THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP LIMITED

Annual report and financial statements for the year ended 31 December 2021

The Private Infrastructure Development Group Limited
Company number: 11265124
6 Bevis Marks
London
EC3A 7BA

Contents

Business Review

Principal activities
The Private Infrastructure Development Group Limited's (the Company), including its Singapore Branch and The Private Infrastructure Development Group (Kenya) Limited (together the Group) primary activity is to oversee the activities of and, where appropriate, provide centralised resources in relation to the other companies in The Private Infrastructure Development Group (PIDG) (as set out in note 23) on behalf of its shareholders and the members of PIDG (as set out in note 24), similar to that of a head office or parent company. Due to this governance structure, the Company makes a number of decisions on the activities of PIDG. This report provides details on both the Company and PIDG's activities to reflect this position.

Our mission
PIDG was established by the members with a mission to operate at the frontier of infrastructure development in low-income countries and fragile states to combat poverty.

Our vision
PIDG's vision is to enhance provision of affordable and sustainable infrastructure services in low-income countries and fragile states in order to combat poverty and help economies grow. Financing for these projects should be increasingly sourced through local capital and credit markets, building capacity and resilience in frontier markets.

Our work
PIDG provides the leadership, development capability, funding and finance solutions across the project life cycle to support this infrastructure provision, resulting in high sustainable development impact (SDI) by strengthening the local capacity, capability and financing potential of local credit and capital markets.

PIDG operates along the project life cycle and across the capital structure, to help projects overcome financial, technical or environmental challenges – creating investment-ready, bankable infrastructure opportunities, catalysing private sector participation and creating SDI. In doing so, it contributes directly to the achievement of many of the United Nations' Sustainable Development Goals.

PIDG's purpose
PIDG's purpose is to combat poverty in the poorest and most fragile countries through pioneering infrastructure to help economies grow and change people's lives. PIDG will seek to identify a pathway to be financially sustainable at the consolidated PIDG level in the medium-term. To achieve this, PIDG will require its Credit Solutions businesses (EAIF and GuarantCo) to be consistently profitable.

PIDG also provides upstream technical assistance through its technical assistance arm and DevCo, and Developer-Investor services through InfraCo Africa and InfraCo Asia, which play a critical role in delivering PIDG's strategy and impact.

PIDG aims to be risk-aware, as opposed to risk-averse. We take on projects that others cannot or will not, hence the risks can be intrinsically high. PIDG aims to understand these risks, mitigate them as far as possible and make informed judgments about whether the residual risk in an individual project is justified by its expected impact, sustainability and its long-term nature.

Business model
The Company was established in March 2018 as part of a governance reorganisation within PIDG to co-ordinate and oversee activities across the PIDG companies, particularly in relation to corporate governance, co-ordination and oversight.

Business model *continued*

The Company's shareholders are the Trustees of the PIDG Trust (the Trust), a special purpose trust established in 2001 by the members of PIDG in Mauritius[1] to pool, co-ordinate and administer the members' funds in relation to PIDG activities. As shareholders of the Company, the Trustees are required to seek the consent of the members of PIDG before taking any material decisions.

The Trust has established eight corporate entities (PIDG companies) since 2003 that are in operation today, being the Company and the other companies set out in note 23, on behalf of the members of PIDG. The members provide the Trust with funding to subscribe for shares or to make capital contributions to the PIDG companies. Certain PIDG members also provide funding to the Trust for technical assistance grants that support PIDG companies' activities and meet a range of needs associated with the infrastructure project development cycle; and for a trust fund, DevCo, held by the International Finance Corporation (IFC), which the IFC uses to fund advisory services to governments on public and private infrastructure partnerships in PIDG's target countries. PIDG members also provide the Trust with funding to pay for the operating costs of the Trust and the Company.

The Company has entered into service level agreements (SLAs) with the Trust and the other PIDG companies under which it charges them for its oversight, support and advice as well as any centralised services it provides.

Financial results

The Group's results for the year are set out on page 55. As a services company, income is received from charging PIDG companies and the Trust for its services through arms-length SLAs.

During the year to 31 December 2021 the Group received income of £7,035,973 from service level agreement related charges to other PIDG companies (2020: £6,137,590). The rise in income reflected a wider range of services provided to PIDG due to the expansion of the Group's services. The Group also received a further £111,386 (2020: £110,155) of income through the recovery of rent from InfraCo Africa Ltd and EAIF on its shared offices at Bevis Marks, London.

The Group incurred costs of £6,306,095 (2020: £5,417,397) as it expanded its teams to help manage PIDG and its stakeholders. This includes staff costs of £4,183,495 (2020: £3,204,313).

Third party costs were incurred in areas such as SDI studies of projects supported by PIDG, Health, Safety, Environment and Social (HSES) and risk consultancy advice and legal and professional fees, and the core operating costs of running the Group.

The Group's profit before tax was £820,494 (2020: £801,089). As at 31 December 2021 the Group had £306,001 (2020: £387,847) in fixed assets, comprising leasehold improvements, furniture, fixtures and fitting and IT equipment and software associated with its new premises.

Tax

As a UK tax resident, the Company pays corporation tax and value added tax (VAT), as well as national insurance contributions in relation to its employees. In relation to its overseas activities the Trust and PIDG companies (including PIDG Ltd) comply with the European Development Finance Institutions' *Principles for Responsible Tax in Developing Countries*.

[1] The Trust is UK tax resident.

Strategy

Business strategy

PIDG launched its first five-year strategic plan in 2019 for the period 2019-2023 which is available at www.pidg.org. PIDG continues to implement this strategy which is reviewed annually through the consolidated and individual medium-term business plans of the PIDG companies.

PIDG's five-year strategy is focused on delivering pioneering infrastructure projects that offer an innovative, agile and sustainable way of combating poverty and delivering high SDI. Through four key strategic priorities - of scale, replicability, affordability and transformation - PIDG will provide a vehicle for investment that not only delivers life-changing opportunities for the poorest and most fragile countries, but also delivers sustainable returns. Using its blended finance approach, PIDG also provides value for money that aims to ensure the long-term viability of these infrastructure projects.

Operating at the frontier, be that through the lens of geographies, sectors, products or standards, PIDG develops early-stage projects that explore new approaches or technologies - creating investment-ready, bankable infrastructure opportunities as well as building local capability and capacity, whilst providing innovative financing solutions.

Strategic priorities

PIDG is focused on delivering projects compatible with its strategic objectives. Combined with the identification and leverage of programmatic themes, PIDG will apply these strategies to deliver greater SDI while continuously improving value for money for the PIDG members. PIDG's four strategic priorities are:

- **Scale:** PIDG is committed to providing infrastructure services that create benefits for people and business, with large-scale infrastructure, such as on-grid renewable energy and clean water projects.
- **Replicability:** PIDG focuses on projects that can be replicated not only by PIDG in the future, but also by its partners and other organisations by demonstrating projects at the frontier can be implemented and are commercially viable. Through initial development of small scale or pilot projects and the use of innovative replicable models, be that financially or technologically, PIDG ensures that transaction costs are reduced, and growth is achieved at an increased speed.
- **Affordability:** PIDG is committed to enabling access to infrastructure for low-income groups and improving overall economic efficiency and competitiveness. Through initiatives such as affordable housing and affordable agri-processing solutions, PIDG ensures that its projects have the most impact upon those who have little.
- **Transformation:** PIDG believes in delivering projects that truly offer fundamental changes in behaviour or market functions. Through the example set by its new models for private sector investment in, for example, water, PIDG will deliver genuinely transformative projects that strengthen the capacity of local developers and local capital markets, improve investor confidence and empower women.

PIDG will also seek to identify other themes common across the PIDG companies, provided they meet the criteria for delivery of impact and value for money.

In response to a series of market failures, PIDG harnesses its specialist companies to mobilise private sector investment with public funds to provide infrastructure vital for boosting economic growth and combating poverty.

Strategic workstreams tied to the theory of change

Building on its mission, vision, and its five-year strategy, PIDG crystallised a set of strategic workstreams in its 2020 business plan (which it built on in 2021) to further strengthen its focus on delivering pioneering infrastructure. The related initiatives are linked to PIDG's theory of change and are critical to drive the desired outcomes for people, planet, wider economy and market transformation, and progress gets reviewed regularly.

Being additional and operating on the frontier remain key elements of PIDG's work. Diversifying into new sectors has therefore been identified as a priority for PIDG. As set out in the five-year strategy, new sectors have been defined, in which a programmatic approach will be applied. This is aimed at achieving market transformation and establishing PIDG as a Centre of Excellence.

PIDG Programmatic sectors

Affordable housing

PIDG aspires to become a recognised leader in the structuring and execution of blended finance solutions which effectively mobilise private sector capital into green affordable and sustainable housing in its target markets.

PIDG sees an opportunity to partner with specialist affordable housing financial institutions and NGOs, as well as InfraCredit Nigeria, InfraZamin Pakistan, and future credit enhancement facility companies, to help mobilise local capital markets to finance more affordable housing projects as well as other infrastructure projects.

The key focus for PIDG is to continue to explore affordability in local markets and to further develop a solid understanding of what part of the lower end of the market can be served through PIDG investments taking PIDG's mandate to mobilise private investors into account. In addition, PIDG's focus will be on environmental sustainability, energy efficient solutions and green bonds in the housing sector as key drivers of sustainable urbanisation.

Off-grid solar

PIDG aspires to become one of the largest financiers of mini grids in sub-Saharan Africa, deploying equity, project finance debt and guarantees. Through its work in Africa, PIDG will also be in a position to leverage learnings and best practices and to determine the relevant strategies for Asia. PIDG aims to demonstrate to financial markets that well-structured mini grids can be an attractive asset class to invest in and attract follow on capital into the sector.

The key focus in this area is to create access for the underserved as well as the productive use of off-grid energy, with particular emphasis on gender lens investing (e.g. through stimulating women-led businesses). It is also key to note that off-grid solutions need to complement and not compete with the expansion of grid-tied installed capacity and that robust local regulatory/legislative frameworks are needed to support this.

Water

PIDG's strategy for the water sector focuses on water infrastructure projects that aim to treat and supply drinking water to consumers in mandated countries. Based on market assessments, this will entail focusing on a mix of retail and bulk water supply projects. The strategy involves diversifying the pipeline, creating and nurturing strategic partnerships, and enhancing knowledge on innovative financing solutions.

PIDG aspires in time to provide thought leadership for developing and financing sustainable private water sector projects, mobilising private sector capital in its target markets as well as to harness the synergies of water and sanitation interventions with other sectors (e.g. affordable housing, special economic zones, rural/off-grid utilities), and to address public health and gender challenges.

The key focus in this area is to create access to Water, Sanitation and Hygiene (WASH) for the underserved and to promote the empowerment of women through water investments building on evidence. Nature-based solutions and strategic partnerships will also be explored.

Special Economic Zones

Sustainable manufacturing and industrialisation are key focus areas for several governments in PIDG's target geographies and include the set-up of Special Economic Zones to promote manufacturing, industrialisation and job creation. These initiatives also ensure value chains are kept in country, local economies are enhanced, and local entrepreneurship and job creation take place.

While PIDG is well placed to contribute to the infrastructure needs of these new developments, an in-depth market assessment was carried out and concluded that at present there is only a limited set of financing opportunities for PIDG.

The decision was therefore taken to continue with existing pipeline projects, but to apply a more opportunistic approach to projects in this sector going forward and to re-focus resources on other high-impact priority areas.

Climate change

As a responsible investor focused solely on infrastructure in some of the poorest and most fragile contexts, PIDG takes climate change into account in every investment and operation decision. In 2021 PIDG published its climate strategy, illustrating the key strategic priorities of PIDG's climate action. Further detail on our climate action strategy is set out in the SDI section of the report.

