities in the sectors (each a “**Sector**”) as described below, with the Company seeking to ensure that each Sector accounts for at least 10% of the Total Committed Amount subject to the availability of suitable opportunities, within the limits set out in this Investment Policy, and subject to the exclusions set out in Part C section 1 (*Excluded Sectors*):

- a. Energy: the generation, transmission and/or distribution of electricity, including rural electrification.
- b. Water/Waste Services: urban/rural fresh water production and treatment, supply and distribution, sanitation, solid waste disposal/collection and waste treatment, bulk water supply (water reservoirs, transfer schemes, dams and pipelines).
- c. Transportation: fixed transportation infrastructure including toll roads, bridges, tunnels, light and heavy rail systems and railway equipment, airports (passengers and freight), ports and harbors, warehousing and bulk storage/handling facilities, which may include (but only as ancillary thereto) certain moveable assets.
- d. Telecommunications: the development and operation of: (i) long distance and local telephone services, cellular radio telephone services and other radio common carrier communications services, including paging and specialised mobile radio systems; or (ii) telegraph, microwave and private communications networks, electronic mail and other emerging telecommunications technologies.

¹ The Company must demonstrate to the Private Infrastructure Development Group that any investments in South Africa are limited to projects that focus on the poorest regions and groups.

- e. Gas Transportation, Distribution and Storage: gas pipelines and bulk storage/logistical facilities, or downstream gas development.
- f. Mining: only where the Investment expands the provision of infrastructure and associated services and where the owner agrees to allow third party use of the assets (in so far as it does not prejudice their mining operations) and where the Company's lending is believed to be additional.
- g. Other: other activities which impact positively on the development of the relevant country's basic infrastructure whilst promoting the objectives of the Company. Such activities may include:
 - the infrastructure component of industrial or agro-industrial projects so long as such infrastructure is also allowed to be used by third parties;
 - investments in agribusiness which result in infrastructure development are permitted as part of an Investment in another Sector, provided that the proportion of any Investment committed for agribusiness does not exceed 20% of the total Investment;
 - the manufacturing, construction or assembly of goods, equipment, plant and buildings or the provision of services (for example cement plants, producers of pipes, pumps, switching equipment, cables, bricks, tarmac and other basic materials used in infrastructure construction).

4. Community and Environmental Impact

All of the Company's investment decisions shall be taken having regard to the impact of such investment on the environment, and in accordance with the requirements of the Environmental and Social Policy.

The Fund Manager will include in its due diligence for each Investment Opportunity an analysis of the social and ecological impacts to its environment, including the methods and processes used by the Investee Company to assess and mitigate any material negative impacts, in accordance with the Environmental and Social Policy. If certain areas fall short of the standards required by the Environmental and Social Policy, the Fund Manager shall clearly identify these in its proposal to the Credit Committee (as such term is defined in the Constitution) and propose mitigating measures and inclusion of appropriate covenants in the loan documents. Should the analysis show serious negative impacts that cannot be addressed within a reasonable time, the Investment Opportunity may be deemed inappropriate for investment by the Company.

The Company shall use the developmental impact and poverty elimination criteria as set out in Appendix 1 in its due diligence.

Environmental, technical and social advisory support shall be utilized by the Company as may be required by each transaction.

5. Eligible Products

The Company will offer a range of debt financing products in the form of loans, with the main focus being senior debt. This section sets out the specific products which are eligible.

Seniority will be determined by having a conventional first ranking (*pari passu* with other senior lenders) mortgage/charge on all eligible Investee Company assets (subject to customary exceptions) plus appropriate security determined on a case by case basis in accordance with market practice. Seniority may also be determined through a shorter maturity and duration profile compared to junior financing.

General terms for lending will be drawn up taking cognisance of the Investee Company's characteristics and the overall financing structure.

5.1 Senior Debt Products

US\$ and EUR Loans

Senior loans may be provided on a standalone basis or with one or more co-lenders, either through a predetermined "club" or in a "syndicated" transaction structured and negotiated by one or more lead arranger(s) and then subsequently shared with other lenders. The Company could perform a lead role in such transactions or could consider joining a syndicate arranged by (an) other acceptable institution(s).

