

INFRACO ASIA

Operating Policies and Procedures

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GLOSSARY

Board	Has the meaning attributed to it in the MSC
Corporate Executive	The corporate development executive of the Company
DAC	Development Assistance Committee of the Organisation of Economic Cooperation and Development
DevCo	The Infrastructure Development Collaboration Partnership, a partnership between PIDG and the IFC which provides an advisory service to governments wishing to privatise elements of infrastructure service provision.
Develop	All activities relating to the pre-development of an Opportunity to the point where it may be financed or sold to a Purchaser, including, as required, feasibility studies, negotiation of regulatory contracts, project agreements, required licenses and consents, development of a business and financial plan and negotiation of third party financing documents, and “Development” shall be construed accordingly
High Developmental Opportunity	Has the meaning given to it in the MSC
Investee Company	Has the meaning given to it in the MSC
MSC	Management Services Contract
Opportunity	A potential infrastructure or infrastructure related project or a person (other than a natural person) that satisfies the criteria detailed in these Operating Policies and Procedures
PIDG	Private Infrastructure Development Group, a coalition of donors mobilising private sector investment to assist developing countries to provide infrastructure vital to boost their economic development and combat poverty. The current members include the UK Department for International Development, the Swiss State Secretariat for Economic Affairs,

the Netherlands Ministry of Foreign Affairs, the Swedish International Development Cooperation Agency, the World Bank Group, the Austrian Development Agency and Irish Aid.

PPI	Private Participation in Infrastructure
PPP	Public Private Partnerships
Purchaser	Has the meaning given to it in the MSC
Sale	Has the meaning given to it in the MSC
TAF	The Technical Assistance Facility of the PIDG

INTRODUCTION AND OBJECTIVES

These Operating Policies and Procedures relate to the activities of InfraCo Asia Development Pte. Limited (“the Company” or “InfraCo Asia”).

The initial sponsor of the Company is a member of the PIDG. PIDG works in partnership with other donors, local operators and government bodies to deliver infrastructure and to increase funds for development in some of the poorest countries in the world.

The objective of the Company’s activities is to contribute to the aims of PIDG and to stimulate greater private sector involvement and investment in the development of infrastructure and related projects by reducing the costs and risks of project development, usually at the pre-financial close stage. The Company’s mission is to identify, create and structure financeable private sector and PPP investment opportunities and offer them, at or prior to financial close, to the private sector for implementation.

The Operating Policies and Procedures ensure that the activities of the Company are aligned with the objectives set by the PIDG.

Key Operating Principles

InfraCo Asia will operate as a private sector infrastructure development company, acting as principal. It will:

- normally undertake pre-financial close development activities for its own account and risk;
- operate at arm’s length from the PIDG and its members with a Board of Directors from the private sector, acting in accordance with these Operating Policies and Procedures;
- not compete with the private sector, but seek to stimulate expanded private sector involvement in infrastructure development;
- seek to structure Opportunities in a way that balances the interests of host governments and other national stakeholders with the requirements of private sector investors and providers of finance;
- seek to balance the goal of attaining attractive Sales value with the goals of promoting Opportunities with a high developmental impact; and
- over the long term, seek sufficient revenue from successful Sales to fund its general operational costs and the direct project preparation costs of the sold Opportunities and to make a contribution to the costs of unsold Opportunities.

The Company will initially operate pursuant to a four year Business Plan.

PART I: OPERATING POLICIES

1. ACTIVITY

The Company will support the development of viable opportunities for investment by the private sector and public-private partnerships in infrastructure and related developments as described herein.

The Company's principal activity will be undertaking pre-financial close development of infrastructure opportunities. The Company will undertake all activities relating to identification and development of an Opportunity to the point where it may be financed and sold to, inter alia, private sector investors, including, as appropriate, undertaking feasibility studies, negotiation of regulatory contracts and project agreements, procuring required licenses and consents, development of a business and financial plan, procuring financing from third parties, negotiation of third party financing documents and all steps as may be necessary to take the Opportunity to the point where it can be sold to a Purchaser.

The Company cannot, unless specifically agreed by the PIDG, make investments at and beyond financial close except to the extent that a portion of the consideration for the sale of an Opportunity may take the form of a carried interest in the Opportunity. InfraCo Asia's proposed to-be-established sister company, InfraCo Asia Finance, or "IAF" is intended to make investments in projects at financial close. ManCo (the management services provider contracted by InfraCo Asia under the MSC) may present to InfraCo Asia Opportunities for consideration by the IAF Board as to the possibility of IAF (if and when established) providing funding at financial close.

InfraCo Asia may undertake the following activities in support of early-stage or greenfield infrastructure projects in approved territories:

- Identify Opportunities and prepare screening papers for eligible investments in eligible countries (see section 2).
- Commission feasibility studies and conduct other investigations on Opportunities in order for the Board to be able to determine whether to approve the development of the Opportunity.
- Undertake studies to ensure that the development activities are in line with the approved environmental, social, health and safety standards (see section 2).
- Undertake due diligence to ensure that project co-developers are committed to meeting the Company's standards with respect to anti-corruption (see section II (11)).