Sustainable Development Impact

The countries in which we operate

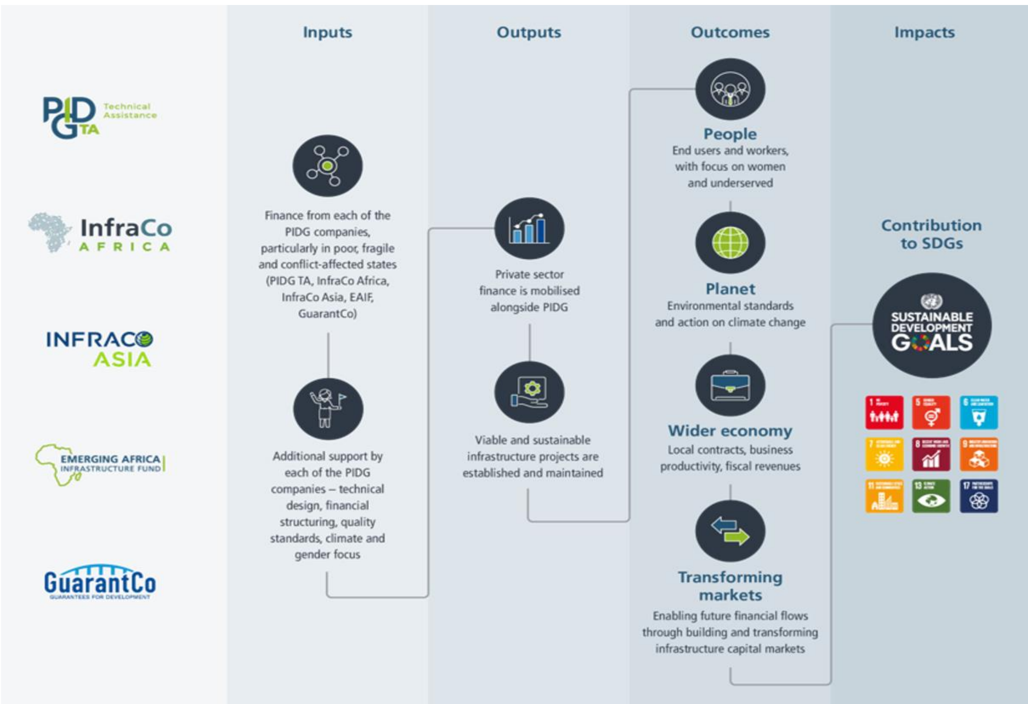
PIDG develops and funds sustainable infrastructure in sub-Saharan Africa and south and south-east Asia. Since 2015, over 50% of PIDG projects have been in countries classified as Least Developed Countries and Other Low-Income Countries by the OECD. Over 54% of projects financed were in fragile or conflict affected states.

Nearly 600 million people do not have access to electricity in Africa. While the number had decreased by 30 million in 2013-19, the 2020 World Energy Outlook by the International Energy Agency estimates an increase from 579 to 592 million in 2020. The extreme poverty rate in sub-Saharan Africa remains as high as 40 percent. Because of rapid population growth, the number of Africans living below the International Poverty Line ($1.90 per day) increased from 416 million in 2015 to 433 million in 2018.

Almost 70% of sub-Saharan Africa's population and over 50% of the population in South Asia lives on less than US$3.20 per day. The latest World Bank data show that between 88 million and 115 million people could have been pushed into extreme poverty in 2020 because of the global contraction caused by COVID-19. The regions in which PIDG invests are also the most vulnerable to the effects of the changing climate. Those living in poverty or near the poverty line are particularly vulnerable to shocks such as natural disasters. Greater vulnerability means that they lose more when such shocks occur, which can quickly undo any progress on poverty reduction made.

PIDG mobilises private sector funding and capacities to deliver infrastructure projects that would not otherwise happen in the most difficult geographies and where it is most needed. PIDG investments transform economies and improve lives in these challenging markets.

PIDG Theory of Change



SDI against mission and theory of change

PIDG has an end-to-end system to drive and demonstrate SDI against its mission and theory of change, which is set out in more detail on the following pages.

The system includes:

1. An integrated KPI framework.
2. A systematic approach to assessing the impact potential of prospective investments and consistent monitoring, evaluation and learning of the SDI generated at investment and portfolio level.
3. A portfolio approach that combines expected SDI and risk adjusted financial returns to ensure SDI, risk and financial return - and trade-offs across them - are explicitly factored into decision making.

PIDG is a signatory to the Operating Principles of Impact Management and its disclosure of compliance with the principles is available at www.pidg.org.

KPI Framework

At the PIDG level, the following KPIs are being monitored, with a mix of financial and impact performance indicators for all companies:

1. Total investment commitments in projects reaching financial close ($m).
2. Cumulative Private Sector Investment (PSI) mobilisation ratio in projects reaching financial close.
3. Number of projects reaching financial close.
4. Percentage of cumulative number of projects committed in LDC and OLIC (DAC I/II).
5. Percentage of cumulative number of projects committed in FCAS Countries.
6. Number of projects reaching financial close, scored as empowering women or transforming gender dynamics.
7. Portfolio carbon intensity by 2023 – against forecast trajectory.
8. SDI Rating – portfolio distribution, based on SDI Scorecard process.
9. Group financial sustainability milestones.

3-Tier KPI framework agreed with the Board and members

Approach to assessing impact

PIDG uses a systematic approach to assessing the impact potential of prospective investments; and consistent monitoring, evaluation and learning of SDI generated at investment and portfolio level.

The Company's SDI team has a de facto veto power on prospective investments, while deals that exceed expectations on climate, gender or market transformation are prioritised.

SDI and risk adjusted financial returns

There is active communication and collaboration between teams working on SDI, financial performance and risk management. A 'capital and portfolio optimisation framework' is being operationalised to define the desirable impact-financial frontier and set targets accordingly.

PIDG Climate Strategy

As a responsible investor focused solely on infrastructure in some of the poorest and most fragile contexts, PIDG takes climate change into account in every investment and operation decision. In 2021 PIDG published its Climate Strategy, illustrating the key strategic priorities of PIDG's climate action.

The overall strategic objective of PIDG's climate change action is to accelerate an equitable and just transition to net zero in the countries we operate in. PIDG aims to do so by enabling the development of low carbon, climate resilient, sustainable infrastructure and by mobilising flows of climate finance to countries with the widest infrastructure gap, to leapfrog and replace the highest GHG emitting technologies, while stimulating sustainable socio-economic development.

PIDG is conscious of the need to lead by example, and we measure and report the carbon footprint of our operations annually. The COVID-19 pandemic allowed us to explore new ways of working involving less travelling, thereby reducing our GHG emissions. Based on this experience we continue to explore ways to reduce our operations' footprint and to positively influence the behaviour of our suppliers and contractual partners. We are however aware that the bulk of our GHG emissions come from our investment portfolio, which is the focus of this strategy.

For the period 2021-23, PIDG's climate action will focus on four strategic priorities:

1. Mobilise private climate finance in underserved, fast growing markets, demonstrating the viability of low carbon, climate resilient infrastructure for private investors.

2. Strengthen climate change adaptation and resilience through our investments.
3. Mobilise domestic investors, entrepreneurs and stakeholders in emerging markets in climate savvy investments, including through local currency solutions.
4. Integrate climate and gender investment lenses in infrastructure investment to maximise the gender outcomes of climate related investment.

The PIDG Climate Strategy (available at www.pidg.org) applies to all PIDG companies. Since 2020, all new investments in the energy and transport sectors that PIDG companies consider must demonstrate alignment with the goals of the Paris Agreement.

At the operational level, the PIDG Climate Standard covers the minimum requirements that we expect in each PIDG investment, as well as the decision trees that allow us to demonstrate alignment.

PIDG assesses physical and transition climate risks for each prospective investment, recommending further due diligence, mitigation actions and dedicated monitoring as appropriate. In addition to the resilience of the investments to climate risks, PIDG also assesses the impact of the investment on resilience to climate of the prospective infrastructure users and surrounding communities.

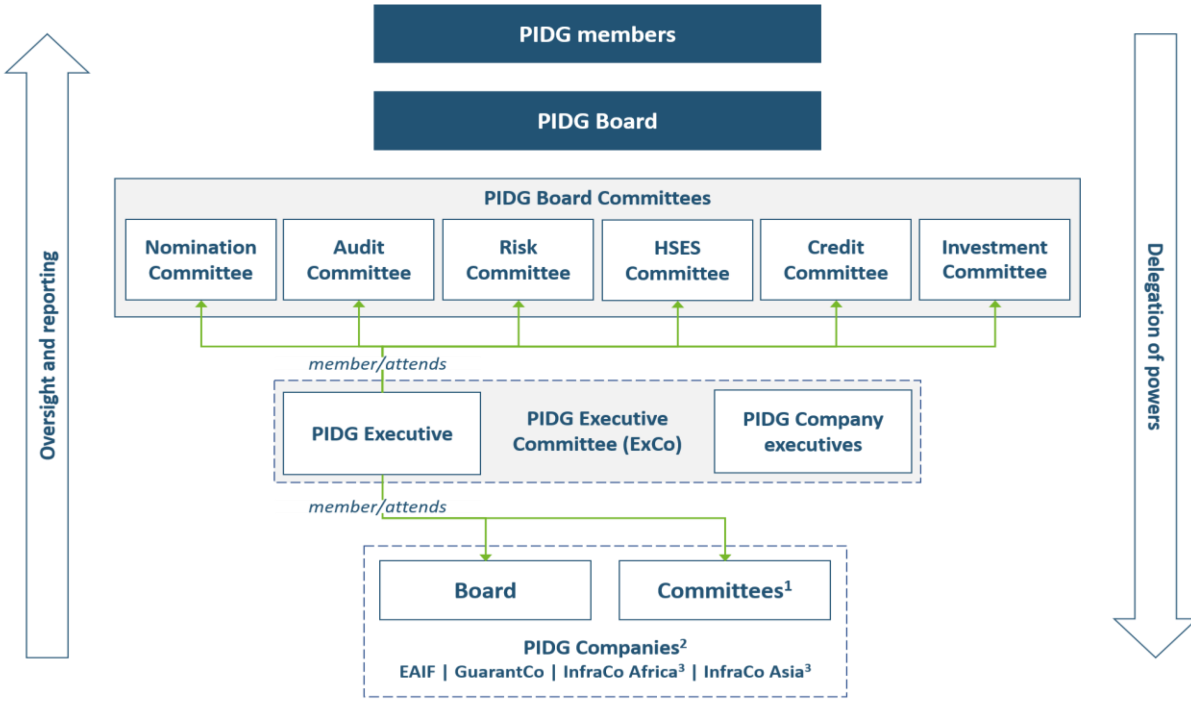
Since 2020, PIDG publishes the estimated carbon intensity of its portfolio. In 2021 PIDG published its first Disclosure Report in line with the Task Force on Climate Related Financial Disclosures (TCFD) which is available on www.pidg.org.

PIDG's Climate Strategy document complements PIDG's Climate Standard and TCFD Disclosure by focusing on the key areas that we are prioritising now to make a significant contribution to a just transition to net zero by no later than 2050.

PIDG's climate change approach is organised around the pillars of the TCFD recommendations, to which PIDG signed up as a supporting organisation. The approach covers:

1. **Governance:** Describing the Company Board's oversight of climate-related risks and opportunities and PIDG management's role in assessing and managing climate-related risks and opportunities across PIDG companies and functions.
2. **Strategy:** Demonstrating the technical and financial viability of low carbon and inclusive infrastructure will be crucial to a just transition towards net zero by 2050 and is at the core of the PIDG mandate. The climate vulnerability of PIDG investment geographies, the need to balance global climate goals with socio-economic developmental needs, the long-term nature of infrastructure investment and the opportunity for PIDG to be at the frontier of low carbon technology introduction are key considerations.
3. **Risk:** Screening of physical and transition climate risks is incorporated in the SDI Review of each prospective investment and fed into the credit and investment decision making decisions.
4. **Targets and metrics:** Our main Group Key Performance Indicator (KPI) in relation to climate change for 2021-23 is the estimated carbon intensity of PIDG investment across all sectors (tCo2 equivalent per $m invested). Other climate change related metrics cover the number of innovative climate solutions financed, Greenhouse Gas (GHG) emissions (actual, avoided, sequestered), GHG emissions from PIDG operations and the number of innovative climate solutions financed. In 2021 PIDG financially closed a number of pathfinding climate related transactions including pioneering investments in on-grid solar with a battery energy storage system and electric mobility in sub Saharan Africa.

Risk management



Notes:
1. Committees of EAIF & GuarantCo are committees of Ninety One & GuarantCo Management Company respectively
2. ICF Debt Pool covered as part of separate governance arrangements
3. Comprise respective Development and Investment companies

Identifying and managing risk

The Board is responsible for maintaining and reviewing the effectiveness of PIDG's risk management systems from a strategic, financial, and operational perspective.

As PIDG operates at the frontier of low-income countries and fragile states, it is important that it is risk-aware, rather than risk-averse. The risk management processes are therefore designed to identify, assess, monitor and manage, rather than eliminate, risks to enable PIDG to achieve its strategy and objectives within its risk appetite.

Three lines of defence

PIDG is developing its risk management systems to operate a three lines of defence approach.

First line

The PIDG companies and business functions own and manage risks directly by identifying and defining risk, as well as the internal control environment that supports the management of risks.

Second line

The Company's risk and compliance function and the compliance and risk (or equivalent) functions in each PIDG company, develop and maintain risk management policies and frameworks, identify and monitor risks, and provide assurance on selected aspects that is independent of the business functions.

Third line

Third line assurance work is performed through external compliance-based audits and deep-dive specialist reviews undertaken at the PIDG companies. The Company's Audit Committee concluded during the year that PIDG should establish an Internal Audit function.

A Group Head of Internal Audit joined PIDG in January 2022 and has developed an Audit Charter. Once their work to identify our key risks has been completed, the Audit Universe and Audit Plan will be developed. The establishment of the function will enhance the level of assurance over PIDG's system of internal controls.

Principal risks and uncertainties of PIDG Ltd

The key risks related to the Company and the associated system of internal control are noted below.

Conduct and reputational risk

The Company endeavours not to involve itself or the PIDG companies with transactions, activities, processes or relationships that are likely to attract negative publicity that cannot be credibly rebutted.