Local Currency Senior Loans

The Company may offer local currency senior loans to Investee Companies subject to the development of a suitable currency asset/liability management policy.

5.2 Subordinated Products

Subject to the limits set out in section 5.3 below (Conditions for Subordinated Products), the Company may offer subordinated loans or quasi-equity for those Investee Companies where such financing is required and is deemed suitable. Such financing should be provided only to those Investee Companies that show sufficient robustness and stability of cashflow to warrant investment in such higher risk instruments. Such products may include any of the following:

- a. senior loans with revenue/profit sharing mechanisms;
- b. subordinated loans with revenue/profit sharing mechanisms;
- c. preference shares with coupon and maturity contractually defined;
- d. debt with warrants; or
- e. equity combined with a put option in favour of the Company.

5.3 Conditions for Subordinated Products

Terms for such instruments should reflect their risk profile. The following criteria shall apply to the use of subordinated products:

- a. the product should be additional to available equity and debt and appropriate to the Investee Company's overall financing structure;
- b. such subordinated instruments must be prudent taking into account the risk profile of the Company's assets and liabilities; and
- c. subordinated products shall not exceed 30% of the Total Committed Amount.

5.4 Other Products

The Company may offer bridge financing on customary terms to Investee Companies on the basis that such financing will be converted to a term loan consistent with this Investment Policy.

Underwriting facilities may be offered, provided that where the extent of such underwriting exceeds the Company's credit limits for such an Investee Company, there is a clear ability to sell-down such excess. However, the Company will generally not underwrite tranches greater than US\$50 million (or equivalent in other currencies).

6. Commercial Terms

6.1 Maturities

The Company will generally lend with a minimum tenor of at least five years.

The Company will not lend or make a loan with a final maturity of longer than twenty (20) years from the date of commitment of the Investment, except in exceptional circumstances as agreed by the Board.

6.2 Refinancing

Refinancing of Investee Company's existing debt shall only take place by the Company with respect to:

- i) bridge financing provided by the Company;
- ii) pre-completion or construction period financing provided by other third parties and equity providers where the refinancing gives rise to additionality through (a) capacity building, (b) capital market development, (c) poverty reduction, or (d) any other relevant benefits; or
- iii) existing funding, the refinancing of which gives rise to additionality through (a) capacity building, (b) capital market development, (c) poverty reduction, or (d) any other relevant benefits.

6.3 Pricing

The Company's pricing for senior loans and subordinated loans should target a return commensurate with risk and with due recognition to the cost structure of the Company and return requirements of all investor categories within the Company.

6.4 Grace Period

The borrower may benefit from a grace period on capital repayments. Interest, however, will remain payable during any grace period but may be capitalised where deemed appropriate.

7. Competitive Tendering and Procurement

7.1 Non-Competitively Awarded Investee Company

It is an ongoing requirement of the Company to support good public policy and transparency in all transaction processes. Therefore, subject to this section 7.1 (Non-Competitively Awarded Investee Company) and section 7.3(b) (Procurement), the

Company will not support start-up of greenfield Investee Companies where the underlying development rights were not but, in the Company's view, could reasonably have been, competitively tendered.

In exceptional cases, the Company may support Investee Companies where the underlying rights have been awarded through direct negotiation rather than competitive bidding. In such cases, the Company will need to assure itself that, if the opportunity involves a government-related process, any award resulting therefrom has been made on a defensible and transparent basis that does not harm the public interest.

7.2 Competitively Awarded Investee Company

The Company may participate in competitive bidding situations on behalf of one or more parties. In such cases, the Fund Manager shall provide preliminary support letters or other commitments to any bidding party approaching it for support, which is deemed to be submitting a bid of sufficient quality to be eligible.

