

## Terms of Reference for Risk Committee

### 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 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.

“**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.

“**Committee**” means the Risk 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.

“**EAIF-IAM Credit Committee**” means the committee of Investec Asset Management to which EAIF has delegated certain authorities in relation to the carrying out of its business.

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

“**GMC Credit Committee**” means the committee of GuarantCo Management Company Limited to which GuarantCo has delegated certain authorities in relation to the carrying out of its business.

“**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 Guarantee Policy or any other form of funding provided by GuarantCo to a third party in accordance with the terms of the Guarantee Policy.

“**Guarantee Policy**” means the Guarantee Policy and operational guidelines (or equivalent) of GuarantCo.

“**HSES risk**” means health, safety, environmental, social and governance risk.

“**Loan Policy**” means the Loan Policy and operational guidelines (or equivalent) of EAIF.

“**Loan Product**” means any loan which EAIF provides or participates in, whether directly or indirectly and in accordance with the Loan Policy or any other form of funding, including Mezzanine /Quasi Equity transactions, provided by EAIF to a third party in accordance with the terms of the Loan Policy.

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

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“**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.

“**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.

### 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 Committee is to assist the Board in:

3.1.1 fulfilling its oversight responsibilities by reviewing and monitoring risk management systems, policies and procedures for the PIDG Group. Risk includes (but may not be limited to) operational risks (e.g. people, process, systems and external events) as well as credit risk, market risk, strategic risk and reputational risk;

3.1.1 reviewing new products proposed by GuarantCo and/or EAIF;

3.1.2 Portfolio review and monitoring.

### 4 SCOPE

4.1 The Risk Committee shall have oversight of risk management and associated policies and procedures for the PIDG Group as a whole.

### 5 COMPOSITION AND APPOINTMENT OF MEMBERSHIP

5.1 Appointment and Term

5.1.1 Members of the Committee shall be appointed by the Board in consultation with the Chair.

5.1.2 The Chair of the Credit Committee shall also serve as a Member of the Committee.

5.1.3 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.

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- 5.1.4 The Committee shall comprise at least three members. The activities of the Committee should involve participation by the Audit Committee Chair, e.g. via receiving minutes and discussions with the Risk Committee Chair, CRO and CFO. At least two of the members of the Committee shall be non-executive directors of PIDG Ltd.
- 5.1.5 The CRO and CFO shall be expected to attend all meetings as permanent invitees. The Chair shall decide, with the CEO, whether the CEO should be present at meetings.
- 5.1.6 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, or other representatives of risk, compliance, 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.

### 5.2 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.

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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 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.

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### 5.7 Committee Resources

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

### 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

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- 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 Advise the Board on the PIDG Group's overall risk appetite, tolerance and risk management strategy on an aggregated basis as well as by PIDG Company, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities;
  - 6.1.2 Oversee and advise the Board on the current risk exposures of the PIDG Group and future risk strategy;
  - 6.1.3 Working with the Investment Committees, advise the Board on the efficient and productive allocation of capital within the Group, and monitor the use of capital by EAIF and GuarantCo to ensure that it is optimally allocated to meet any applicable regulatory and risk requirements and benchmarks;
  - 6.1.4 Advise the Board on the PIDG Group's asset and liability management and treasury risk management processes and limits;
  - 6.1.5 Recommend to the Board the risk framework and risk policies that will apply to the Group and PIDG Companies. Assess the risk culture and conduct of the Group;
  - 6.1.6 In relation to risk assessment and subject to overlap with the Audit Committee:
    - (i) Keep under review the PIDG Group's overall risk assessment processes that inform the Board's decision-making, ensuring both qualitative and quantitative metrics are used;
    - (ii) Review regularly and approve the parameters used in these measures and the methodology adopted;
    - (iii) Set a standard for the accurate and timely monitoring of large exposures and certain risk-types of material significance to the performance of the PIDG Group; and
    - (iv) Assess each PIDG company's compliance against established policies, e.g. the PIDG OPP's, on at least an annual basis.
  - 6.1.7 In relation to the Portfolio review:
    - (i) Monitor Portfolio risk, including concentration risk, credit risk, market risk and HSES risk. This will include reviewing credit information and minutes of meetings of any committees of PIDG Ltd or board of PIDG companies or its committees, such as the EAIF-IAM Credit Committee and the GMC credit committees;

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- (ii) Review any deteriorations in the Portfolio and, if necessary, refer these to the PIDG Credit Committee.

6.1.8 In relation to the new product review:

- (i) Make recommendations, including requiring further due diligence or referring proposals to other committees; or
- (ii) Approve proposed new products.

6.1.9 Review the PIDG Group's capability to identify and manage new risk-types in conjunction with the Audit Committee;

6.1.10 Before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions (from a risk perspective) or any complex or novel initiatives, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the PIDG Group, and taking independent external advice where appropriate and available;

6.1.11 Review reports on any material breaches of risk limits and the adequacy of proposed action;

6.1.12 Review and monitor compliance with Group level IT security, business continuity and incident management plans, ensuring the adequacy of the PIDG company's plans;

6.1.13 Subject to overlap with the Audit Committee, keep under review the effectiveness of the PIDG Group's internal financial controls and internal controls and risk management systems and review and approve the statements to be included in the annual report and accounts concerning internal controls and risk management;

6.1.14 Review regular reports from the CRO in respect of the adequacy and effectiveness of the PIDG Group's anti-money laundering systems and controls;

6.1.15 Review regular reports from the CRO and keep under review the adequacy and effectiveness of the PIDG Group's risk and compliance function;

6.1.16 Review the market risk exposure of the PIDG companies in aggregate against policy limits and appetite;

6.1.17 Support PIDG Ltd Audit Committee's oversight over whistleblowing arrangements and over the prevention of fraud and bribery;

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- 6.1.18 Consider and approve the remit of the risk management function and whether it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also monitor whether the function has adequate independence;
- 6.1.19 Recommend to the Board the appointment and/or removal of the CRO;
- 6.1.20 Determine the nature, scope, format and frequency of the information to be provided by the CRO on risk strategy and risk management. Review promptly all reports on the PIDG Group from the CRO;
- 6.1.21 Review and monitor management's responsiveness to the findings and recommendations of the CRO;
- 6.1.22 Ensure the CRO shall be given the right of unfettered direct access to the Chair and to the Committee;
- 6.1.23 Work and liaise as necessary with all other Board committees to ensure the necessary exchange of information to capture all relevant risk for the performance of their tasks;
- 6.1.24 As and when requested by the Board, provide quantitative and qualitative feedback to the Board on risk elements of PIDG executives' performance objectives;
- 6.1.25 Give due consideration to laws and regulations, the provisions of the Code and any other applicable rules, as appropriate;
- 6.1.26 Oversee any investigation of activities which are within its Terms of Reference; and
- 6.1.27 Carry out such other duties as may be delegated to it by the Board from time to time.

## **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 Company in order to perform its duties;



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- 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.

## 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 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 it relates to an urgent issue. The agenda shall be circulated together with relevant supporting papers to Members and to other attendees as appropriate.
- 9.4.3 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

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- 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 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 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 risk management and strategy to the PIDG Ltd. Board and, if required, for inclusion in the PIDG Group's annual report and accounts, including risk management objectives and policies in relation to risk overall and to financial instruments.
- 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 PIDG Ltd., the Chair of the Risk Committee should attend the annual general meeting to respond to questions from shareholders on the Committee's activities.

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### Version Control

Version Number	Date	Author	Details
2	December 2018	K Lynch/L Al-Falaki	Amended to reflect the new scope of duties