The assessment of reputational risk forms a key component of our strategic business approval processes. The PIDG Unified Investment Policy defines the sectors PIDG plans to operate in and sets out certain excluded sectors. Any deviation requires approval from the owners of PIDG. Whilst the Company does not itself invest in, nor lend to or provide guarantees for the infrastructure projects that PIDG supports, it makes certain investment and credit decisions and faces a reputational risk from poor decisions. It seeks to minimise the incidence and/or impact of this risk through requiring careful due diligence and decision-making by executives, providing appropriate training and through operating robust internal processes.

The Company has adopted PIDG's Code of Conduct and Operating Policies and Procedures (OPPs), which set out the values and behaviours expected from employees within the Group and from other relevant stakeholders, such as project partners.

These include policies on anti-corruption and integrity, conflicts of interest, share dealing and remuneration that are available at www.pidg.org.

The anti-corruption and integrity OPP sets our policies and procedures for our employees, stakeholders and project partners in relation to anti-money laundering, bribery and corruption, terrorist financing and fraud which are intended to act not only to set the appropriate standards but also to set PIDG's mitigating controls to prevent any such incidents occurring.

The Company has adopted a whistleblowing policy and has media monitoring software in place which alerts it to any adverse publicity about the Group. Where necessary, the Company's communications team prepares appropriate responses.

Health, safety, environmental and social risk

Effective management of health, safety and environment (HSES) risks forms a key focus for PIDG. The Company has developed a HSES Management System for PIDG, which requires compliance with the IFC's Environmental and Social Performance Standards and other appropriate best practice guidelines. This allows all key HSES risks to be identified and managed by PIDG to a level that can be considered 'as low as reasonably practicable'. The Company also requires PIDG companies to report any incident to its Executive team within 24 hours of a PIDG company becoming aware of it.

The HSES Committee reviews and advises on safe-guarding practices and sustainability, thereby ensuring relevant issues are discussed, understood, owned and promoted at Board level. This includes advising on areas as broad as human rights through to workplace safety initiatives and campaigns.

Legal risk

PIDG faces a risk of loss arising from a failure to act, or to document its agreements, in a legally effective manner. This could arise from lack of awareness or misunderstanding of, ambiguity in or reckless indifference to, the way law and regulation apply to PIDG, including its relationships, processes, products and services.

This would primarily be caused by factors such as defective legal agreements or failing to take appropriate measures in law to protect assets.

The Company mitigates these risks by requiring PIDG companies to employ trained executives supported by appropriate internal policies and a suitably qualified legal team that seeks specialist external advice when necessary.

Other operational risks

Operational risk includes risks associated with people, process, systems and external events, both within PIDG and across our stakeholders. PIDG is committed to ensuring that its people adopt the highest standard of ethical behaviour as this is critical to the way we undertake our business and achieve success.

The OPPs enshrine our principles and standards that guide PIDG's culture and set out the key controls that employees of PIDG and our stakeholders need to follow. These are underpinned by internal procedures and associated controls. Compliance with the OPPs is on a 'comply or explain' basis; any breaches of the OPPs by the Company are recorded and an annual OPP compliance exercise is undertaken. This is presented to both the Audit and Risk Committees with key findings also being submitted to the Board.

Financial risk management

Key financial risks are set out below and in further detail in note 17 of the financial statements.

Credit risk

Counterparties include the banks which hold the cash reserves. Credit risk arising from cash balances is managed by depositing cash reserves with institutions that have a credit rating of at least investment grade. Limits are set and monitored by PIDG's Asset and Liability Committee.

Currency risk

A significant percentage of the Company's income is denominated in US dollars, while many of its expenses are denominated in Pounds Sterling. A small proportion of the Company's assets and liabilities are also denominated in foreign currencies. To mitigate this risk the Company converts foreign currency income to Pounds Sterling when it is practical to do so.

Liquidity risk

Liquidity risk arises on timing differences between the receipt of funds from the Trust and PIDG companies and the Company's financial obligations to its creditors. The Company's approach to managing this risk is to produce both short and long-term cash flow forecasts in order to ensure that it has access to sufficient liquidity at all times. In addition, the Company has a loan facility agreement for US$5 million from GuarantCo to provide sufficient cash reserves to meet liabilities when due, should PIDG members' contributions to the running costs of the Company be delayed.

Macro emerging risks managed by the PIDG Ltd Board on behalf of PIDG

The geographies in which PIDG operates continue to face considerable challenges. Even as governments, businesses and individuals contend with the aftermath of the pandemic and evolve to a post-COVID-19 environment, the risks from outbreaks driven by new variants persist. Monetary policy tightening in key developed economies present credit and market risks to PIDG and its projects.

Rising conflict and political instability in the Sahel remains an area of concern and presents financial and security risks to PIDG's projects.

The ongoing invasion of Ukraine by Russia and resultant rise in commodity and food prices could adversely affect macroeconomic fundamentals for select countries, impact individual livelihoods as inflation rises, and potentially affect the commercial viability of PIDG projects as input costs increase.

All of these factors may impact the Board's ability to manage PIDG's delivery of performance targets agreed with its members.

The Directors will continue to work with senior management to closely monitor these emerging risks and assess the impact on operations, PIDG projects and its performance targets in the short and long-term.

PIDG members continue to fund both PIDG Ltd and the PIDG companies as required and continue to offer ongoing support for its activities.

Governance Report

Chair's Introduction

I am pleased to introduce the governance report for the year ended 31 December 2021. The report describes the roles, responsibilities and activities of the Board and its Committees.

2021 has been a year of change in terms of governance at PIDG. Our main focus was on progressing the external Board evaluation and governance effectiveness review (the Governance Effectiveness Review) that we started at the end of 2020. The project is playing a pivotal role in ensuring our governance arrangements meet our future needs.

As part of this work we have reviewed the governing body compositions of the PIDG Board, its Committees and the PIDG companies resulting in changes to our Board Committee and PIDG company Board composition models.

We have used the extensive skills analysis undertaken as part of the governance review to inform our decisions on the future roles of our Directors and Committee members and have developed our first Board and Committee Succession Plan.

Our Board Committee compositions are now more closely aligned to the requirements of the Code and will be chaired by PIDG Board Directors and there will be a greater representation of Board Directors on all Committees. These changes will ensure that we have the right balance of skills and experience to continue to enhance our governance arrangements as our Group continues to evolve, as well as the right linkages between the Board and the Committees. They will also provide for the better integration of the Board Committees with the PIDG Board by ensuring the effective flow of information, Board ownership and Board challenge of the work of the Committees.

Our PIDG company boards will move to an Executive composition model to create a clearer division of responsibilities between PIDG Board level governance and senior management executive responsibilities which will enable the PIDG Board and its Committees to focus on strategic and policy matters and senior management to be clearly responsible for the executive management of PIDG's operations.

These changes mean that a number of our Committee members and Board Directors will be retiring and I would like to thank all of them for the stewardship, wisdom and guidance they have provided to PIDG over the years.

Alongside these changes we will also be using the findings from the review to develop a path for our ongoing effectiveness in years to come. This will include changes to the way we operate, our interactions and evolving the responsibilities and activities of our Committees.

In terms of our people, PIDG also continued its focus on culture to ensure this aligns to our values. At the end of the year we undertook an externally facilitated Group-wide employee engagement survey to understand the views of our people and to identify areas that we should focus on to ensure continuous improvement. A full action plan will be developed to take the broader findings forward.

There was strong engagement with the survey with an 80% response rate. One finding already being progressed was our employees' desire for ongoing working from home flexibility post-pandemic and a Group Hybrid Working Policy is being developed to respond to our employees' needs.

The survey also identified our employees' desire for greater integration and simplification across PIDG. The Executive are considering ways this can be achieved.

During the year, the Diversity Task Force, established in 2020 was merged with the Gender Equity Task Force, to form the Gender, Equity, Diversity and Inclusion (GEDI) task force. The role of the new Task Force will be to identify any actions we can take to ensure that diversity and inclusion is at the heart of everything we do.

Andrew Bainbridge

Board of Directors

Andrew Bainbridge

Non-Executive Chair of the Board
Chair of the Nomination Committee
Interim Risk Committee Chair (appointed 28 February 2022)
Member of the Credit and HSES (resigned 1 January 2022) Committees

Relevant experience

Andy has extensive experience with PIDG, having previously been Chair of GuarantCo and a Director of EAIF. He is also the Chair of ICF Debt Pool LLP. Until 2019, he was the Group Chief Executive Officer of the SBM banking group and previously held senior positions in business and risk management with Standard Chartered Bank and Barclays Bank. He has covered emerging markets for much of his career, holding a number of non-executive roles over the last 15 years in addition to his executive roles. He is a Fellow of the London Institute of Banking and Finance and a Fellow of the Institute of Directors South Africa.

Key positions

Partner at Gateway Partners.
Chair of Cable & Wireless Seychelles Ltd.
Director of Seychelles International Mercantile Banking Corporation (Nouvobanq).

Dr Johan Bastin

Independent Non-Executive Director
Member of the Nomination (resigned 17 June 2021), Audit, Credit (appointed 16 December 2021) and Investment (appointed 13 December 2022) Committees

Appointed: 20 March 2018

Relevant experience

Johan previously served as a Director of EAIF. Johan has extensive experience in infrastructure development and has previously held senior executive positions with CapAsia, Darby Private Equity, Franklin Templeton Investment Austria, the Harvard Institute for International Development and Dutch Ministry of Foreign Affairs. Johan also held senior management positions with the European Bank for Reconstruction and Development in London including a role as Head of the Infrastructure and Energy Utilities Group.

Key positions

Non-Executive Director of the Supervisory Board of Metinvest B.V.
Chair of the Boards of DTEK Renewables B.V., D.Trading B.V., DTEK Grids B.V.
Non-Executive Director of London-based DTEK Finance Plc, DTEK International Ltd and DTEK Investments Ltd.

Patrick Crawford CB
Non-Executive Director
Credit Committee Chair (appointed 16 December 2021)
Member of the Nomination and Risk Committees

Appointed: 20 March 2018

Relevant experience

Patrick is Chair of the Board of Directors of EAIF. He is Chair of The Caxton Trust, a UK educational charity operating under the name of Catch Up, and Treasurer of the Artists' General Benevolent Institution in the UK. He previously held positions with Morgan Grenfell, Deutsche Bank, The Charity Bank Limited and Standard Bank. He was Chief Executive and Accounting Officer of UK Export Finance, the government department that functions as the UK's official export credit agency. Patrick was the head of EAIF's fund manager for two years when it was established in 2002. His career has brought him extensive involvement with credit risk and liability management and with international project financing.

Key positions

Independent Non-Executive Director of FBN Bank (UK) Limited.
Director of Alternative Investments Board of Pearson Pension Property Fund Limited.

Rachel English
Independent Non-Executive Director
Member of the Nomination and Audit Committees

Appointed: 11 March 2019
Resigned: 17 June 2021

Relevant experience

Rachel has held a number of board positions over the past 13 years in both the private and public sector. Previous Non-Executive roles include Chair of Acacia Mining plc, Chair of Adam Smith International, Chair of the Remuneration Committee at NHS London, and member of the Audit Committee for UK Department for International Development (DFID). Prior to this, Rachel held senior positions in leading energy companies, including BG Group, Royal Dutch Shell and Entergy, with responsibilities spanning corporate strategy, finance, mergers and acquisitions, and business development. She began her career at PwC and worked for the World Bank Group and European Bank for Reconstruction and Development. Rachel is a Fellow of the Institute of Chartered Accountants of England and Wales.

Key positions

Senior Independent Director of Interswitch Holdings Ltd.
Director of Helios Social Enterprise.

Yukiko Omura
Non-Executive and Senior Director
Member of the Nomination, HSES (resigned 1 January 2022), Risk (appointed 6 December 2021) and Investment (appointed 13 December 2021) Committees

Appointed: 20 March 2018

Relevant experience

Yukiko is the Chair of the Board of Directors of GuarantCo. She has more than 40 years of international professional experience in both the public and private financial sector. Yukiko was formerly the Under-Secretary General and COO and vice president at the International Fund for Agricultural Development. Prior to that, she was executive vice president / CEO of the Multilateral Investment Guarantee Agency of the World Bank Group. She started her career with the Inter-American Development Bank in Washington DC in the infrastructure department. She then went to work at various investment banks such as J.P. Morgan, Lehman Brothers, UBS Japan and Dresdner Bank in Tokyo, London and New York. She has strong experience in restructuring organisations and bringing change to meet the needs of changing market or other conditions. She is also a strong advocate of diversity of thought.

Key positions

Non-Executive Director of HSBC Bank PLC.
Non-Executive Director of Assured Guaranty Ltd.
Non-Executive Director of Nishimoto HD Co. Ltd.
Member of HSBC New York, Finance to Accelerate the Sustainable Transition Infrastructure (FAST-Infra initiative).