- Negotiate documentation, including Memoranda of Understanding and Joint Development Agreements and other relevant documentation.
- Where necessary or desirable, establish subsidiaries of the Company to develop and invest in Opportunities.
- Undertake other development activities consistent with industry best practice (without prejudice to the provisions of these Operating Policies and Procedures).
- Undertake development of the opportunity usually up to financial close.

Opportunities are expected to be identified in a range of different ways including:

- direct contact with government entities, developers, entrepreneurs and financiers;
- referrals from banks, government entities and local financiers;
- direct approaches from potential co-developers; and
- from such other contacts and networks of ManCo and of its members of staff (in addition to those contacts and networks referred to above).

It is envisaged that, typically, the Company will operate pursuant to a mandate from a relevant governmental authority, a local private party or both, which will include the grant of rights to develop and subsequently market the Opportunity to private investors for implementation. However, other models of operation may also be appropriate.

The Company will seek to transfer its interest in the Opportunity to the private sector, for cash and/or a carried interest in the project post-financial close, usually no later than financial close unless IAF agrees to a proposal to invest in the Opportunity on the basis that InfraCo Asia retain an active interest in the Opportunity. The strategy for full or partial exit from each Opportunity shall be approved by the Board and be consistent with the mandate for InfraCo Asia set down by the PIDG.

The Company may also provide and/or procure technical assistance for the structuring of Opportunities identified by governments/third parties, subject to the requirement that its activities complement, and do not compete with, the activities of other PIDG initiatives.

The Company may also provide any other form of support that is consistent with the Company's overall objectives.

In pursuing its objectives, the Company will liaise closely with other relevant donor programmes, in particular, but not limited to, the other PIDG initiatives.

2 ELIGIBLE INVESTMENTS

2.1 General

The Company may invest in activities in support of commercially viable infrastructure projects of a start-up or greenfield nature.

Subject to any restrictions contained herein, and in particular the requirement to not compete with or displace the private sector, the Company may invest in Opportunities that include, without limitation (in each case where the Company’s involvement may assist in stimulating greater private sector involvement):-

- start-ups or greenfield developments;
- partly developed projects where the incumbent sponsor is unable to bring the opportunity to financial close
- abandoned projects
- currently operating companies where the owners are unable to finance and implement major new investments;
- privatised or to be privatised projects/companies; and
- majority state-owned projects where the private sector is to participate in a risk sharing capacity. The Company will seek out opportunities in countries where:
 - (i) The basic foundations for private sector participation in infrastructure are in place and it is expected that the constraints to private sector investment in the particular Opportunity can be overcome through the Company’s involvement; and
 - (ii) the host government is supportive of the Company’s involvement.

2.2 Geographical Coverage

Subject to the conditions set out below, the Company may invest in support of activities only in the approved list of countries detailed in the table below. The table is sub-divided according to the OECD DAC’s list of ODA recipients.

Regions	DAC List		
	Least Developed Countries	Other Low Income Countries	Lower Middle Income Countries and Territories
East Asia	Cambodia	Vietnam	China

	Laos		Indonesia Philippines Thailand
South Asia	Bangladesh Bhutan Maldives Nepal	Pakistan	Sri Lanka India

Subject to the further conditions set out below, within the approved list of countries, the Company shall be permitted to operate in:

- Least Developed Countries;
- Other Low Income Countries; and
- In exceptional circumstances, where pro-poor benefits are particularly pronounced and with the prior approval of the PIDG, Lower Middle Income Countries and Territories.

The initial priority countries for development activities shall be Bangladesh, Cambodia, India, Indonesia, Laos, Nepal, the Philippines, Sri Lanka and Vietnam.

In respect of projects funded by the initial funding from DfID for development activities (being the sum of £19.35m), the following shall apply:

- The Board shall ensure that no more than 33% of the number of the projects in InfraCo Asia's portfolio (comprising projects shortlisted, under development and completed) shall comprise projects in Lower Middle Income Countries and Territories (based on the classification of the country at the time the project is approved for inclusion in the Short List).¹ While this limit applies to the number of projects, the value of investment in development activity should not materially vary from this ratio.
- Projects in India located in DfID's priority states of Andhra Pradesh, Madhya Pradesh, Orissa, West Bengal and Bihar shall be deemed for the purpose of this Section 2.2 to be located in a Lower Income Country and therefore are excluded from the 33% limit.

¹ Country classification of a project is fixed as at the time of approval of the project for inclusion in the Short-list. For example, Vietnam is currently deemed a Low Income Country. If it graduates to Lower Middle Income at the next OECD DAC review, expected in 2011, projects in Vietnam already included in the approved shortlist prior to the country's reclassification will not be subject to the 1/3 limit.

- In the event that InfraCo Asia wishes to progress a project located in a Lower Middle Income Country (including, for the avoidance of doubt, in India other than the 5 states specified above), then the project shall be submitted to PIDG with a justification of its strong pro-poor benefits and demonstrating that it qualifies in all other respects e.g. additionality. If no objection is received within 10 days of submission to PIDG, consent will be deemed to have been given and the Company may invest in the development of such project. The project will be included in the Short List and count towards the 33% limit.

