

**Approved on 10 December 2018**

**1 DEFINITIONS**

**“Board”** the board of directors of PIDG Ltd.

**“Code”** means the UK Corporate Governance Code published by the Financial Reporting Council.

**“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 the 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 HSES 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.

**“Executive Team”** means the executive team of PIDG Ltd consisting of the CEO, CFO, CRO, HSES Director and any other person appointed to the executive team by the CEO.

**“HSES”** means health, safety, environment and social.

**“HSES Director”** means the Health, Safety, Environment and Social Director of PIDG Ltd or in his/her absence a person nominated by PIDG Ltd to act in his/her place. The HSES Director is not a statutory director of PIDG Ltd but a member of the Executive Team.

**“IFC Performance Standards”** means the Environmental and Social Performance Standards of the International Finance Corporation.

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

**“Member”** means a member of the Committee.

**“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”**) and any other corporate entity established by PIDG Ltd or the PIDG Trust to carry out the activities of PIDG from time to time (but for the avoidance of doubt shall exclude ICF Debt Pool LLP).

**“PIDG”** means the Private Infrastructure Development Group.

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

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

“PIDG Owners” means the members of the PIDG, as listed on [www.pidg.org](http://www.pidg.org).

“PIDG Staff” means employees, workers and contractors of the PIDG Group.

“PIDG Trust” means The Private Infrastructure Development Group Trust.

“Sustainable Development Goals” means the 17 sustainable development goals developed and agreed by the United Nations in 2015.

## 2 CONSTITUTION

2.1 The Committee was constituted as a committee of the Board of PIDG Ltd at a full meeting of the Board held on [DATE] in accordance with the articles of association of PIDG Ltd.

## 3 ROLE

3.1 The role of the HSES Committee is to monitor performance and key risks that the PIDG Companies face in relation to occupational health, safety, environmental and social (HSES) management and governance, with a ongoing focus on operational safety and reducing incident rates across all projects supported by PIDG. The Committee shall also review as required the development and effectiveness of HSES HSES policies, standards and procedures for the PIDG Group. The Committee will oversee the processes and systems put in place by the PIDG Companies to meet PIDG’s stated objectives of protecting employees, the communities in which PIDG operates, and the natural environment. Additionally, it will monitor the effectiveness of operations across the PIDG Companies in delivering continuous improvements in HSES on projects. Finally, the Committee will provide assurances to the Board, PIDG Trust and PIDG Owners that PIDG is using good governance in its oversight of HSES HSES performance.

## 4 SCOPE

4.1 The HSESHSES Committee shall have oversight of HSES management and associated development and effectiveness of HSES policies, standards and procedures for the PIDG Group as a whole.

## 5 COMPOSITION AND APPOINTMENT OF MEMBERSHIP

5.1 Appointment and Term

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- 5.1.1 Members of the Committee shall be appointed by the Board in consultation with the Chair.
  - 5.1.2 Members shall serve for a term of 3 years each or, in the case of vacancies, such other time period determined by the Board. The Chair and Members shall serve at the discretion of the Board.
  - 5.1.3 The Committee shall comprise at least three Members. At least two of the Members of the HSES Committee shall be non-executive directors of PIDG Ltd.
  - 5.1.4 The HSES Director and CRO shall be expected to attend all meetings as permanent invitees.
  - 5.1.5 Only Members of the Committee and permanent invitees have the right to attend Committee meetings. However, other individuals including the Chair of the Board, CEO, other directors of PIDG Ltd or the PIDG Companies, or other representatives of HSES, or internal or external audit functions may be invited to attend all or part of any meeting as and when deemed appropriate and necessary by the Board or by the Committee.
  - 5.1.6 Only Members of the Committee shall be entitled to vote.
- 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, then the Chair may determine that the 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.
  - 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

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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 Board shall appoint the Chair. In the absence of the Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

5.5.2 The Chair (or in the Chair's absence, his or her 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 Secretary

5.6.1 The Company Secretary or his or her nominee shall act as the Secretary.

#### 5.7 Committee Resources

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

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- 5.8 Expenses
  - 5.8.1 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, without the prior approval of the Board up to a maximum cost of GBP 10,000.
- 5.9 Skills, experience and training
  - 5.9.1 All Members should be suitably qualified by training and / or experience.
  - 5.9.2 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.
  - 5.9.3 Training will be provided to Members on an ongoing and timely basis.
- 5.10 Succession Planning
  - 5.10.1 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.
- 5.11 Performance
  - 5.11.1 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.
  - 5.11.2 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 The Committee shall (unless required otherwise by regulation) carry out the following duties for the PIDG Group as a whole:
  - 6.1.1 Review and provide advice and guidance regarding the development of the HSES Framework for the PIDG Group.
  - 6.1.2 Review the HSES risk management methodology and regularly review Group HSES risks.