7.3 Procurement

- a. Contracts with affiliates and other related parties should be evaluated to ensure they are competitive with third party contracts negotiated on an arms-length basis. Management and other arrangements should be reviewed to ensure that they are consistent with the creditworthiness and long-term health of the business.
- b. In instances where licences, concessions and privatisations could not be competitively tendered, the Board, subject to section 7.3(c) below, may require that all procurements of a material nature are tendered competitively.
- c. In exceptional cases under section 7.3 (b) above, the Company may support Investee Companies where procurement has not been subject to competitive bidding. In such cases, the Company will need to assure itself that all major procurement is expressly on an arm's length and transparent basis, with specialist advice from technical consultants to confirm as such, if necessary.

PART C – INVESTMENT RESTRICTIONS AND PROHIBITIONS

1. Excluded Sectors

The following Sectors shall be excluded from Investments by the Company:

- a. Oil and Gas Exploration, Export Transportation and Production (“upstream” activities);
- b. Mining, or Mineral Exploration and Extraction, except for investments which fall under Section 3(f) (Eligible Sectors) of Part B;
- c. Nuclear Power or Nuclear Waste Treatment: any business or activities including Investments relating to the nuclear industry or nuclear materials (other than in respect of the purchase of medical equipment, quality control (measurement) equipment and any other equipment where the radioactive source is considered to be trivial and/or adequately shielded);
- d. Military Infrastructure; and
- e. Financial Services.

2. Projects Exclusion List

The Company shall not make any Investments which would be excluded pursuant to the Projects Exclusion Lists as set out at Appendix 2 (Projects Exclusion List) to this Investment Policy.

3. Country, Sector and the Investee Company Exposure Limits

Generally, typical investment sizes will fall in the range of US\$15-US\$50 million (or equivalent in other currencies) per Investment, but subject to the limits set out below and the ability for exceptions to be made in the case of smaller transactions.

In making Investment decisions, the Company is required to operate within the following guidelines and exposure limits except in exceptional circumstances as agreed by the New Business Committee, Credit Committee, the Board, and PIDG donors on a “no objection” basis:

- a. The Company may not invest more than 25% of the Total Committed Amount in any one eligible country listed under Section 2 (Eligible Countries) of Part B.
- b. The Company may not invest more than 40% of the Total Committed Amount in any one qualifying Sector.
- c. The Company may not invest more than 10% of the Total Committed Amount in any one Investee Company.

4. Prohibited Payments and Sanctions

The Company shall comply with Appendix 3 (Anticorruption, Anti Money Laundering and Combating Financing of Terrorism) of this policy. The Company shall comply with the Private Infrastructure Development Group Anti-corruption and Integrity Policy and Procedures as published on the PIDG website (<http://www.pidg.org/resource-library/operating-policies-and-procedures/code-of-conduct-and-operating-policies-and-procedures-for-pidg-participants>).

5. Other Investment Restrictions

The Company may not invest in Investee Companies which do not comply materially with the Environmental and Social Policy (unless the proposed Investee Company has a comprehensive environmental action plan in place to achieve compliance in the short term).

PART D – INTEGRITY DUE DILIGENCE PROCEDURE

In order to ensure that the Company is not exposed to unnecessary risk, part of the due diligence on any Investment Opportunity and Investee Company should include an integrity due diligence (“**IDD**”). This Part D (Integrity Due Diligence Procedure) provides guidelines on how IDD should be conducted.

The IDD process should identify and document potential risks associated with unethical and illegal activities which include environmental, social, governance and financial crime issues such as child labor, corruption, fraud, and money laundering.

The IDD Process involves two phases: (i) an integrity risk identification and assessment; (ii) the actual due diligence work.

1. Phase (i) Integrity risk identification and assessment

The risk identification and assessment should be carried out as part of the preparation of the New Business Committee (“**NBC**”, as such term is defined in the Constitution) paper. It should determine the extent of the due diligence required, specifically which persons and institutions will be examined and the level of scrutiny required for each.

The risk identification and assessment should cover the following areas:

- Entities background checks: initial review of the shareholders, borrower; management team and other relevant parties which might present a reputation risk to the Company;
- Transparency issues: initial review of how the contract/project was awarded;
- Environmental and social matters: identification of potential reputation risk related to environmental and social matters such as child labor; minimum wages and environmental damages;
- Fraudulent practice: identification of potential fraudulent practices such as corruption, fraud, and money laundering.