Tania Songini
Non-Executive Director
Member of the Nomination (resigned 26 July 2021), Audit, Risk (resigned 6 December 2021) and HSES (appointed 1 January 2022) Committees

Appointed: 20 March 2018

Relevant experience

Tania is a member of the Board of Directors of the two InfraCo Africa companies. She brings over 20 years of senior financial management experience, most recently serving as Finance Director of Siemens Energy UK and NW Europe, before concentrating on a board portfolio career. Tania worked at Siemens for 18 years, during which she was involved in the energy, healthcare, mobile communications and logistics sectors. Her energy experience includes fossil and renewable power generation, transmission network infrastructure and storage. Her healthcare work focused on Public Private Partnership hospital managed equipment services.

Key positions

Non-Executive Director of Thrive Renewables plc.
Non-Executive Director of LondonEnergy Ltd.
Non-Executive Director of Guernsey Electricity Ltd.

John Walker
Non-Executive Director and
Vice Chair Asia
Investment Committee Chair
(appointed 13 December 2021)
Member of the Nomination and HSES
(appointed 1 January 2022)
Committees

Appointed: 20 March 2018

Relevant experience

John is Chair of the Board of Directors of the two InfraCo Asia companies. John was the Chair of Macquarie Capital Asia, the Chair and founder of Macquarie Group of Companies, Republic of Korea, and the Chair of Macquarie Project Services for Middle East and Asia until May 2020. John has worked with governments in Australia to deliver several large private infrastructure projects and was appointed as a Member of the Order of Australia in 1999 for services to economic reform and the design of the transportation plan for the 2000 Sydney Olympics. He has also received a Presidential citation in the Republic of Korea for his contribution to the development of South Korean capital markets.

Key positions

Executive Chairman, Eastpoint Partners Ltd.
Chairman, Integra Communications.
Advisor to the task force established to create Indonesia’s Sovereign Wealth Fund.
Vice Chairman, Asia, Glenfarne Infrastructure Holdings LLC.
Global Advisory Board Member of BlackRock Asset Management Schweiz AG.
Non-Executive Chairman of Korea Renewable Energy Development & Operation Holdings Co. Ltd (KREDO Holdings).

Governance

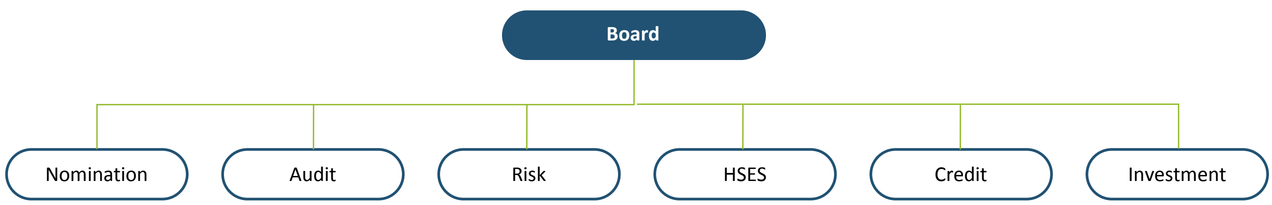
The Company and all PIDG companies are committed to complying with all applicable laws and regulations in the jurisdictions in which they operate and while the Company does not fully apply the UK Corporate Governance Code (the Code), we apply it on a voluntary basis as is appropriate to our business' size and complexity. With a core value of integrity, the Company and PIDG companies apply high ethical standards to everything they do. The Company expects everyone at PIDG to comply with both the letter and spirit of the law.

Whilst the Company is a private company limited by shares, and not bound by the Code, this report outlines how the Company has applied the Code and on what the Company has assessed as the relevant principles and provisions, and best practice. This aligns to PIDG's objective to be transparent given the public nature of the funding we receive. The Company fully endorses the principles on which the Code is based – namely that the Company should be a long-term partner of its various stakeholders.

The Company has adopted PIDG's Code of Conduct and OPPs, which are available at www.pidg.org. These policies and procedures ensure that the Company's commitment to integrity and legal compliance is followed. Both the Company and PIDG have zero tolerance for incidences of fraud, corruption and other unethical conduct (such as tax evasion and sexual exploitation). The Company adheres to the highest standard of anti-fraud, anti-corruption, anti-money laundering and health and safety practices in its activities.

The PIDG Board has established a number of Committees to help it discharge its duties, as set out in the governance framework below. Further information on the roles and responsibilities of the Committees is set out later in this report.

Governance Framework



The Board

The Directors collectively bring a broad range of business and development experience to the Board, which is essential for the effective running of both the Company and PIDG. The Board is ultimately responsible for and is accountable to the members of PIDG and the Trust, not just for its own activities but for the activities of PIDG as a whole.

Board size and composition

At 31 December 2021, the Board was comprised of six Non-Executive Directors, one being fully independent under the Code. Rachel English resigned from the Board on 17 June 2021. An additional independent Non-Executive Director, Rachel Kyte, was appointed on 1 January 2022. There are no Executive Directors on the Board. All Directors are also members of Board Committees and / or have been appointed as a Director of another PIDG company. We appointed a Senior Non-Executive Director on 10 December 2021 to recognise our increased focus on evolving our governance arrangements.

Board Skills and experience and Succession Plan

During the year we undertook an extensive assessment of the skills and experience of our Board Directors and Committee Chairs to inform our succession planning and the future composition of our Board and Committees. Several changes have been made to the compositions of our Board Committees as a result and we have put in place a Board level Succession Plan taking us to full independence over the coming six years. We will also look to recruit two new Directors during 2022. Further detail on this activity is provided in the Nomination Committee Report.

Board diversity

The Board understands the importance of diversity and the benefits a diverse Board can bring. PIDG is committed to ensuring diversity and all aspects of diversity remain front of mind when looking at succession planning. When selecting candidates, consideration is given to the benefits of diversity of gender and social and ethnic backgrounds.

Board induction

The Company operates a comprehensive induction process for new Board and Committee members, which is co-ordinated by the Company Secretary and supported by the Executive team.

Appointment, rotation and removal of Directors

The Company's articles of association do not require retirement by rotation. Directors are subject to an annual internal performance evaluation and an independent performance evaluation at least every three years, carried out in line with the Appointment and Evaluation of Directors Policy and Procedures as approved by PIDG members, which is available at www.pidg.org. Directors are appointed for a three-year term up to a maximum term of nine years, with the possibility of a further one-year extension on an exceptional basis.

PIDG will normally engage with external search consultants for the Board's recruitment process. Our approach to the changes made to our Board in January 2022 and our planned changes during 2022 are set out in the Nomination Committee Report.

Directors' time commitments

As part of the Director recruitment process, the Board takes into account the other demands on a prospective Director's time to ensure they have sufficient time to perform the role. Additional external appointments are only undertaken with the approval of the Board.

Role of the Chair and Chief Executive Officer (CEO)

The roles of the Chair and CEO are separate and there is a clear division of responsibilities between the two roles (as set out in the table below).

The Chair is responsible for leading the Board, ensuring its effectiveness, steering its agenda and ensuring that there is a healthy culture of challenge and debate. The Chair also evaluates the performance of the CEO and is responsible for succession planning with the support of the Nomination Committee.

The CEO is responsible for the management of the Company and PIDG on a day-to-day basis. This includes making recommendations to the Board on strategy and other issues.

Stakeholder engagement

The Board understands the importance of effective engagement and participation from its stakeholders. Both the Chair and the CEO provide regular updates to PIDG members through informal and formal meetings, including quarterly progress meetings and at an Annual Owners Meeting. Regular meetings have also been held throughout the year between the Chair, Company Secretary and the PIDG members on the external Board evaluation and PIDG's future governance arrangements. The Executive team provides the Trust with a monthly update on activities and ensures matters requiring escalation to the Trustees are promptly actioned and managed.

Separation of Responsibilities

The Non-Executive Chair	Chief Executive Officer	Non-Executive Directors
Leads the Board and ensures that its principles and processes are maintained	Leads the Executive team in the day-to-day running of the Company	Constructively challenge and contribute to strategy development
Promotes high standards of corporate governance	Develops appropriate frameworks to support PIDG's objectives	Contribute to the determination of risk appetite and identification of risks
Sets agendas and the Board programme with the Company Secretary and CEO	Makes operational decisions	Scrutinise and hold to account the performance of management
Ensures the Directors receive accurate, timely and clear information	Leads development of strategy for Board approval	Provide a broader perspective to key business matters
Encourages open debate and constructive discussion and decision making	Oversees internal and external communication	Review, prior to publication, the financial statements and proposals to the PIDG members
Leads Board performance and facilitates training needs	Represents PIDG to its members, shareholders and external stakeholders	Oversee succession planning and talent management and executive remuneration

Role of the Board

The Board is ultimately responsible for and accountable to the PIDG members and the Trust not just for its own activities, but for the activities of PIDG as a whole. Certain Company and PIDG matters are reserved for Board approval and there is a clear delegation of authority to the CEO and other senior Executives within the Company for other specific matters. Certain matters also require the approval of PIDG members.

The Board is responsible for overseeing the management of the business and for ensuring high standards of corporate governance, health and safety, that PIDG is adequately resourced, and that high levels of environment and social standards are maintained.

In addition to its statutory obligations, the role of the Board is to:

- Exercise independent judgement and contribute to strategy and policy formation.
- Determine the direction and strategy of PIDG in accordance with the Unified Investment Policy and strategy approved by PIDG members.
- Monitor the achievement of the PIDG's business objectives and the SDI objectives set by the members.
- Ensure that the Company's responsibilities to the Trust and PIDG members are met.
- Monitor PIDG's financial and managerial performance.
- Ensure that risks are identified, and appropriate controls are in place.
- Ensure that everybody at PIDG applies appropriate ethical standards in the performance of their duties in accordance with the PIDG Code of Conduct.

Leadership of the Board

The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. The Chair, with the assistance of the Company Secretary and CEO, ensures that the Board programme focuses on matters of strategic importance. This enables the Board to ensure the activities of PIDG are managed, risks monitored and that the Directors receive accurate, timely and clear information. The Chair ensures that the Board is properly briefed on all issues arising at its meetings and on the views of the shareholders and PIDG members.

Company Secretary and independent advice

All Directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible for advising the Board on all corporate governance, company law and secretarial matters. The appointment and removal of the Company Secretary is a matter for the whole Board.

In addition, all Directors have access to independent professional advice at PIDG's expense, where they consider it necessary for the discharge of their duties.

Governance effectiveness review

The Board undertakes an annual evaluation of its effectiveness, and an external evaluation is undertaken periodically at the request of the PIDG members. As part of the process, the Chair's performance is also evaluated with inputs from the Directors and Executive.

During the year we continued to undertake the external Board evaluation started in 2020 by Genius Boards. This was a comprehensive, objective and rigorous review of the effectiveness of the Board, its Committees and the individual Directors.

Due to the ongoing 2020 evaluation, we did not undertake a further internal evaluation of the Boards of the PIDG companies and their Directors during the year. Further details on the Board evaluation are set out in the Nomination Committee Report.

Meetings of the Board

The Board met once in person during the year and the remainder of its meetings were held virtually, due to the travel restrictions in place as a result of COVID-19.

The Board met for six scheduled meetings and six ad-hoc meetings were also held to review the outcomes of the external Board evaluation, approve changes to the composition of our governing bodies and to consider a potential new strategic initiative.

There was regular communication between the CEO, members of the Executive team and the Board and its Committees throughout the year. The Executive team provides the Board with quality and timely information that enables it to carry out its duties. No one individual has unfettered powers of decision making.