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- 6.1.3 Monitor the HSES performance, including regulatory compliance, of the PIDG Companies in the implementation of its HSES policies, standards and procedures.
- 6.1.4 Promote a common standard for HSES across the PIDG companies that is recognised as global best practice.
- 6.1.5 The Committee shall review and monitor PIDG Companies' processes for ensuring project contractors and sub-contractors comply with the PIDG group's HSES requirements and standards.
- 6.1.6 Set out periodic HSES audit schedules and assessments of projects.
- 6.1.7 For all significant, high rated incidents and accidents, review incident investigation (whether commissioned by PIDG Company or a third party) outcomes and:
  - (i) review the investigation report as required;
  - (ii) review the final classification of the incident for PIDG purposes;
  - (iii) review a "lesson learnt alert"; and
  - (iv) decide whether the incident should be discussed with other external stakeholders.
- 6.1.8 Review the results of any internal or independent audits regarding health, safety, environmental and social performance matters, reviewing any strategies; and action plans developed by PIDG Companies in response to issues raised and, where appropriate, making recommendations to the Board.
- 6.1.9 Ensure all PIDG Staff and consultants are supported by robust HSES management with particular focus on corporate international travel safety protocols and in country medical and security support.
- 6.1.10 Give due consideration to new HSES laws and regulations, updates or changes to HSES best practice such as IFC Performance Standards and the Sustainable Development Goals (or equivalent) and any other applicable rules, as appropriate and agree how such laws, regulations, updates or changes should be adopted and/or implemented by the PIDG Group (if applicable).
- 6.1.11 Review practical tools and guidelines to advance HSES performance.
- 6.1.12 At least annually, identify and acknowledge any PIDG Companies, project(s), and/or individual(s) with exemplary HSES performance; and
- 6.1.13 Carry out such other duties as may be delegated to it by the Board from time to time.

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#### **7 REMUNERATION**

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

#### **8 AUTHORITY AND DELEGATION**

8.1 The Committee is authorised:

8.1.1 To seek any information, it requires from any employee/director of the PIDG Group in order to perform its duties;

8.1.2 To obtain, at the PIDG Group's expense, external legal or other professional advice on any matter within its terms of reference where required; and

8.1.3 To request the attendance of any employee at a meeting of the Committee as and when required.

8.2 The Committee shall have authority to delegate its authority hereunder to sub-committees when appropriate and if approved by the Board.

8.3 Committee may convene meetings on short notice and instigate action in exceptional circumstances if they were not satisfied that an issue was being managed in the right way

#### **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 1 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 Voting

9.4.1 Each Member (with voting powers and being entitled to vote) shall have one

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vote.

- 9.4.2 In the case of equal votes in favour under paragraph 9.4.3 resulting in a resolution not being able to be made, the Chair shall have a casting vote (in addition to his/her vote under paragraph 9.4.1) and may utilise the casting vote in order for the resolution to be made.
- 9.4.3 Subject to the articles of association of PIDG Ltd, any resolution of the Committee may be passed by:
- (a) a simple majority of those Members in attendance and eligible to vote voting in favour of such resolution during a meeting of the Committee; or
  - (b) an unanimously approved written resolution of Members. Such written resolution may be by separate counterpart.

#### 9.5 Notice of meetings

- 9.5.1 Meetings of the Committee shall be convened by the Secretary.
- 9.5.2 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 it relates to an urgent issue. The agenda shall be circulated together with relevant supporting papers to Members and to other attendees as appropriate.
- 9.5.3 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.

#### 9.6 Minutes of meetings

- 9.6.1 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 or any part 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.
- 9.6.2 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 be inappropriate to do so in the opinion



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of the Chair.

- 9.6.3 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 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall produce a report of its activities and the PIDG Group's HSES management and strategy to the Board and, if required, for inclusion in the PIDG Group's annual report and accounts, including HSES management objectives and targets.
- 10.4 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.5 The Committee shall report on any other issues on which the Board has requested the Committee's opinion.

#### **11 ANNUAL GENERAL MEETING**

At the discretion of the Chair of the Board, the Chair of the HSES Committee should attend the annual general meeting of the PIDG Owners to respond to questions from the PIDG Owners on the Committee's activities.

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#### Version Control

Version Number	Date	Author	Details
Draft V001	14/10/2018	C Bain	First draft for agreement by ESG Committee
Final V02	22/11/2018	C Bain	Update – Name change to HSES committee and other changes post first committee