Suggested methods for identification of integrity risks:

- Database search as specified in the Fund Manager’s Know Your Customer (“**KYC**”);
- Discussion with other lenders;
- Discussions with representatives of DFIs/IFIs with presence in the country of the proposed Investment or knowledge of the parties;
- Discussions with local financial institutions.

The result of the integrity risk identification and assessment review together with recommendations on how to corroborate each of the identified risks should be summarised in the NBC paper and presented to the NBC for sign off.

A mandate letter with the Investee Company should be signed after the initial risk identification process have been completed and presented at the NBC.

2. Phase (ii) Integrity due diligence

Following the NBC, the Fund Manager will investigate the risk identified in phase (i) through: (a) external background check report (from companies such as diligence; control risk and others); and/or (b) forensic audits and/or (c) discussions with senior members of companies familiar with the proposed Investment and Investee Company or any other means agreed with the NBC.

The Fund Manager will (subject to any applicable data protection laws) prepare a final integrity risk assessment paper describing the integrity due diligence process and its outcome together with a recommendation whether to proceed with the project or not.

The integrity risk assessment paper will be presented to an integrity committee comprised of the Chairman of the NBC together with one or more representative of the NBC for clearance and approval to proceed to Credit Committee as soon as possible.

PART E – HEDGING POLICY

1. CURRENCY RISK

Currency risk arises for the Company through the Company's lending or borrowing in Euros as opposed to its base currency of US\$.

Currency mismatches are monitored on a fortnightly basis.

2. INTEREST RATE RISK

Interest rate risk arises because the Company mainly borrows at floating rates linked to Libor and/or Euribor and may lend to projects at a fixed rate.

3. HEDGING ARRANGEMENTS

The Company shall only enter into hedging arrangements as a means of reducing risk exposure. Under no circumstances shall hedges be considered for speculative purposes.

Currency and interest risks are reported monthly to the Fund Manager's Asset and Liabilities Committee ("**ALCO**"). The ALCO decides on the appropriate hedging arrangements which should be put in place.

PART F – MISMATCH POLICY

A tenor mismatch arises because the Company's commitments to fund projects and obligations to repay its own debt may not be matched by incoming cash flows from projects and capacity to draw down sufficient funds from its own credit lines.

A tenor mismatch can arise:

- Intentionally – a new project loan commitment is signed that cannot be definitively funded at some stage in the future;
- Unintentionally – a project defaults or reschedules so that planned cash flows disappear or become deferred.

Tenor mismatch is sometimes referred to as “Refinancing Risk” because funding gaps can be remedied by raising new debt or changing the tenor profile of existing debt. The timing of any tenor mismatch is as important as the amount as having time to negotiate new or changed credit lines or other solutions is key to its management.

The Company's tenor profile is monitored through the Company's financial model and the impact of new projects is reported as part of the Credit Committee approval process. Specifically, on a quarterly basis and upon submission to Credit Committee for approval of a new Investment Opportunity, the Company's financial model is updated to evaluate whether the Company will incur a tenor mismatch. The assumptions used for updating the Company's financial model include:

- Only cash flows related to existing commitments (portfolio projects) are taken into account;
- Only committed debt facilities are available;
- No prepayment or refinancing of existing investments are assumed;
- Loss reserves are deducted; and
- A minimum cash level of US\$2 million is maintained.

Based on the assumptions above, the Company's mismatch policy is that from each "update" date of the model, (quarterly or upon evaluation of a new Investment Opportunity), no cash shortfall will occur within 3 years of such calculation and the maximum shortfall allowed beyond the 3 years is US\$50 million.

In case of non-compliance with this mismatch policy, (e.g.; as a result of a project default), the Company will not approve new Investments until the tenor mismatch position is restored to full compliance with the policy set out in this part F.

APPENDIX 1

POVERTY ELIMINATION CRITERIA

1. POVERTY ELIMINATION BENEFITS

The Company support should be to commercially sound Investee Companies that contribute to the elimination of poverty. Before supporting an Investment Opportunity, the Board must therefore be satisfied that such company will provide at least one of the Benefits A, B or C below.