2.3 Pro-poor benefits

All projects are expected to have demonstrable Category A, Category B and Category C poverty elimination benefits as described in Appendix I.

2.4 Sector Focus

2.4.1 Sectors for Inclusion

The Company may invest in the development of Opportunities in the following sectors:

- Energy services:* the generation, supply, transmission and/or distribution of electricity, including rural electrification and all forms of renewable energy supplies.
- 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).
- Transportation infrastructure services:* fixed and moveable transportation infrastructure and transport services including roads, bridges, tunnels, light and heavy rail systems and services and railway equipment, airports (passengers and freight), bus lines, ports and harbours.
- Bulk Storage/Logistics Facilities:* logistics services that support productive investment including bulk storage/handling facilities, cold storage, warehousing and certain moveable assets.
- 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; (ii) telegraph, microwave and private communications networks, cable, electronic mail and other emerging telecommunications technologies; and (iii) internet access.
- Gas transportation, distribution and storage:* gas pipelines and bulk storage/logistical facilities and, downstream gas development.

- g) *Oil transportation, distribution, storage*: except where for an export project.
- h) *Mining and upstream Oil & Gas*: but only where 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 or upstream Oil & Gas operations) and where the Company's activities are believed to be additional.
- i) *Urban infrastructure*: the provision of economic and social infrastructure within towns and cities (including low cost housing).
- j) *Agriculture*-supporting infrastructure including but not limited to storage, basic processing facilities and irrigation services.
- k) *Other Related Activities*: other activities that impact positively on the development of the relevant country's basic infrastructure and promote the objectives of the Company. Such activities may include the infrastructure component of industrial, agro-tourism or agro-industrial projects and, more generally, may include other productive investment activities not currently being undertaken, or undertaken on a small scale, by the private sector where it is expected that those activities will in turn stimulate increased demand for basic infrastructure facilities and services and therefore facilitate private sector financing and investment in infrastructure. Activities may also include the manufacture, 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).

2.4.2 Sectors Excluded

The following sectors shall be excluded from Company support:

- a) Oil and Gas Exploration and Production ("upstream" activities) and oil transportation for exports (except as permitted under paragraph h) above);
- b) mining or mineral exploration and extraction (except as permitted under paragraph h) above);
- c) nuclear power, nuclear waste treatment or nuclear fuel cycle activities;
- d) military infrastructure; and
- e) gambling.

2.5 Project size

InfraCo Asia will focus primarily on developing projects with a capital value at financial close of up to US\$75m. However, the Company will be permitted to develop

a small number of larger projects, subject to the project satisfying the conditions contained herein.

2.6 Community and Environmental Impact

All of the Company's investment and operating decisions shall comply with local laws and regulations and the appropriate World Bank guidelines relating to the environment, social issues and occupational health and safety matters.

The Company will include in its due diligence for each Opportunity an analysis of the social and environmental impacts of the project. In particular, the Company will follow, as a minimum, the environmental and social due diligence procedures developed by the World Bank and will adopt and apply the World Bank's social responsibility requirements to all Opportunities. Where prudent or necessary, a satisfactory Environmental Impact Assessment ("EIA"), in accordance with the requirements of the relevant local environmental agency of the host country, would be required as part of the Development decision. The Company shall ensure that satisfactory arrangements are put in place to mitigate any adverse social or ecological impact prior to Sale of the relevant Opportunity.

The Company shall provide the PIDG with monitoring and evaluation reports on the development impact of the projects in its portfolio in accordance with the PIDG's Monitoring and Evaluation framework. Environmental, technical and social advisory support as is judged appropriate by the Company for each transaction shall be utilised by the Company.

3. GENERAL RESTRICTIONS

All activities of the Company shall be undertaken with the aim of advancing InfraCo Asia's and the PIDG's objectives as set out in the *Introduction and Objectives* with the general aim of poverty elimination.

The Company shall, in identifying appropriate Opportunities for Development, take fully into account the developmental impact and poverty elimination criteria as set out in Appendix I.

4. POST SALE INVOLVEMENT

Following Sale of the Company's interest in an Opportunity, the Company may retain an interest in the Opportunity. With the agreement of the incoming Purchaser, InfraCo Asia may retain an ongoing development role, for example, in liaising with government, local communities or other parties or where its presence gives comfort on project related political risks.

5. COMPETITIVE TENDERING AND PROCUREMENT

5.1 General

It is the general policy of the PIDG to promote a transparent and competitive process for the provision of private sector participation and it is a requirement of the Company to support good public policy and transparency in all transaction processes.

5.2 Development Rights

In entering into any arrangements concerning the right to Develop Opportunities, the Company will comply with any applicable laws in the country in which the Opportunity is located concerning the award of rights in infrastructure and related projects and will act in a manner consistent with good public policy and transparency. Given that InfraCo Asia's mission is to operate in environments where the private sector is not currently investing, it is expected that, in many cases, the Company will engage in arrangements where the rights in the Opportunity have been awarded through direct negotiation. In such cases the Company will need to assure itself that, if the Opportunity involves a government-related process, the award of rights in the Opportunity to the Company/an Investee Company has been made on a defensible and transparent basis that does not harm the public interest and that the award does not crowd out other potential private sector investors.