Main activities of the Board during the year

Performance, finance and funding	• Received regular updates and detailed monthly and quarterly reports on the performance of the Company and PIDG companies • Received updates on the plans to achieve PIDG's future financial sustainability and its funding needs and activities • Received the three year-business plans for PIDG and the PIDG companies and quarterly updates on the performance against the plans • Reviewed and approved the Annual Report and financial statements • Reviewed and approved the Annual Budget for approval by the PIDG members • Received a report on the activities and work of the executive Assets and Liabilities Committee and Group Treasury function and approved the new Treasury and Tax Management Policies • Considered enhancements to PIDG's Value for Money Metrics
Risk	• Received regular update on the impact of COVID-19 to PIDG • Received quarterly portfolio and risk register reports • Received periodic updates on the key and emerging risks • Received regular updates on Health, Safety, Environmental and Social matters • Reviewed and approved changes to Anti-Corruption and integrity and Due Diligence OPPs for approval by the PIDG members • Reviewed and approved the Risk Appetite Framework and Statement for approval by the PIDG members • Reviewed the Annual Culture and Ethics report • Considered the evolution of capital allocation and portfolio optimisation framework • Received annual assurance reports on the outcomes of the compliance monitoring programme and anti-money laundering review
Strategy	• Held a Strategy Day • Reviewed key projects and Group company initiatives, including a potential new strategic initiative, a proposal for the accelerated roll-out of credit enhancement facilities and agreed a new strategic partnership • Reviewed and approved revisions to PIDG's Unified Investment Policy for approval by the PIDG members
Sustainable Development Impact	• Received regular updates on SDI activities across PIDG • Reviewed the progress of PIDG's 2021 SDI KPI performance • Received updates on PIDG's COP26 participation • Received updates on the developments in the SDI function, including PIDG's Climate Change strategy and action plan and the TCFD Disclosure Report, the Gender Equity Plan and related gender lens activities, the Independent Evaluation being undertaken by the members and the activities of the Independent Panel (IP)
Governance	• Held four dedicated Board meetings to review the findings of the external Board evaluation and agreed the Board's response to the findings, including changes to the composition of PIDG governing bodies and future changes to the governance arrangements of PIDG arising as a result • Reviewed and approved changes to the Policy Review Framework • Received quarterly updates on the activities of the Board Committees

Attendance at Board and Board Committee meetings

The table below indicates the attendance of all Directors at Board and Committee meetings, and the voting independent Committee members (who are not Directors of the Company) at the Committee meetings held during the year ended 31 December 2021:

	Board	Nomination Committee	Audit Committee	Risk Committee	Credit Committee	HSES Committee	Investment Committee
No. of meetings held	12	10	5	5	3	4	12
PIDG Directors							
Andrew Bainbridge	C - 12	C - 10			3	4	
Johan Bastin[1]	11	2[2]	5				1[3]
Patrick Crawford	12	9		5	3		
Rachel English[4]	4	2	2				
Yukiko Omura[5]	11	10				4	
Tania Songini	12	3[6]	5	5			
John Walker	10	10					1[7]
PIDG Committee Members							
Cyril Wong			C-5				
Kathie Painter			5				12
Dianne Rudo				C - 5			
Amy Lee				1[8]			
Godfrey Mwindaare				5			
Ana Corvalan					2		
Anthony Marsh					3		
Rachel Kyte						C - 3	
Peter Hutchison						3	
Philippe Valahu					2[9]	4	
Clive Turton							C - 10[10]
Marc Lagesse							DC - 11[11]
Peter Kennedy							10[12]

C - Chair
DC - Deputy Chair

[1] Johan Bastin was appointed to the Credit Committee at the end of the 16 December 2021 meeting. No meetings were held following his appointment.
2 Johan Bastin resigned from Nomination Committee on 17 June 2021 and attended 2 out 3 of the meetings held before his resignation.
[3] Johan Bastin was appointed to the Investment Committee on 13 December 2021 and attended the only meeting held following his appointment.
[4] Rachel English resigned from the Board on 17 June 2021 and attended 2 out of 3 Audit Committees, all Board and Nomination Committee meetings held before her resignation.
[5] Yukiko Omura was appointed to the Investment Committee on 13 December 2021 and was unable to attend the one meeting held following her appointment.
[6] Tania Songini resigned from Nomination Committee 26 July 2021 and attended all meetings before her resignation.
[7] John Walker was appointed as Chair to the Investment Committee on 13 December 2021 and attended the only meeting held following his appointment.
[8] Amy Lee resigned from the Risk Committee on 11 March 2021 and attended the only meeting held before her resignation.
[9] Philippe Valahu resigned from the Credit Committee on 16 December 2021 and attended 2 of 3 Committee meetings until his resignation. He will continue to attend the meetings as an observer.
[10] Clive Turton resigned as Chair of the Investment Committee on 13 December 2021 and attended 10 of 11 Committee meetings until his resignation.
[11] Marc Lagesse resigned from the Investment Committee on 13 December 2021 and attended all Committee meetings until his resignation.
[12] Peter Kennedy resigned from the Investment Committee on 31 December 2021 and attended 10 of 12 Committee meetings until his resignation.

Board Committees

The Board has established six Committees to assist it in fulfilling its responsibilities. The Terms of Reference of all Committees are available at www.pidg.org. All Committees comply with PIDG's objectives to deliver SDI and achieve value for money in all its activities.

Committee membership

The composition model of the Committees has been refreshed during the year. We made significant changes to our committee compositions during December whereby all Committees are now Chaired by a PIDG Non-Executive Director and the Committees are predominantly made up of the PIDG Directors, with industry experts being retained on the Audit, Risk, Credit and Investment Committees. The Committees are tasked with working with the other Board Committees to achieve information flows between PIDG companies on investment opportunities, market information and risk issues.

The membership of each Committee and the attendance of each of the members is set out in the table on the previous page. The details of the responsibilities and activities of each of the Committees during the year are set out in the Committee reports that follow.

Committee meeting frequency

The Nomination, Audit, Risk and HSES Committees are scheduled to meet quarterly and meet at other times as is necessary to discharge their duties. The Credit and Investment Committees meet as and when it is required to respond to the needs of the business and now hold regular portfolio review meetings.

Changes to the Committees

As part of the external Board evaluation exercise it has been agreed that the work of the Nomination Committee will be expanded to include remuneration matters. The Committee will become the Nomination, Governance and Remuneration Committee in 2022.

Annual review of Terms of Reference

All Committees undertake an annual review of their Terms of Reference (ToR), which includes a review against best practice review as well as how the Committee has discharged its duties during the year.

Committee effectiveness

In addition, as part of the external Board Evaluation, a review of the effectiveness of each Committee has been undertaken to assess whether it is working effectively and efficiently to fulfil its responsibilities and to identify and rectify any shortfalls in practices.

Supporting committees

In addition to the Board Committees, the Company is also supported by the Independent Panel (IP) on SDI. The Trust has selected three individuals to act as the members of the panel, reporting to the Board.

The IP provides an expert view on whether PIDG is evaluating the SDI of its activities in a way which properly reflects the nature of those activities, enables meaningful conclusions to be reached about the impact of those activities, and generates learning about what delivers the greatest SDI. The IP plays an important role in providing the Board with assurance that PIDG's reported SDI is robust and that suitably rigorous evidence is being generated efficiently and cost-effectively to inform strategic decision-making.

The initial terms of the IP members concluded in 2021, and we are currently reviewing the governance of SDI across PIDG, including the role and form of the IP going forward to ensure that our governance of SDI continues to be market leading and meets PIDG's needs.

The Board has also established a Technical Assistance (TA) Committee with independent members that is operated by the Executive, which approves TA and VGF grants.

Nomination Committee Report

Andrew Bainbridge
Chair of the Nomination Committee

I am pleased to report on how the Nomination Committee has discharged its duties during 2021 and its planned activities in 2022.

Roles and responsibilities

The Committee's main duties are to make plans for the orderly succession for appointments to all PIDG company Boards and Committees, maintaining an appropriate balance of skills, experience, independence and knowledge (taking account of diversity), to manage the recruitment and evaluation of Directors and Committee members, and to assist the PIDG Chair to keep PIDG's governance arrangements under review and make recommendations to ensure that each governance body's arrangements are consistent with best practice.

Membership

Johan Bastin and Rachel English retired from the Committee on 17 June 2021. Following the review of the governing body compositions as part of the Governance Effectiveness Review, Tania Songini retired from the Committee on 26 July 2021. I remain Chair of the Committee and Patrick Crawford, Yukiko Omura and John Walker remain as members.

Activities during the year

The Committee programme greatly increased this year to oversee the work of the external Board evaluation. The details of which are set out in full on the following page.

The Committee considered the form and terms of the CEO's contract and agreed to renew his appointment for a further two-year term until July 2023 through the current arrangements in place with his consultancy services company InfraLinx Sàrl. The renewal of the contract was subsequently agreed with the PIDG members.

The Committee also undertook the CEO's 2020 performance evaluation, and along with the Board, it remained very satisfied with the performance of the CEO and the leadership he provides to PIDG. The Committee was particularly pleased with performance in respect of PIDG's set objectives and KPIs against the backdrop of the difficult environment created by COVID-19.

The Committee widened its remit over Executive performance and contributed to the performance evaluations of the PIDG Executive for 2021, providing feedback on areas of strengths and development areas they would like the Executive to focus on in 2022.

The Committee received the findings from the employee engagement survey conducted across PIDG and provided its views on the findings. While there are some areas PIDG will seek to change in order to improve employee engagement and the overall employee experience, the results were very encouraging in terms of the culture at PIDG.

The Committee also received updates on the progress being made against the PIDG Governance Enhancement Plan.

Areas of focus for 2022

The key area of focus for 2022 will be responding to the findings of, and implementing the changes arising from, the Governance Effectiveness Review. The immediate focus will be to provide tailored inductions for the new Board Directors and Committee Members, undertake the search for two new Board Directors and ensure the Board Committees begin to undertake their next evolution.

Areas of focus for 2022 *continued*

The Committee will also continue to oversee the broader governance enhancement activities already identified.

Now the Board Succession Plan has been put in place (the details of which are set out below), the focus of the Committee will move to assisting the CEO in developing an Executive Succession Plan.

Governance Effectiveness Review

The Committee's main area of focus in 2021 was the Governance Effectiveness Review. We undertake an external Board Evaluation at least once every three years in line with best practice and our Appointments and Evaluation of Directors OPP. We undertake internal governance effectiveness reviews for the intervening years, which are conducted by the Company Secretary. The 2020/2021 review comprised both approaches with the internal review considering those aspects of the Board level governance arrangements not captured by the external review.

Scope and key outputs

The focus of the external Board evaluation was to:

- review the effectiveness of the Board and each of its Committees.
- review the performance of PIDG Ltd Board Directors and Committee Chairs.
- create a Skills and Experience matrix for the Board.
- develop a Succession Plan for the Board.

The focus of the internal governance effectiveness review was to:

- review the effectiveness of the Boards of the PIDG companies.
- review the performance of the Committee members and Directors of the Boards of the PIDG companies not captured by the external review.

Review Process

The external Board evaluation included the attendance of the evaluator at Board and Committee meetings, their review of the meeting papers, discussions with each of the PIDG Ltd Board Director Directors and Committee Chairs to discuss overall effectiveness, and comprehensive self-assessments and peer assessments of the skills and performance of each PIDG Ltd Board Director and Committee Chair.

The internal review included the completion of effectiveness evaluation questionnaires by each Director on the Boards of the PIDG companies, discussions on the findings with the respective Board Chairs, and discussions between the Board Chairs and the Company Secretary on the performance of the Directors who were not captured by the external review.

Findings

A summary of the key findings and the actions being taken are set out in the table that follows.

Next Steps

A number of the actions have already been implemented. The Committee's main area of focus in 2022 will be on the delivery of the remaining action and ensuring the next evolution of PIDG governance arrangements.

Key Findings

Theme	*Actions being taken*
Governing Body Compositions	
Composition changes	As indicated in the Chair's introduction to the governance report, we are aligning our Board committee composition structure closer to the Code requirements, whereby our Committees will be chaired by PIDG Directors and there will be greater Director representation across our committees. This had led to the appointment of Rachel Kyte, our HSES Committee Chair, to the Board and a number of changes to our committee members. The details of the changes to our committees are set out in the committee reports. We will also be moving towards greater independence on our Board and will be recruiting two new independent Directors during 2022 to act as our Audit and Risk Committee Chairs.
Skills and Experience Matrix	Following the comprehensive skills and experience self-assessments and peer assessments undertaken on our Directors and Committee Chairs, we have developed a detailed skills and experience matrix. This work has deepened our understanding of our Directors and Committee members and has been an invaluable tool when determining our committee compositions, the development of our Succession Plan and our future recruitment needs, and will ensure we have the right balance of skills and experience across all our governing bodies to continue to enhance our governance arrangements.
Board and Committee Succession Plan	We have developed our first full Board and Committee Succession Plan through to 2028/2029, which will lead to a fully independent Board by the end of the plan period. The development of the Succession Plan is of particular importance to PIDG, as all our Directors and Committee members were appointed at the start of 2018 when PIDG was formed creating a 'cliff edge' in terms of our dates of retirement. By establishing the Succession Plan, we will be better positioned to ensure an orderly transition of Directors and the transfer of knowledge to, and onboarding of, new Directors over the coming years.
PIDG companies compositions	During 2022, our PIDG Company Boards will move to an Executive composition model to create a clearer division of responsibilities between PIDG Board level governance and senior management's responsibilities. This change will enable the PIDG Board and its Committees to focus on strategic and policy matters and senior management to be clearly responsible for the executive management of PIDG's operations. It will also facilitate our intention to have a fully independent Board by 2028/2029, through the removal of cross-directorships with the PIDG companies.