- A. Underpinning economic growth that assists either directly or indirectly in the elimination of poverty and the broader policies and context for poverty elimination and leading to social, environmental and or economic benefits for poor people; or
- B. Benefiting broad-based population groups including poor people and pro-actively addressing issues of equity and Barriers to participation or access to poor people; or
- C. Specifically promoting and enhancing the social, cultural and economic rights, interests and needs of poor people.

2. SUBMISSION ON POVERTY ELIMINATION

In putting Investment Opportunities to the NBC, the Credit Committee and the Board, the Fund Manager must include a brief submission that:

- a. Highlights the contribution the Investment Opportunity would make to the elimination of poverty in terms of Benefit A, B or C;
- b. Where Benefit B or C applies, identifies the elements of the Investment Opportunity that contribute to poor people benefiting or having their rights addressed directly; and
- c. Comments where appropriate on any Barriers to poor people benefiting or having their rights addressed.

3. ASSESSING BENEFITS A, B AND C

Given the nature of the Eligible Sectors set out in Section 3 of Part B of the Investment Policy, it is expected that, in many cases, these contributions to poverty elimination will predominantly take the form of indirect effects, such as improved sustainable infrastructure provided to broad population groups leading to positive economic effects and indirect employment creation.

Examples of Benefit A

Examples of possible effects an Investment Opportunity could have that would provide Benefit A are set out in Annex 1. The Board may (in consultation with the Company's shareholders, if the Board sees fit) consider that other effects will provide Benefit A.

Assessing Benefits B and C

Some Investment Opportunities may provide Benefit B or C. These positive effects will be identified and outlined in the proposal. It will be for the Board (in consultation with the Company's shareholders, if the Board sees fit) to satisfy itself on a case-by-case basis that the Investment Opportunity will provide Benefit B or C.

Balancing Benefits and Barriers

In all cases, the submission by the Fund Manager must include a reasoned analysis of whether the Benefits an Investment Opportunity provides outweigh any negative effects on poor people. An illustrative, non-exhaustive list of possible Barriers to poor people benefiting from an Investment Opportunity is set out in Annex 2.

Additional Assessments

Private sector participation in infrastructure services may take place in a context of elimination of direct or indirect subsidies. Such Investment Opportunities may therefore have a role in creating Barriers to poor people accessing those services.

In these cases, a more thorough assessment of the Investment Opportunity by an appropriately qualified third party or any other partner with an interest in the Investee Company or the Company, where the Board is satisfied that that party will provide an independent assessment, is required to provide an overview of all positive and negative effects on poor people and of any Barriers that exist. (In some cases, specific provisions might be introduced into the Investment Opportunity to mitigate the negative effect on poor people).

It is possible that another reputable lender or other interested party in an Investment Opportunity will have already prepared a report that provides such an overview. In this case, the Fund Manager can provide this report instead of an original additional assessment.

Where the Fund Manager does not provide such an assessment with its submission and the NBC, Credit Committee or the Board finds that such an assessment is required, that Committee or the Board should call as soon as possible for an assessment. To avoid unduly delaying consideration of the Investment Opportunity, the NBC may wish to review and approval an Investment Opportunity subject to this assessment being submitted to the Credit Committee.

Decision by Committees and Board

The NBC, the Credit Committee and the Board must then determine (in consultation with the Company's shareholders, if the Board sees fit) whether the Benefit provided by an Investment Opportunity will be reduced to an unacceptable level by the Barriers contained in that Investment Opportunity. If so, the Investment Opportunity should not be supported.

In deciding whether the Barriers reduce the Benefit to an unacceptable level, the Board will take into account that Investment Opportunities providing Benefit A may contribute to the elimination of poverty without providing significant direct benefits to poor people. Investment Opportunities providing Benefits B or C are expected to actively promote poverty elimination strategies. The Board will accept more Barriers if poor people receive direct benefits from an Investment Opportunity.