5.3 Sale

It is the general policy of the Company that in procuring a Purchaser for the implementation of an Opportunity, that is being/has been developed by the Company, the Company will adopt a transparent and competitive process consistent with good public policy.

However, given the limited number of investors currently interested in infrastructure opportunities in the Company's target markets, the Company may in appropriate instances, engage in direct negotiations with a prospective Purchaser, but only with the approval of the Board to be granted after diligent enquiry as to the reasons and appropriateness on a case by case basis and subject to the general requirement that the Company ensure transparency in all transaction processes.

5.4 Procurement of Goods and Services by the Company

Any goods and services to be procured by InfraCo Asia or ManCo for development of Opportunities shall be procured in accordance with the EU Procurement Directives if applicable and the PIDG procurement policy, as amended from time to time. The Board of the Company shall assure itself that the proposed procurement procedures are consistent with competitive, cost effective and transparent procurement of goods and services.

6. REPORTING

The Company shall ensure that regular reports are provided to the PIDG on its activities, in accordance with the PIDG reporting requirements in place from time to time.

7. AMENDMENTS

The Operating Policies in Part I may only be amended, modified or otherwise changed by the affirmative vote of a simple majority of the Board and approval of the members of the PIDG providing funding to support the Company and, where the proposed amendment will have a material adverse impact upon the ability of ManCo to perform the Services or to implement the Business Plan and/or will have a material adverse impact upon the level of the Fixed Fees, the Success Fees and/or the Carried Interest Success Fees that ManCo might reasonably expect to earn over the remainder of the Term and/or will give rise to a material increase in the aggregate costs that ManCo might reasonably expect to incur in providing the Services, with the prior consent of ManCo (such consent not to be unreasonably withheld) (with each of “Business Plan”, “Success Fees”, “Term” and “Services” having the meanings attributed to them in the MSC).

The Operating Procedures in Part II shall be amended from time to time by the affirmative vote of a simple majority of the Board and, (without prejudice to the provisions of section 3.2 and section 5.1 of Part II below) where the proposed amendment will have a material adverse impact upon the ability of ManCo to perform the Services or to implement the Business Plan and/or will have a material adverse impact upon the level of the Fixed Fees, the Success Fees and/or the Carried Interest Success Fees that ManCo might reasonably expect to earn over the remainder of the Term and/or will give rise to a material increase in the aggregate costs that ManCo might reasonably expect to incur in providing the Services, with the prior consent of ManCo (such consent not to be unreasonably withheld) (with each of “Business Plan”, “Success Fees”, “Term” and “Services” having the meanings attributed to them in the MSC).

PART II: OPERATING PROCEDURES

1. PURPOSE

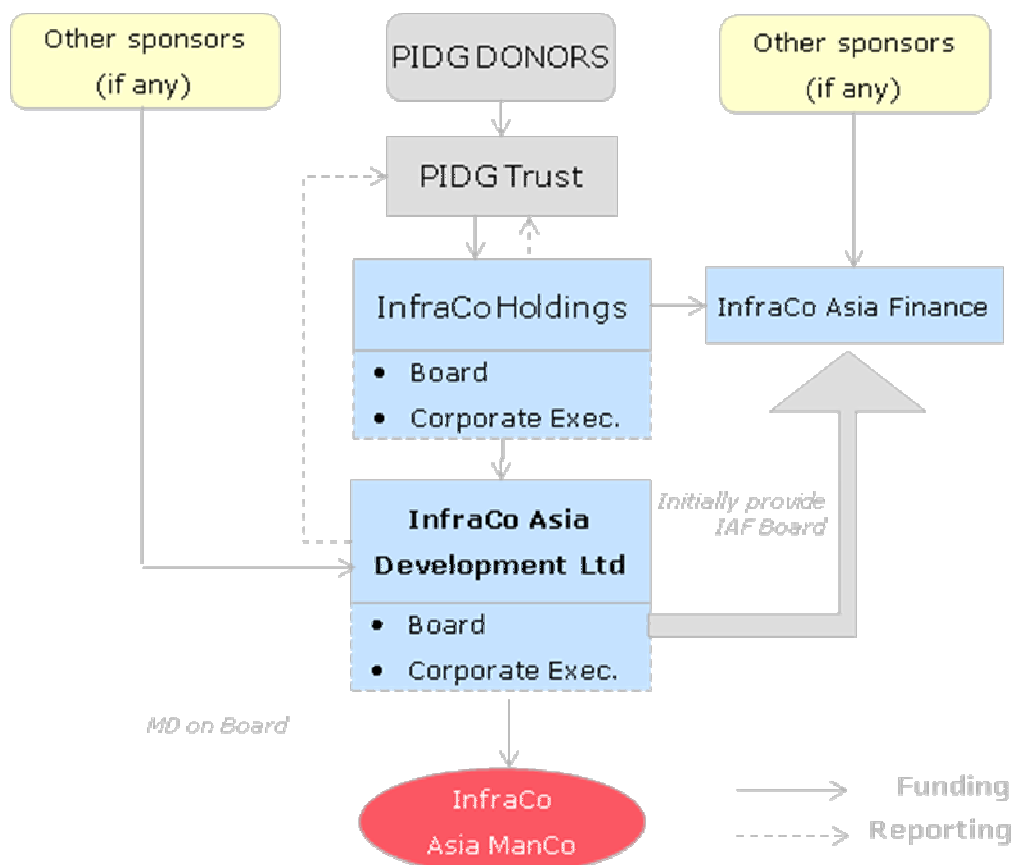
The operating procedures, applicable to InfraCo Asia and the staff of ManCo, are set out below. These procedures are complementary to the terms of the MSC and to each of the following:

- the Memorandum and Articles of Association of InfraCo Asia
- any InfraCo Asia Policy Documents in force from time to time including the Operating Policies set out in Part I of these Operating Policies and Procedures.

2. CORPORATE GOVERNANCE STRUCTURE

2.1 General

The proposed corporate governance structure of the Company and of its Group shall be as follows:



The Board of InfraCo Asia shall comprise four or five Non-Executive Directors (NEDs), the Managing Director of ManCo and the Deputy Managing Director of ManCo. The Board shall be closely involved in oversight and decision making for the Company to ensure that the goals of the PIDG are met while enabling the Company to operate in a flexible and commercial manner.

2.2 Committees

The Company may put in place an appropriate committee structure able to meet corporate governance needs while at the same time streamlining the decision making process and reducing bureaucracy.

There shall be an audit committee that will consist of not less than two non-executive Directors and excluding the Chairman, with written terms of reference which deal clearly with its authority and duties.

2.3 Subsidiary companies

In appropriate cases it is anticipated that InfraCo Asia will establish limited liability subsidiaries (the country of incorporation of such subsidiaries to be subject to the Board's approval) to hold the Company's interest in that Opportunity, to undertake the Development and to hold investments post Sale.

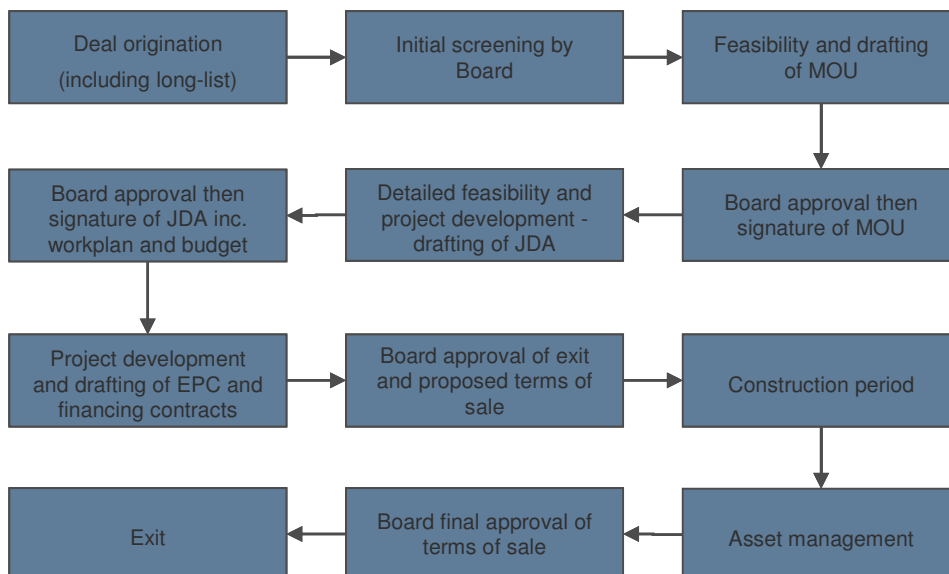
InfraCo Asia subsidiaries will be directly or indirectly wholly-owned by InfraCo Asia, unless otherwise agreed by the Board.

2.4 Investment Company

If and when established and operational, the board of IAF may at their discretion choose (subject, without limitation, to due compliance with the provisions of their own operating policies and procedures) to make investments in InfraCo Asia projects at or prior to financial close.

3. BUSINESS APPROVAL PROCESS

3.1 Key Stages



The business approval processes of the Company shall consist of the following key stages, as described in more detail below:

- (i) Identification of new business Opportunities and presentation of a Long-list of Opportunities to the Board (annually or more often, as appropriate).
- (ii) Presentation of a proposed Short-list of priority Opportunities to the Board and approval by the Board of inclusion in a Short-list of priority Opportunities (annually) and circulation to the PIDG for their information of a summary of the approved Short-list, as amended from time to time.
- (iii) Approval of the Board of each Opportunity and the signing of a Memorandum of Understanding in relation to each shortlisted Opportunity.
- (iv) Approval of the Board to execute a Joint Development Agreement setting out the work plan and budget for the development of each Opportunity on the Short-list including the proposed commercial arrangements to apply during the development period and at and following sale of the Opportunity.
- (v) Approval by Board of a proposal for exit and proposed terms of Sale of InfraCo Asia's interest in each project.
- (vi) Approval by Board of the final terms of a Sale.