Key Findings

Theme	*Actions being taken*
Board Effectiveness	
Dynamics	Following the changed environment as a result of COVID-19 restrictions and our inability to meet in person, and as we implement our Succession Plan, the importance of strong dynamics at Board level is of increased importance. As part of the external evaluation, all Directors received one-to-one feedback sessions with the external evaluator on how they can improve their effectiveness and further contribute to strong dynamics at a Board level. A Director / Committee member engagement plan is also being established to ensure that all Directors and Committee members have an opportunity to interact with one another on a personal level outside meetings to strengthen relationships. As part of the new Directors induction plans, they will also be appointed a 'buddy' to help them settle into their role effectively. Board dinners will also be reintroduced as part of the physical board meeting programmes to help strengthen relationships further.
Board and Executive Engagement	The level of, and type of interactions, between the Directors and Committee members and the Executive varies across individuals and locations. As part of the ongoing enhancement of PIDG governance, a better balance will be struck across these interactions and the physical meetings will be used as an opportunity to build relationships with personnel across the different PIDG offices. It will be important to ensure these interactions are effective and the Directors and Committee members engage with the Executive to learn or share insights and maintain the role of a Non-Executive, rather than encroaching on the Executive space.
Board Governance	
Meetings	The COVID-19 environment has required meetings to be held virtually for some time. This is not the optimal environment in the long-term. It has been agreed that PIDG will return to holding three physical meetings a year, and no hybrid meetings will be held unless in exceptional circumstances due to the challenges these bring. We also considered increasing the frequency of Board meetings, however, due to the costs of overseas travel, it has been agreed this would not be the best use of our funding. The attendance at the Board and Committee meetings has been reviewed to reduce the number of observers and enable the Directors to be able to speak more freely. Private sessions will be held at the end of each meeting for the governing body to discuss the effectiveness of the meeting.
Papers	There have been good improvements made to the meeting papers in recent years through the introduction of a standardised reporting format and the provision of a report preparation guidance note. However, further improvements can be made to ensure that all papers can be easily absorbed by the Board and Committees. Report writing training will be provided to the Executives and management that report to the governing bodies, to ensure reports are prepared with a strategic focus, and that provide the right level of detail to enable informed decisions to be made.
Responsibilities	The Matters Reserved of the Owners, Board, Board Committees, PIDG companies and Executives will be reviewed to ensure the decision making is clear and effective and the Board can act strategically.

Key Findings for Enhancement

Theme	*Actions being taken*
Committee Effectiveness	
Overall Findings	The Board Committees are in transition, having largely been established four years ago when the Company was formed. The initial focus of the Committees was to support the Executives to establish their functional areas and put the necessary frameworks, policies and procedures in place. Now this work has largely been completed, the Committees will focus on their next evolution and become more strategic in their oversight. The appointment of PIDG Ltd Board Directors to act as Committee Chairs, and the increased representation of Directors on the Committees and the cross-membership across the Committees will aid improved engagement and feedback to the Board and help with the cross fertilisation of information across all governing bodies.
Nomination Committee (NomCo)	The key finding in relation to NomCo, aligned to the views of the Board, that its remit should be expanded to include oversight of remuneration policy matters. NomCo will be renamed the Nomination, Governance and Remuneration Committee and its ToR will be revised to include this additional responsibility. NomCo already oversees governance matters. The intention will also be to increase the number of independent Non-Executive Directors on NomCo as new Directors join the Board.
Audit Committee (AC)	The key finding in relation to AC is for it to evolve from its current primary focus on financial performance and related assurances to consider broader matters, including assessing a wider financial assurance remit and the oversight of internal controls. A key development that will support this broader focus is the establishment of an Internal Audit function, which will enhance the level of assurance over PIDG's system of internal controls and their oversight by AC.
Risk Committee (RC)	The key finding in relation to RC is for it to broaden its remit to support PIDG with the adoption of a full Enterprise Wide Risk Management model. The high standard of the credit and financial risk management is noteworthy, however, RC's remit should now continue to evolve to focus on broader modern and operational risk matters to the same degree as credit and financial risks and for RC to become more strategic in its oversight of risks.
HSES Committee (HSESC)	The key finding in relation to HSESC is for it to evolve its oversight on environmental and social matters to the same level as its focus on Health and Safety without any loss to those areas already being addressed. HSESC will also play a crucial role in leading the cross-debates between the Health and Safety, environmental and social matters, risk and SDI agendas. Its wider focus will support PIDG in achieving greater impact and integration, and to fill any gaps while being mindful of overlaps of these areas.
Credit Committee (CC)	The key finding in relation to the CC is that it should evolve into taking a portfolio view when making decisions, through the lens of the whole PIDG credit portfolio, to ensure that it does not review projects in isolation.
Investment Committee (IC)	The key finding in relation to the IC is similar to that of CC. While IC has started to undertake portfolio reviews, the standardisation of information of the Africa and Asia businesses will enable it to have a clearer view of the whole portfolio and the risks within it to aid its decision making and ensure that it does not review projects in isolation. The enhancement and standardisation of reporting from the two businesses will also aid its decision making.

Audit Committee Report

Cyril Wong
Chair of the Audit Committee

I am pleased to report on how the Audit Committee has discharged its duties during 2021 and its planned activities in 2022.

The Committee continued to focus on issues relating to PIDG's management and financial reporting, including ensuring the integrity of the financial reporting and the consideration of key accounting judgements with a particular focus this year on the enhancements made to the expected credit losses model and the impact of regulatory changes in Mauritius on the Credit Solutions businesses.

The Committee agreed a provision of non-audit services policy, reviewed the need for an Internal Audit function, assessed the internal assurance and integrity of the SDI data included in the PIDG Annual Review[1], and assessed the external audit plans for all PIDG companies.

From its work during the year, the Audit Committee has concluded that it has acted in accordance with its terms of reference and that it has ensured the independence and objectivity of the external Auditor.

Chair's and members' experience

Cyril Wong is Chair of the Audit Committee. Cyril is a qualified accountant and an experienced Audit Committee chair with recent and relevant financial experience. Johan Bastin, Tania Songini and Kathie Painter are members of the Committee. The Committee has a deep knowledge and significant business experience in financial reporting, internal control and risk management in the infrastructure financing sector.

Members and meetings

The Audit Committee met five times during the year. The Chief Financial Officer (CFO), Chief Risk Officer (CRO) and other Executives of the Company and the PIDG companies are invited to attend meetings of the Audit Committee as appropriate. The Chair is also a standing invitee.

Roles and responsibilities

The Audit Committee's main duties are to review the financial statements and the findings of the external Auditors of the Company and the other PIDG companies; to ensure the external Auditors' independence; and to review and monitor as a whole the integrity of the financial, social and environmental information and SDI metrics provided to the PIDG members and the Trust. In consultation with the Risk Committee, the Audit Committee also reviews and monitors the Company's and PIDG's system of internal controls and risk management and the process for compliance with PIDG's Code of Conduct and OPPs.

Activities during the year

The Audit Committee has reported to the Board on how it has discharged its responsibilities during the period. This has included reporting and making recommendations on remedial action to address any matters or areas across PIDG where the Audit Committee has considered improvements were required.

[1] PIDG's Annual Review is separate to this Annual Report and is a review of PIDG's performance against its SDI and a summary of the main SDI activities in the year.

Activities during the year continued

The Audit Committee considered the following significant issues in relation to the financial statements for the Company for the year:

- Monitoring adherence to the 2021 Company budget, focusing on any variances and the drivers for these.
- Monitoring the application of the transfer pricing margin in place between the Company, the PIDG companies and the Trust for the provision of services.
- The application of IFRS16 to the Company's leases, and in particular its office at 6 Bevis Marks, London EC3A 7BA.
- The level of bonus provisions for staff.

Risk management, compliance and internal controls

The Board is responsible for the overall adequacy of the Company's and PIDG's system of internal controls and risk management. The Board has delegated responsibility to its Committees for reviewing and monitoring the effectiveness of the Company's and PIDG's systems for risk management and internal control. The systems of internal control are designed to manage, rather than eliminate, risk. Consequently, these controls provide reasonable, but not absolute, assurance against material misstatement or loss.

The Audit Committee reviews the system for internal control and risk management annually. The review covers all material controls, including financial, operational and compliance controls and compliance with the OPPs. Throughout the year PIDG Limited has operated a system of internal controls that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations.

As part of the enhancing PIDG's governance and assurance activities, the Audit Committee concluded that PIDG should establish an Internal Audit function.

To aid its decision making, the Committee asked management to undertake a number of assessments, the findings of which will be used to aid the development of the function in 2022.

The key risks that the Company is exposed to are reported in the *Business Review* section on pages 11 - 13 of this report.

The Audit Committee is responsible for examining the Company and PIDG's financial reports and disclosures to ensure that they have been subject to adequate verification and comply with applicable standards and legislation. The Audit Committee and Board scrutinise and approve the Annual Report and financial statements and ensures that appropriate disclosures have been made. This governance process ensures that both the Company's Executive team and Board are given sufficient opportunity to debate and challenge the Company's financial statements and other significant disclosures before they are made public.

The Executive team is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and issued by the International Accounting Standards Board (IASB).

The Audit Committee has assessed the internal controls over financial reporting in the year and as at 31 December 2021 and it has concluded that, based on its assessment, the internal control over financial reporting was effective.

External auditor independence

The Audit Committee and the external Auditor, BDO LLP, have safeguards in place to avoid the possibility that objectivity and independence could be compromised. These safeguards include the external Auditor's report to the Audit Committee on the actions it takes to comply with professional, ethical and regulatory requirements and best practice, designed to ensure its independence.

The Audit Committee also monitors and controls non-audit work provided by the external Auditor and formalised its policy on the provision of non-audit services during the year. This policy sets out those activities the external Auditors are able to undertake and the approvals required depending on certain fee thresholds. The policy also sets out those areas of work that are prohibited from being undertaken by the external Auditor, including where:

- The provision of the services would contravene any relevant regulation or ethical standard.
- The external Auditor is not considered to be an expert provider of the non-audit service.
- The provision of such services by the external Auditor creates a conflict of interest for the Board.
- The potential services provided are likely to inhibit the external Auditor's independence or objectivity.

The Audit Committee evaluates the performance of the external Auditor annually taking into account the objectivity and effectiveness of the audit, the quality of formal and informal communications with the Committee, and the views of management. Their performance in 2021 was deemed to be satisfactory.

Areas of focus for 2022

In 2022, the Committee will continue to focus on issues relating to PIDG's management and financial reporting and ensuring the integrity of the financial reporting and the consideration of key accounting judgements.

The Committee will also oversee the establishment of PIDG Internal Audit function, and the development of the Audit Charter, Audit Universe and Internal Audit programme.

The Committee will also continue to work with management on the development and enhancement of the internal control framework.

Risk Committee Report

Dianne Rudo
Chair of the Risk Committee

I am pleased to report on how the Risk Committee has discharged its duties during 2021 and its planned activities in 2022.

Roles and responsibilities

The Committee's main duties are to review and monitor risk management systems, policies and procedures for the Company and PIDG, including the oversight of operational risks (e.g. people, process, systems and external events) as well as credit risk, market risk, strategic risk and reputational risk, the review of new products proposed by the PIDG Credit Solutions companies, and portfolio review and monitoring.

Membership

Following the review of the governing body compositions as part of the Governance Effectiveness Review, Godfrey Mwindaare and Tania Songini resigned and Yukiko Omura was appointed to the Committee on 6 December 2021. Rachel Kyte was appointed to the Committee on 1 January 2022. I resigned from the Committee on 28 February 2022, with Andy Bainbridge appointed interim Chair. Patrick Crawford remains as a member.

Activities during the year

A large focus of the Committee's time is on the reporting on PIDG's credit and investment portfolio, including its project and corporate risk registers as well as on emerging risks and challenges that could have an impact on PIDG's business.

In line with its annual programme, the Committee reviewed PIDG's Risk Appetite Framework and made recommendations to the Board on appropriate changes to risk appetite; it also focused on the alignment between the framework and the PIDG companies' Business Plans to ensure these were developed on a basis that took appropriate account of PIDG's risk appetite.

The Committee also oversaw the development of the Unified Equity and Development Risk Assessment Framework which provides a standardised framework to aid project risk assessments and enables risk-based pricing and capital allocation.

The Committee also received reports on OPP compliance, the findings of the compliance monitoring activities and the annual AML report.

To ensure the risk framework remains fit for purpose, the Committee oversees the development of the OPPs and related risk frameworks and makes any necessary recommendations to the Board and PIDG members on changes for these.

The Committee also undertakes a 'deep dive' of each PIDG company annually, meeting with its senior executives to understand their views on the key risks to which their business is exposed in order to build its understanding of the risks of each companies' business.

Further details on all these activities as set out on the following pages.

Private sessions were held by the Committee with the CRO in order to discuss his personal views on PIDG's overall risk profile and its management.

Areas of focus for 2022

The key area of focus for 2022, will be the further development and implementation of an enterprise risk management approach across PIDG, ongoing monitoring of the impact of COVID-19 on PIDG's portfolio and emerging macro risks, ensuring the alignment of risk appetite to the PIDG strategy, and overseeing the ongoing development of the risk framework.