4. DEFINITIONS

Barrier	A barrier to poor people benefiting from an Investment Opportunity. An illustrative list of barriers is given in Annex 2.
Local	The country or countries to which an Investment Opportunity will be implemented and/or the relevant project is established.
Poor Person	A person known or reasonably thought to be living on “a \$ a day” as described in Box 2.1 of Chapter 1 of the World Development Report 20010/2001: Attacking Poverty or being assessed as poor applying some other measure of poverty described in that Report.
Support	The commercial loan, guarantee or other financial assistance provided by the Company to the relevant Investee Company.

Annex 1 – Examples of Benefit A

Examples of possible Benefit A effects could include:

- (i) enhanced public services: the Investee Company will provide new or substantially improved access to basic infrastructural services to a broad population;
- (ii) employment creation: the Investee Company will generate short and long-term employment, directly and indirectly, for local people;
- (iii) linkages to the local economy: a high percentage of an Investee Company's budget is spent in the local economy;
- (iv) effect on government revenue: the Investee Company pays taxes/royalties to the local government and does not seek/receive any government subsidies;
- (v) effect on foreign currency generation: the Investee Company generates hard currency either by exports or removing the need for certain imports;
- (vi) social and economic impact: a positive impact on different groups affected by the Investee Company in terms of increased incomes, enhanced skills, better health, social organisation or access to natural resources and other positive effects;
- (vii) effect on local markets/competition: the Investee Company will prompt competition between relevant providers and lead to improved quality, lower pricing or changes in government policy;
- (viii) innovation/technology transfer: the Investee Company introduces new technology or training, innovation, investment and training of local staff relating to technology to an area/country;
- (ix) contribution to capital markets development: the Investee Company has either equity or a debt instrument, which is publicly traded.

Annex 2 – Examples of Possible Barriers

Examples of possible barriers to poor people benefiting from an Investee Company would include:

- a. inappropriate charging: whilst it is recognised that charging needs to ensure it is commercially viable on a sustainable basis, excessive fees for connection costs or an overly high fixed cost element in tariff structures will be deemed inappropriate;
- b. exclusivity arrangements that prevent alternative solutions even where utility provision is not available;
- c. poorly designed Investee Companies which:
 - i. reduce affordability for the poor, for instance through overly elaborate or inappropriate technology;
 - ii. further marginalise poor people already disadvantaged for lack of relevant knowledge or skills;
 - ii. do not include appropriate consultation and/or participation in project design;
 - iv. where relevant, create or fail to address barriers relating to gender, age or disability; or
 - v. unreasonably exclude access for poor people willing to pay (at an economically justified rate in the context of the Investee Company) for infrastructure services through proposed geographical area/or service area cover.; or
- d. any other barrier which, in the view of the Board, unnecessarily excludes poor people with a willingness to pay for an infrastructure service at an economically justified rate in the context of the Investee Company.

APPENDIX 2

PROJECTS EXCLUSION LIST

This Project Exclusion List defines the types of projects that EAIF shall not finance.

Part (1)

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.¹
- Production or trade in alcoholic beverages (excluding beer and wine).¹
- Production or trade in tobacco.¹
- Gambling, casinos and equivalent enterprises.¹
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the Board considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

A reasonableness test will be applied when the activities of the project company would have a significant development impact but circumstances of the country require adjustment to Part (1) of this Projects Exclusion List.

All financial intermediaries (FIs), except those engaged in activities specified below*, must apply the following exclusions, in addition to Part (1) of this Projects Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor²/harmful child labor.³
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

* Trade finance projects, given the nature of the transactions, FIs will apply the following items in addition to Part (1) of this Projects Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor²/harmful child labor.³

Footnotes

- 1 This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.
- 2 Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.
- 3 Harmful child labour means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

APPENDIX 3

ANTI-CORRUPTION, ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

PART 1

1. ANTI CORRUPTION

The Company shall not engage in any Sanctionable Practices (being any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, or Obstructive Practice, as those terms are defined and interpreted in accordance with the Anticorruption Guidelines set out in Part 2 of this Appendix 3) with respect to any Investment.

2. ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

The Company shall, consistent with its business and investment profile, institute, maintain and comply with internal policies and controls for the purpose of ensuring that it will not enter into any transaction (i) with, or for the benefit of, any of the persons or entities named on lists from time to time promulgated by; or (ii) related to any activity from time to time prohibited by the United Nations Security Council or its committees pursuant to any resolution issued under Chapter VII of the United Nations Charter.

PART 2

ANTI-CORRUPTION GUIDELINES

The purpose of these Anticorruption Guidelines is to clarify the meaning of the terms “**Corrupt Practices**”, “**Fraudulent Practices**”, “**Coercive Practices**”, “**Collusive Practices**” and “**Obstructive Practices**” in the context of the Company’s operations.

1. CORRUPT PRACTICES

A “**Corrupt Practice**” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

INTERPRETATION

1.1 Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of corrupt practices.

1.2 It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor’s books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.

- 1.3 In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute corrupt practices unless the action violates applicable law.
- 1.4 Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.
- 1.5 The Trust does not condone facilitation payments. For the purposes of implementation, the interpretation of “Corrupt Practices” relating to facilitation payments will take into account relevant law and international conventions pertaining to corruption.

2. FRAUDULENT PRACTICES

A “**Fraudulent Practice**” is any action or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation.

INTERPRETATION

An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a “**Fraudulent Practice**” for purposes of this Agreement.

3. COERCIVE PRACTICES

A “**Coercive Practice**” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

INTERPRETATION

- 3.1 Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.
- 3.2 Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

4. COLLUSIVE PRACTICES

A “**Collusive Practice**” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.

INTERPRETATION

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. OBSTRUCTIVE PRACTICES

An “**Obstructive Practice**” is:

- a. deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede an investigation sanctioned by the Board or the Trust into allegations of a corrupt, fraudulent, coercive or collusive practice, and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
- b. acts intended to materially impede access to contractually required information in connection with such an investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

INTERPRETATION

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

GENERAL INTERPRETATION

A person should not be liable for actions taken by unrelated third parties unless the first party participated in the prohibited act in question.

APPENDIX 4

DEFINITIONS RELATING TO THE TOTAL COMMITTED AMOUNT

The following terms which are used in, or relate to, the definition of “Total Committed Amount” have the meanings set out here:

“**Equity**” means, as at the date a determination of Total Committed Amount is required to be made, the aggregate of the total equity of the Company as of such date and including, without limitation:

- (i) the total amount that has been paid up, or credited as paid up, on the Company’s issued share capital (including, without limitation, any share premia);
- (ii) the total amount of any promissory notes which are available to the Company;
- (iii) the amount of the Company’s retained earnings or cumulative losses (as applicable);
- (iv) the amount of all shareholder loans made to the Company by the Trust; and
- (v) the amount of any other reserves of the Company (except for asset revaluation reserves) but deducting amounts attributable to capitalised items (other than amounts attributable to deferred expenses) such as goodwill, trademarks, deferred taxation assets, licences, patents and other intangible assets.

Set out below is a calculation of the total Equity of the Company as at the Amendment Date. The Company shall update this calculation when further Equity is made available to the Company.

Issued share capital amount	US\$373,961,300
Retained earnings	US\$26,544,089
Aggregate Equity	US\$400,505,389

“**Debt**” means the aggregate amount of all commitments of all lenders to the Company from time to time (whether senior or subordinated creditors or lenders) to make available to the Company loans, debt facilities or similar facilities or bonds (whether or not such facilities or bonds have been borrowed, repaid or prepaid by the Company). Set out below is a calculation of the total Debt of the Company as at the Amendment Date. The Company shall update this calculation when further Debt is made available to the Company.

In order to calculate the Total Committed Amount, EUR denominated Debt shall be converted to US\$ terms using the EUR/US\$ closing mid-rate as published on the FT.com prevailing two days prior to the determination date.

Debt of the Company prior to the Amendment Date	US\$452,713,288 and EUR14,628,200
Debt of the Company on or immediately after the Amendment Date	US\$150,000,000 and EUR55,000,000
Aggregate Debt of the Company	US\$602,713,288 and EUR69,628,200