3.2 Authority limits

For each Opportunity to be developed, at the same time that Board approval is sought for entering into an MOU or to negotiate a Joint Development Agreement (or similar), ManCo shall submit a proposed initial project development budget for approval by the Board. At the stage when Board approval is sought for entering into the Joint Development Agreement, ManCo shall also seek the Board’s approval for the overall proposed project development budget and thereafter the budget will be reviewed and approved by the Board on an annual basis (or on a more frequent basis should this be considered necessary by the Board and by ManCo). The authority limits to approve payments for expenditure within the approved project development budget are set out in the Table below (such limits may be adjusted from time to time by the Board).

Expenditure limits	Approving authority
Up to US\$50,000	Managing Director or Deputy Managing Director of ManCo
More than US\$50,000 and up to US\$250,000	Any 2 members of InfraCo Asia Board
More than US\$250,000	InfraCo Asia Board

3.3 InfraCo Asia Board

ManCo will agree arrangements to ensure that the board of InfraCo Asia is appropriately informed at all times about plans and activities. This will include, inter alia, preparing for approval by the Board annually a medium term plan and an annual plan and budget; preparing and submitting on a timely basis papers for the Board, meetings to be held as required but not less than quarterly, and the ManCo Managing Director and/or the ManCo Deputy Managing Director will attend such meetings in person or by telephone to ensure that the appropriate discussions of papers can take place.

4. PROSPECTIVE TRANSACTION RELATED AGREEMENTS

In the course of performing its services on behalf of the Company and without prejudice to the provisions of Clause 12.1 and Clause 12.2 of the MSC, ManCo is expected to enter into certain agreements with developers, governments, private and public sector entities in its own capacity or on behalf of the Company. The following procedures shall apply to entry into of such arrangements.

4.1 Confidentiality Agreements

Prior to the release of confidential information by involved commercial parties or the government to ManCo relating to an Opportunity, its sponsor(s) or strategic participants, ManCo may be asked to enter into a Confidentiality Agreement. In addition to standard terms (relating to the nature or definition of Confidential Information), such agreements should generally contain the following:

- ability of ManCo to disclose information to InfraCo Asia and its officers, employees and advisers to the extent necessary in order to consider, and work upon, the Opportunity provided that they agree with ManCo to keep the information confidential in accordance with the confidentiality provisions of the Confidentiality Agreement (and ManCo has made them aware of the confidential nature of the information);
- ability of ManCo to pass on information to third parties where required as a matter of instruction from a regulatory authority or by operation of law or directions from a court;
- restriction on the amount of financial liability on the part of ManCo or InfraCo Asia for any breaches by reason of negligence or deliberate act;
- governing law (English law or Singapore law preferred);
- jurisdiction (courts of England or Singapore or international arbitration preferred); and
- limitation on duration of ManCo's obligations under the agreement (preferably 2 years).

In the event that disclosure by ManCo to members of the InfraCo Asia Board and/or committees is not acceptable to a proposed counterparty without additional undertakings from those parties, InfraCo Asia must become a party to the Confidentiality Agreement.

4.2 Development Agreements

In appropriate cases, ManCo may negotiate on behalf of InfraCo Asia a mandate to Develop an Opportunity and rights to sell that Opportunity from the relevant government, private or public sector entity, after approval of the Opportunity by the InfraCo Asia Board. Such arrangements may include formal agreements, heads of terms and undertakings (jointly, the 'Development Agreements').

ManCo shall ensure that all Development Agreements are reviewed in advance by the Board and that prior approval of the Board to enter into these agreements is obtained.

4.3 Sale Agreements

ManCo may negotiate arrangements, on behalf of InfraCo Asia, in relation to procuring a private sector partner in the implementation of the Opportunity (typically but not necessarily through Sale of part or all of InfraCo Asia's interest in the Opportunity for cash, or a carried interest) ('Sales Agreements') only after receipt of InfraCo Asia Board approval.

The prior approval of the Board is required to execute any Sale Agreements.

Prior to entry into any Sales Agreements, ManCo must secure written clearance for its text from qualified legal counsel.

5 SIGNING AUTHORITIES

5.1 Without prejudice to the provisions of section 3.2 above, the signing authorities in respect of cheques and other payments issued by the Company are as follows (such authorities may be adjusted from time to time by the Board):-

- (a) for individual cheques and payments of up to S\$10,000 in amount, any one member of the Board (including, without limitation, the MANCO Director) or the Corporate Executive; and
- (b) for individual cheques and payments of S\$10,000 or more in amount, any two members of the Board.