Key Matters considered during the year

Matter Considered	*How the Committee addressed the matter*
Risk Framework	
Risk Management Framework (RMF)	The Committee is responsible for overseeing the annual review of the RMF and reviewed the enhancements that had been made during the year. The key area of development during 2021 was the enhancements to the unified risk assessment models and the development of a unified equity and development risk assessment framework. The updated RMF was recommended to the Board for approval.
Risk Appetite (RA) Framework	The Committee is responsible for recommending changes to PIDG's overall risk appetite and tolerance to the Board for approval. The Committee considers proposed changes to RA as part of the Business Planning process. Small refinements were made to the calculation methodology used to set RA limits agreed in 2020 and work continues toon embedding the SDI assessment overlay introduced in 2020. The main changes to the RA included changes to country exposures and the correlation of sector exposures across different geographies. The other material change was to the market, liquidity, Foreign exchange (FX) and interest rate risk framework and the introduction of limits for FX and interest rate risk relating to the banking book, which aligned to the new Treasury Policy. The changes were proposed to the Board for approval.
Operating Policies and Procedures (OPPs)	The Committee is responsible for recommending changes to the PIDG OPPs to the Board for onward recommendation for approval by the members. The OPPs set out the policies and procedures in place to manage key risks as identified by the members; there is then a broader policy framework in place to support these. All OPPs are reviewed on a regular cycle and the Committee approved the changes to the due diligence and anti-corruption and integrity OPPs for recommendation for approval by the Board and onward recommendation for approval by the Owners. The Committee supported the amendments to the Anti-Corruption and Integrity OPP which took account of legislative changes and the outcomes of assurance activities undertaken across PIDG. The key change to Due Diligence OPP reflected the evolution in the end-to-end DI management system.
Compliance Monitoring Plan (CMP)	The Committee reviews and approves the annual CMP. The 2021 plan activities were expanded to provide coverage of all policy areas not previously reviewed and areas were selected for review using a risk-based approach.
Operational Risk Mapping	The Committee reviewed the outputs from the operational risk mapping exercise. The Committee asked that as part of the next evolution of the work, management ensure the approach to defining operational risks was undertaken in a consistent manner and the risk rating methodology be refined over time.

Matter Considered	***How the Committee addressed the matter***
Risk Framework cont.	
Portfolio reporting and Project and Corporate Risk Registers	The Committee is responsible for monitoring the changes to the risk profile of the PIDG-wide portfolio and uses the portfolio report and project risk registers received at each meeting to perform this role. The Committee also reviews the corporate risk register which brings together all the risks faced by PIDG.
Risk Reporting	
Emerging Risks and Challenges	The Committee is responsible for monitoring emerging risks on behalf of the Board and receives bi-annual reports to enable its oversight. COVID-19 remained a key risk to PIDG, however, most of the liquidity risks faced at the start of the pandemic had been addressed through the fiscal and monetary policies of governments and central banks. The Committee had requested that management monitor the risks around sovereign indebtedness and any risks arising from the recent increase in foreign currency interest rates, particularly in sub-Saharan economies. Flash reports were received from Gatehouse, a risk advisory firm, on certain risks matters to deepen the Committee's understanding on these
Risks to the Business Plans	As part of the Committee's role in overseeing and advising the Board on future risk exposures, it provided input into the business planning process, through its review of the current portfolio breakdown, potential future exposure, current delivery on 2021 KPIs and the Board's strategic focus. It considered the key risk themes related to managing concentration risks, emerging risks, funding risks and operational risks. The review informed the development of the BPs and setting the RA limits.
Annual OPP Compliance Exercise	Alongside the Audit Committee, the Committee reviewed the results of the annual OPP compliance exercise to assess PIDG companies compliance with the OPPs which provides an understanding of the adequacy of the internal control framework. The review process had been further enhanced from prior years and now considered whether any improvements could be made to the processes and procedures in place to achieve compliance. Compliance has improved year on year. The Committee gained comfort from the increased assurance provided by the new process and the increased number of actions identified to improve the processes and procedures in the internal control framework.
Anti-Money Laundering (AML) Report	The Committee reviews the results of the AML exercise, which helps inform its view on the adequacy of the internal control framework. The Committee was comfortable with the controls in place, while recognising that PIDG works in high risk jurisdictions where the risk of bribery and corruption is elevated, against a backdrop of a constantly evolving landscape. There were some areas identified for enhancement to ensure consistency in practices across PIDG, primarily related to the risk assessment process undertaken to determine the level of customer due diligence required.
Annual Culture and Ethics Report	The Committee received its first full Culture and Ethics report in 2021, which helps inform its view as to whether there are any cultural or ethical issues across the organisation that may give rise to any risks, as ensuring the right ethical culture within PIDG is fundamental to achieving its mission. The Committee took comfort in the work that had been undertaken to focus on culture and ethics across PIDG during the year, in particular the establishment of a Diversity taskforce.

Key Matters considered during the year

Matter Considered	***How the Committee addressed the matter***
Models, Frameworks and Systems	
Unified Equity and Development Risk Assessment Framework	The Committee reviewed the development of the Unified Equity and Development Risk Assessment Framework being designed to implement a standardised risk assessment framework for projects. The Committee provided input into the weightings and approved the broad parameters and approach taken to develop the framework.
Expected Credit Loss (ECL) Model	The Committee received updates throughout the year on the refinements being made to the ECL Model, which calculated ECL based on the Probability of Default (PD), the Loss Given Default (LGD) and the Exposure at Default (EAD). The Committee took comfort in the level of the sophistication of the tool and how it would provide a standardised model to calculate expected credit losses in the two Credit Solutions businesses.
Capital Allocation and Portfolio Optimisation Framework (CAPOF)	The Committee oversaw the continued development of the CAPOF being implemented to provide a consistent approach to the assessment of projects, to identify those with the best risk return by ensuring an optimal balance between SDI and financial sustainability when deploying capital. The framework will be used as a tool to help the PIDG companies select projects and to understand how to best allocate capital across PIDG. The work on the model for the Credit Solutions businesses was completed and implemented during the year. The model for the InfraCos was completed for year end and would be embedded in the investment decision making process in 2022.
Data Warehouse	The Committee received regular updates on the development of the Data Warehouse. The first phase of the work that focused on risk data was completed and work is underway to include DI, HSES and Finance data. This is a multiyear project and will improve and provide more reliable reporting once in place. Once complete, the Data Warehouse would house standardised data sets for Risk, DI, HSES and Finance and would permit the comparability of results across PIDG.
Divisional Deep Dives	
Business Area Deep Dives	The Committee undertook ‘deep dives’ into GuarantCo, EAIF, InfraCo Asia and InfraCo Africa which focused on the key risks to the businesses. The Committee finds these sessions very useful to gain a deeper understanding of risks of each PIDG company. It also takes the opportunity to meet in private with the Credit Solutions businesses local risk representatives in order to understand the dynamics with management and to provide them with the opportunity to raise any concerns they may have in private.

Health, Safety, Environment and Social Committee Report

Rachel Kyte
Chair of the HSES Committee

I am pleased to report on how the Health, Safety, Environmental and Social Committee has discharged its duties during 2021 and its planned activities in 2022.

Roles and responsibilities

The Committee's main duties are to monitor performance and key risks PIDG faces in relation to HSES management and governance; to oversee the development and effectiveness of HSES policies, standards and procedures and the processes and systems put in place to meet PIDG's objectives (protecting employees, the communities in which we operate, and the natural environment); to monitor the effectiveness of operations across PIDG in delivering continuous improvements in HSES on projects; and to provide assurance to the Board, the Trust and PIDG members of high HSES governance standards.

Membership

Following the review of the governing body compositions as part of the Governance Effectiveness Review, Andy Bainbridge, Yukiko Omura and Philippe Valahu resigned and Tania Songini and John Walker were appointed to the Committee on 1 January 2022. Peter Hutchinson remained as a member.

Activities during the year

The Committee received at each meeting a comprehensive report from the HSES Director. The report provided an update on a number of matters, including the implementation of PIDG's annual HSES Plan, objectives and targets, the status of serious incidents and investigations, the status and developments of COVID-19 and security risks, the HSES project Watchlist, the HSES Risk Register and methodology, HSES monitoring and assurance visits and the status of GBVH, modern slavery and child labour safeguarding processes.

The HSES Director's report also provided details of lessons learnt reports issued, updates on the status of training and performance management, and continuous improvement activities undertaken in the period.

The Committee received updates on the development and implementation of HSES policy, law, regulations, performance standards, Guidance Notes, Good Practice Notes, GBVH (gender-based violence and harassment) Serious Incident Reporting Procedures, climate change standards to strengthen our climate change strategy, and biodiversity standards to develop our biodiversity strategy and biodiversity risk management programme.

At each meeting it also met with local HSES representatives and company Executives from each of the PIDG companies to discuss its portfolio HSES risk assessments, objectives and targets, performance, practical application of HSES tools, guidance and key highlights.

The Committee also reviewed the HSES Portfolio Risk Register and held deep dives into the monitoring and assurance of individual portfolio projects.

A HSES Culture Survey was also conducted to gauge the direction of travel in HSES performance and improvement since the previous survey conducted in 2019.

Areas of focus for 2022

During 2022, the Committee will continue to focus on monitoring the development of the HSES management systems, policies, standards, guidelines and tools in areas including health, safety and wellbeing, social, environment and climate, communication and engagement and training, and reporting. The Committee will also increase its oversight on strategic environmental matters within its remit, including the climate change strategy and development and implementation of a biodiversity strategy.

The Committee will also continue to monitor developments from lessons learnt and the development of new tools to support PIDG and influence high standards of HSES in project companies.

It will oversee an assessment of current Annual Monitoring Report (AMR) requirements and whether they can be further aligned to Sustainable Development Impact (SDI) requirements and the UN Sustainable Development Goals (SDGs), and the development of a best practice note on waste management and disposal in remote locations.

Other areas of focus will include overseeing a Group-wide emergency and crisis management review, and the development of the PIDG Centre of Excellence by PIDG, and delivery of HSES focused PIDG Institute events.

The ongoing improvements in PIDG HSES will further PIDG's efforts to ensure our continued contributions to, and leadership in, SDI and our impact on safety, social, climate change and biodiversity commitments.

Credit Committee Report

Patrick Crawford
Chair, Credit Committee

I am pleased to report on how the Credit Committee has discharged its duties during 2021 and its planned activities in 2022.

Membership

Following my appointment in January 2021 as the interim Chair of the Committee, I became the Chair of the Committee in November 2021. Following the Governance Effectiveness Review, Philippe Valahu retired from the Committee and Johan Bastin was appointed to the Committee in November 2021. Andy Bainbridge, Ana Corvalan and Tony Marsh remain as members.

Roles and responsibilities

The Credit Committee's main duties are to make decisions in relation to the commitment of guarantee and loan products outside the authority delegated to the fund managers of EAIF and GuarantCo, being the two main Credit Solutions businesses within PIDG; to review and provide advice and oversight on the governance arrangements of, and strategy for EAIF, GuarantCo and PIDG TA in providing credit products so that they achieve both transformational development impact and sound value for money; to monitor the credit policies and the financial performance of the credit risks within the PIDG portfolio; and to work with the other Committees of the Board and PIDG in order to achieve an effectively integrated organisation.

Activities during the year

The Committee considered three proposals during the year of which two were approved.

The Committee approved a joint commitment investment by EAIF and GuarantCo to a transaction in the road transport sector in Kenya, which is expected to achieve high development impacts.

The Committee reviewed early proposals for the issue of a Green Bond on a project in Afghanistan; this project did not proceed further due to subsequent instability in the country.

The Committee approved a partnership between GuarantCo and a bank to engage in a common credit approach under a risk-sharing Framework Agreement to support the nascent Indian electric vehicle sector. This is expected to lead to high development impacts.

Areas of focus for 2022

The Committee will continue to exercise oversight of the activities of EAIF, GuarantCo and PIDG TA in relation to their provision of credit products; to assess any necessary changes to their credit policies; to monitor and assess the performance of the PIDG credit portfolios and to set appropriate limits; to assess emerging risks for these portfolios; and to ensure that these credit products are deployed in line with the strategic objectives of PIDG.

The work of the Committee will also be dependent on the focus of the two Credit Solutions businesses.

EAIF's focus will be to continue to provide debt finance for innovative renewable energy projects both on-grid and, where possible, off-grid; to support transactions that facilitate greater use of domestic and international capital markets for

Areas of focus for 2022 *continued*

financing infrastructure in Africa; to support the roll-out of cost-efficient Digital Communications Infrastructure (DCI) / broadband solutions on the African continent; and to assist in the development of affordable housing and transport and water PPPs.

EAIF has a number of key potential transactions in its business pipeline. These include its first wind power IPP project in East Africa and various water and toll road PPPs. EAIF will also explore whether and how it can support natural resource capital financings/projects; these could include bank loans or bond issues for forestry conservation or improved agriculture projects whose credit quality is enhanced by the sale of carbon credits that they earn.

EAIF is also expecting to support increasing use of battery energy storage system (BESS) solutions in renewable energy projects, and the participation of commercial and industrial (C&I) firms in the off-grid sector.

GuarantCo will continue to be a centre of excellence for local currency guarantees. It expects to continue to grow its portfolio during 2022. It will focus on the growth and delivery of its new business whilst embedding a strong focus on portfolio management and capital preservation.

It will increase its focus on portfolio guarantees, replicability, scalability and the speed of execution on projects. It will increasingly integrate climate and gender strategies into its investment strategies; and maintain a pipeline of strong and impactful transactions in Africa and Asia.

Investment Committee Report

John Walker
Chair of the Investment Committee

I am pleased to report on how the Investment Committee has discharged its duties during 2021 and its planned activities in 2022.