6. APPLICATION OF INCOME/SALES CONSIDERATION

All Cash Proceeds (including any Carried Interest Sale Proceeds) and all Carried Interests and Non-Cash Distributions relating to any Development Opportunity will be transferred to, and will be held by, the Escrow Agent for the benefit of both the Company and ManCo in accordance with the provisions of the MSC and the Escrow Agreement until such time as the Escrow Assets are distributed in accordance with the provisions of the MSC and the Escrow Agreement. The expressions "Cash Proceeds", "Carried Interest Sale Proceeds", "Carried Interests", "Non-Cash Distributions", "Escrow Agent", "Escrow Agreement" and "Escrow Assets" shall have the meaning attributed to them in the MSC.

7. PAYMENTS

Subject to the provisions of the MSC and the Escrow Agreement and without prejudice to the provisions of section 3.2 and 5.1 above, all payments to be made by/on behalf of InfraCo Asia shall be made on the basis of payment instructions drawn up by ManCo which shall consist of:

- a cover fax signed by the Managing Director of ManCo or, in his absence, the Deputy Managing Director of ManCo, or two other ManCo Signatories, prior to being forwarded to authorised InfraCo Asia Signatories for approval;
- a related invoice and/or supporting documents; and
- a payment instruction addressed to InfraCo Asia's account bank (this payment instruction is required to be authorised by an InfraCo Asia Signatory).

Copies of all signed payment instructions are to be provided by ManCo to the Company's accountant.

Payments to be made by InfraCo Asia to ManCo as payee will be initiated by ManCo (following authorisation by a ManCo Signatory) and then forwarded to the Corporate Executive for secondary authorisation prior to signature by InfraCo Asia.

8. USE OF EXTERNAL ADVISERS, CONSULTANTS OR LEGAL FIRMS

In relation to any adviser, consultant or legal firm appointed by ManCo to assist it on a Development or Sale:

- ManCo must obtain its undertaking to maintain confidentiality in relation to information provided to it by ManCo.
- ManCo must ensure that its release of information to such adviser is permitted under ManCo's own confidentiality undertakings.

9. PUBLIC RELATIONS

9.1 Informal Contact with Infrastructure Publications

The following procedures will apply to ManCo:

- The ManCo Managing Director or the ManCo Deputy Managing Director may confirm orally off the record (i.e. on a no-named source basis) the interest of InfraCo Asia in an Opportunity to journals/newsletters, subject to any confidentiality undertakings of ManCo.
- No other ManCo staff member may speak to a journalist about InfraCo Asia business.

9.2 Formal Statements by ManCo on behalf of InfraCo Asia

The ManCo Managing Director or the ManCo Deputy Managing Director may issue or procure the issue of formal written statements (including press releases) or oral comments in respect of an actual or prospective InfraCo Asia transaction which are on the record in accordance with a marketing plan approved by the InfraCo Asia Board or with the prior approval of:

- the Chairman of the InfraCo Asia Board or, in his absence, an alternative member of the InfraCo Asia Board,
- the Corporate Executive (who may require the prior approval of the InfraCo Asia Board).

9.3 Issue of Promotional and Marketing Materials

Promotional material, including the text of brochures, web site statements and general marketing materials prepared by ManCo must be approved by the Corporate Executive who shall inform the Chairman of the InfraCo Asia Board of the content of all such material or any changes to such material as soon as practicable. Any promotional material which contains significant announcements or significant changes to how the Company is presented must be submitted for approval by the Chairman of the InfraCo Asia Board or, in his absence, an alternative member of the InfraCo Asia Board) prior to issue.

10. FILE MAINTENANCE AND COPIES/ORIGINALS

ManCo shall maintain complete and up-to date files in relation to each Opportunity or actual or prospective transaction or investment.

After entry into any agreement (including but not limited to a Confidentiality Agreement, a Development Agreement or a Sales Agreement) ManCo will place a copy on the relevant transaction documents file and provide a copy to the Corporate Executive.

11. ANTI-BRIBERY AND CORRUPTION POLICY

11.1 Offering Bribes

ManCo and InfraCo Asia staff will not offer or make any bribe, unorthodox or unauthorised payment or inducement of any kind to anyone and for whatever purpose, including soliciting a potential investment for InfraCo Asia or to facilitate the making of any such investment.

11.2 Acceptance of Bribes

ManCo and InfraCo Asia staff will not accept any kind of bribe, unorthodox or unauthorised payment or inducement of any kind from anyone, for whatever purpose, including in relation to the making of a potential investment by InfraCo Asia or to facilitate its approval by InfraCo Asia.

11.3 Reporting

ManCo staff will report promptly to the Chairman of InfraCo Asia and to the Managing Director (save in circumstances where any such report relates to any of the senior personnel of ManCo in which case the report may be made solely to the

Chairman of InfraCo Asia) any request for, or any offer of, a bribe or unorthodox payment or inducement and will refuse any such request or offer in such clear and unequivocal terms as can lead to no misunderstanding or false expectation.

11.4 Facilitating Payments

ManCo will not, and will procure that its staff will not, make facilitating payments to progress any matter through local officials.

11.5 Partners, Purchasers Etc.

InfraCo Asia and ManCo will not, and ManCo will procure that its staff will not, knowingly enter into arrangements with third party private sector partners or purchasers in relation to the Development or Sale of an Opportunity who have offered or accepted bribes or made facilitating payments in relation to that Opportunity.

APPENDIX I

POVERTY ELIMINATION CRITERIA

1. POVERTY ELIMINATION BENEFITS

The Company's support, either directly or indirectly, should facilitate the Development of Infrastructure services and facilities that contribute to the elimination of poverty. Before investing in an Opportunity, the Board must be satisfied that such Opportunity will provide at least one of the Benefits A-C:

- 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;
- 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 candidate transactions to the Board, ManCo must include a brief submission that:

- (a) highlights the contribution that the Opportunity proposed to be supported by the Company, would make to the elimination of poverty in terms of Benefit A, B or C;
- (b) where Benefit B or C applies, identify the elements of the investment that contribute to poor people benefiting or having their rights² addressed directly; and
- (c) comments where appropriate on any Barriers to poor people benefiting or having their rights addressed.

² As described in the Covenant on Social, Cultural and Economic Rights and the agreements on Basic Social Services reached at the Social Summit in Copenhagen in 1995 (www.unhchr.ch/html/menu3/b/a_ceschr.htm).

3. ASSESSING BENEFITS A, B AND C

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 could have that would provide Benefit A are set out below in Annex 1. The Board may (in consultation with the PIDG, if the Board sees fit) consider that other effects will provide Benefit A.

Assessing Benefits B and C

Some investments may also 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 in question will provide Benefit B or C.

Balancing Benefits and Barriers

In all cases, the submission must include a reasoned analysis of whether the Benefits an investment provides outweigh any negative effects on poor people. An illustrative, non-exhaustive list of possible Barriers to poor people benefiting from an investment is set out below 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 projects may therefore have a role in creating Barriers to poor people accessing those services.

In these cases, a more thorough assessment of the project by an appropriately qualified third party or any other party with an interest in the Opportunity, 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 to mitigate the negative effect on poor people).

It is possible that another reputable investor or other interested party will have already prepared a report that provides such an overview. In this case, the Management of the Company can provide this report instead of an original additional assessment.

Where the ManCo does not provide such an assessment with its submission and the Board finds that such an assessment is required, the Board should call as soon as possible for an assessment.

Decision by the Board

The Board must then determine (in consultation with the PIDG, if the Board so sees fit) whether the Benefit provided by an investment, will be reduced to an unacceptable level by the Barriers contained in the project to which the investment relates. If so, the investment in question should not be supported.

In deciding whether the Barriers reduce the Benefit to an unacceptable level, the Board will take into account that investments providing Benefit A may contribute to the elimination of poverty without providing significant direct benefits to poor people. Investments providing Benefits B or C are expected to actively promote poverty elimination strategies. The Board will accept more Barriers to poor people receiving direct benefits from the project to which the investment relates.

4. DEFINITIONS

- Barrier:* A barrier to poor people benefiting from an investment project. An illustrative list of barriers is given in Annex 2 below.
- Local:* The country or countries in which an investment project will be implemented and/or the relevant project is established.
- Poor Person:* A person known or reasonably thought to be living on “two \$ a day” as described in Box 2.1 of Chapter 1 of the World Development Report 2000/2001: Attacking Poverty or being assessed as poor applying some other measure of poverty described in that Report.

Annex 1

Examples of Benefit A

Examples of possible effects an investment project could provide Benefit A could include:

- (i) enhanced public services: the Infrastructure service or facility will provide new or substantially improved access to basic infrastructural services to broad population;
- (ii) employment creation: the Infrastructure service or facility will generate short and long-term employment, directly and indirectly, for Local people;
- (iii) linkages to the Local economy: a high percentage of an Infrastructure company's budget is spent in the Local economy;
- (iv) effect on government revenue: the infrastructure company pays taxes/royalties to the Local government and does not seek/receive any government subsidies;
- (v) effect on foreign currency generation: the Infrastructure service or facility generate hard currency either by exports or removing the need for certain imports; or a refinancing reduces foreign currency obligations;
- (vi) social and economic impact: a positive impact on different groups affected by the Infrastructure service or facility ³ in terms of increase incomes, enhanced skills, better health, social organisation or access to natural resources and other positive effects;
- (vii) effect on Local markets/competition: the Infrastructure service or facility will

³ For example, providers of rival services, Local people affected by construction, users of services relevant to the project and potentially marginalised people including poor people, minority ethnic & tribal groups, women, children and the elderly.

- prompt competition between relevant providers and lead to improved quality, lower pricing or changes in government policy;
- (viii) innovation/technology transfer: the Infrastructure service or facility 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 Infrastructure company has equity or a debt instrument publicly traded.

Annex 2

Examples of Possible Barriers

Examples of possible barriers to poor people benefiting from a [Client 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 investment projects/service delivery 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;
 - iii. 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;
 - v. unreasonably exclude access for poor people willing to pay (at an economically justified rate in the context of the [Client Company]) for infrastructure services through proposed geographical area/or service area cover; and
- 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 Infrastructure company.

APPENDIX II

INFRACO ASIA SIGNATORIES

Keith Palmer

Peter Bird

Surender Singh

Matthew Bartley

Vijay Sethu

T.N. Thakur