Roles and responsibilities

The Investment Committee's main duties are to develop the non-credit investment and divestment strategy for PIDG in Africa and Asia, oversee and monitor the investment and divestment performance of the investment portfolios, approve investment and divestment proposals, work with other Board Committees, PIDG Executive Committees and Executives to achieve a fully integrated organisation and provide monitoring and oversight of investment and development risk. When overseeing the investment activities, the Committee is required to make decisions taking account of the need to create financial, economic and SDI value (within risk appetite) in the short, medium and long term.

Membership

Following the review of the governing body compositions as part of the Governance Effectiveness Review, Clive Turton resigned as Chair of the Committee and Marc Lagesse, Peter Kennedy and Philippe Valahu resigned as members. I was appointed as Chair of the Committee and am joined by Johan Bastin and Yukiko Omura. All changes were made on 13 December 2021. Kathie Painter remains a member of the Committee.

Activities during the year

The Committee met regularly during the year with its main focus on the approval of investments and divestments in projects. The Committee reviewed the progress of the InfraCo Africa and InfraCo Asia project portfolios, including the progress made on projects by the teams and its development partners.

Projects approved by the Committee included Djermaya Solar in Chad, Kudura Off-Grid in Kenya, Kandal Cold Storage in Cambodia, Bonergie Irrigation II in Senegal, Cambodia Water Supply, Zembo Electric-Bodas in Uganda, East Africa Marine Transport in Uganda and Tanzania, a restructuring of the Indonesia Rural Wireless Broadband Project, Africa GreenCo in Zambia, Globology (Waterbus) in Kenya, and an increase in investment in the Pakistan Rooftop Solar project. Details on these projects can be found on the PIDG website at www.pidg.org.

When making investment decisions, the Committee considered, amongst other factors, the rationale for the projects and their alignment with PIDG strategy, the developer / partner / sponsor support, the country of operation, local government and regulatory frameworks, key project risks (including supply chains) and mitigants, project economics, climate impact, and PIDG's requirements for additionality and SDI. The Committee also assessed the progress of the investment projects against key milestones, budgets, SDI and HSES requirements.

Areas of focus for 2022

During 2022, the Committee will focus on assisting the Board to set, guide and oversee the implementation of the non-credit investment and divestment strategy for PIDG, and advise the Board on appropriate levels of non-credit investment and divestment risk taking into account inherent risks

Areas of focus for 2022 *continued*

within the portfolio and risk and concentration limits, and how best to balance short, medium and long-term investment, divestment and development objectives to help achieve PIDG's strategic objectives.

As PIDG continues to take appropriate risks to meet our SDI goals and HSES standards, the Committee will ensure that lessons learnt from the past are taken into consideration during our due diligence procedures.

The Committee's portfolio management oversight role of the development and investment businesses in Africa and Asia will continue to be enhanced in 2022.

In Africa, there will be an increased focus on the next wave of transformational power projects primarily across the Central, Southern, Western and Eastern Africa regions. PIDG will also continue to further explore inland marine transport and Electric Vehicle opportunities and consolidate its expertise in off-grid solar. An innovative Kenyan credit enhancement facility and unique Zambian renewable energy intermediary are planned to be progressed.

In Asia, the PIDG programmatic sectors of water supply, affordable housing and off-grid solar, as well as any identified areas of need in response to COVID-19 e.g. digital communications and water and sanitation will continue to be focus areas.

Building on successes in the rooftop solar sector in Pakistan, efforts will continue to be made to seek to expand similar opportunities in Pakistan and other South Asian markets such as Nepal and Bangladesh.

Water treatment and distribution will also remain an area of focus in countries such as Cambodia, Indonesia and Sri Lanka. The successful implementation of InfraZamin Pakistan will be leveraged to establish more credit enhancement facilities in the Asia region together with GuarantCo. Lastly, newer technologies in hydrogen and the Electric Vehicles value chain will be explored.

Remuneration

The Company does not currently have a Remuneration Committee, however, it has been agreed that the role of the Nomination Committee will be expanded in 2022 to cover remuneration governance matters. The remuneration of Directors and Committee members is fixed by the PIDG members in consultation with the Board. PIDG also has a Remuneration Framework in place for employees which is also agreed with the PIDG members.

The levels of remuneration in the Remuneration Framework are set following a benchmarking exercise carried out by an independent remuneration consultant (currently Willis Towers Watson). The remuneration levels set out in the PIDG Remuneration Framework are reviewed at least every three years.

As Non-Executives, neither the Board nor Committee members participate in bonus schemes with the Company, nor are their appointments pensionable.

Travel and other reimbursable expenses incurred by Directors and Committee members are reimbursed in line with PIDG's Travel and Expense Reimbursement Policy and Procedures, which are available at www.pidg.org.

The CEO and other members of the Executive team do not receive remuneration for being a Director of a PIDG company or for being a Committee member.

Each Director and Committee member has entered into the standard service contract approved for all Directors and Committee members (and other Directors within PIDG). These are available to view at the Company's registered office.

The current fixed fees payable to Directors and Committee members of the Company are set out below. The maximum annual fees payable to the individual Company Directors are provided in a separate table below. All fees are subject to an annual cap of £35,000. A revised fee structure has been adopted for 2022.

Remuneration policy for Directors and Committee members

Primary role	Annual fee
Chair of the Board	£35,000
Non-Executive Director	£22,000 plus £nil for a second position plus £6,000 for each position thereafter
Chair of Committee	£18,000 plus £nil for a second position plus £6,000 for each position thereafter
Committee member	£12,500 plus £6,000 for each position thereafter

Individual Company Director fees received in the year

Director	**Company fee** (total amount received from PIDG companies, including the Company, in brackets)
Andrew Bainbridge	£35,000 (£35,000) excluding ICF Debt Pool LLP
Johan Bastin	£22,736 (£22,736)
Patrick Crawford	£22,500 (£35,000)
Rachel English	£15,682 (£15,682)
Yukiko Omura	£16,099 (£28,599)
Tania Songini	£21,172 (£33,672)
John Walker	£9,895 (£22,395)

Employees

The Company's policy on employment is one of equal opportunity in the recruitment, training, career development and promotion of employees. Formal employee appraisals and information discussions are held throughout the year. To seek the views and opinions of employees, an employee engagement survey was conducted during the year. The results of this were reviewed by the Nomination Committee and an action plan will be developed to respond to the findings to continue to improve the working environment.

The Executive team is responsible for keeping employees up to date with developments and the performance of the business, which is achieved through regular scheduled meetings. We also continue to hold the fortnightly Townhalls we put in place to respond to the home working requirements set by governments. The Townhalls help ensure employees are kept up to date and feel engaged. The day-to-day management of the Company is led by the CEO and the Executive team, whose members are not Directors of the Company.

The remuneration of the Company's employees is determined by the PIDG Remuneration Framework. A revised framework is currently being reviewed by our members. There are nine permanent members of staff who are part of the Executive team and all are remunerated with an annual salary of up to £185,000. In addition, each permanent Executive team member is eligible for a discretionary bonus of up to 10% of their base pay, a 7.5% defined contribution pension[1] (with the employee paying in at least a further 1.5%), business travel insurance, private health insurance and life insurance.

The Executive pay bands exclude the CEO whose services are provided under a service contract between the PIDG Trust and InfraLinx Sàrl. Fees payable under this service contract are up to £250,000 per annum with an operational allowance of up £24,000. The contract also allows for a discretionary element payable of up to 10% of this fee, subject to a performance evaluation by the Board. Neither the CEO nor InfraLinx Sàrl receive any additional fees or benefits from either the Trust or the Company in relation to these services, aside from reimbursement of sundry business expenses.

[1] Two Executive team members have opted-out of the pension scheme and receive 7.5% of their base pay less the employers' national insurance contribution charge. This amount does not form part of their base salary and is therefore not subject to bonus.

Directors' Report

The Directors present the Directors' report and the audited financial statements for the year ended 31 December 2021.

Directors

Details of the Directors for the year ended 31 December 2021 are set out on pages 16 to 19 of this report. A further independent Non-Executive Director, Rachel Kyte, was appointed on 1 January 2022.

Company Secretary

The Company Secretary is Michelle Hill (appointed on 15 July 2019).

Business review and future developments

A review of the Company's operations and performance during the financial year, significant changes during the year and the principal risks to which the Company is exposed is provided within the *Business Review* section of this report. The Directors have considered s.172 of the Companies Act 2006 and are aware of their wider responsibilities not only to the Company and its shareholders but also to a wider group of stakeholders.

Risk management

PIDG has procedures in place to identify, monitor and evaluate the significant risks it faces. The Company's risk management processes are outlined in more detail in the *Governance and internal controls* section of this report.

Share capital

At 31 December 2021, the issued share capital of the Company was £1.00. This comprised one ordinary share held by the PIDG Trust which was issued in 2018.

Results and dividends

The results for the year are set out in the Income statement on page 55. The Company did not declare any dividends for the year ended 31 December 2021 (2020: £nil).

Political donations

The Company did not make any political donations in the year ended 31 December 2021 (2020: £nil).

Directors' indemnities

The Directors have the benefit of a qualifying third-party indemnity provision (as defined in section 234 of the Companies Act 2006). The Company also maintains Directors' and Officers' liability insurance in respect of itself, its Directors and Committee members.

Directors' conflicts

The Board has a well-established process to authorise conflicts or potential conflicts in line with the Articles of Association. On appointment, a Director is required to declare their interests and these are approved by the Board as appropriate. At each meeting, the Directors are required to declare any potential new interests for the Board's consideration. The Board periodically reviews conflict authorisations to determine whether the authorisation given should continue, be added to, or be revoked.

Employment

The Company aims to attract and develop staff with a performance management process that includes an annual appraisal. Outputs from this appraisal process are used to inform decisions on remuneration, career development and progression.

Greenhouse gas emissions

The Company's office is a multi-occupied building, so the Company has limited ability to manage the greenhouse gas emissions of the building; however, the building is energy-efficient (BREEAM Excellent rated) and the Company operates a recycling policy. The Company also tries to minimise the number of flights its employees and Directors take as far as is practical through the use of video conferencing facilities. Where air travel is necessary, PIDG staff aim to combine trips to reduce overall time spent flying.

Greenhouse gas emissions *continued*

Employee travel remained at low levels in 2021 due to the travel restrictions in place as a result of COVID-19. The Group is using the learnings from this changed environment to amend its working practices.

Code of Conduct

PIDG is committed to maintaining high ethical standards – adhering to laws and regulations, conducting business in a responsible way, and treating all stakeholders with honesty and integrity. These principles are further reflected in PIDG's Code of Conduct, which sets out the standards expected of all employees. Under their terms and conditions of employment, staff are required to act at all times with the highest standards of business conduct in order to protect PIDG's reputation and ensure a culture which is free from any risk of fraud, corruption, or conflicts of interest.

Staff are also required to comply with all Company policies, which require employees to:

- Abide by all relevant laws and regulations.
- Act with integrity in all their business actions on behalf of PIDG.
- Not use their authority or office for personal gain.
- Conduct business relationships in a transparent manner.
- Reject all improper practices or dealings to which they may be exposed.

Going concern

The Directors have reviewed the Group's forecasts and projections which have been prepared to 30 March 2023. The Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing these financial statements. Further detail on the basis it has formed this view is set out in note 3.

Small company exemption

In preparing this report, the Directors have taken advantage of the small company exemptions provided by s.415A of the Companies Act 2006.

The Company has prepared consolidated accounts for the Group but not for PIDG. The Company has been delegated the authority to manage and control the PIDG companies by its Parent entity, the PIDG Trust. However, any variable returns such as dividends payable by PIDG companies accrue to the PIDG Trust and not to the Company, hence the Company is not eligible under IFRS to prepare PIDG consolidated accounts.

Post balance sheet events

Rachel Kyte, our HSES Committee Chair, was appointed to the Board as an independent Non-Executive Director on 1 January 2022. Dianne Rudo, our Risk Committee Chair, resigned on 28 February 2022.

The Group does not anticipate returning to pre-COVID levels of travel and will be adopting a hybrid working model in 2022 which reflects the change to our operational practices arising from COVID-19 and our employee's request to continue hybrid working practices post-pandemic.

The ongoing invasion of Ukraine by Russia , which started on 24 February 2022, is causing a rise in commodity and food prices and could adversely impact macroeconomic fundamentals for select countries, impact individual livelihoods as inflation rises, and potentially affect the commercial viability of PIDG projects as input costs increase.

The Directors will continue to work with senior management to closely monitor these emerging risks and assess the impact on operations, PIDG projects and its performance targets in the short and long-term.

It is not anticipated that this will have any direct impact on the Company's costs or its revenue which is protected by its service level agreements with the PIDG companies and therefore this is a non-adjusting event.

Directors' disclosure of information to the external Auditor

All Directors have taken all the appropriate steps to ensure that so far as they are aware, there is no relevant audit information of which the Group's Auditor is unaware and the Directors have taken all the steps that he or she ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

BDO LLP has expressed its willingness to continue in office as Auditor.

This report was approved by the Board of Directors and signed on its behalf by:

Andrew Bainbridge
Chair of the Board
31 March 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group's financial statements in accordance with the Companies Act. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Assess the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- The *Business Review* on page 1 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks that it faces.

This statement was approved by the Board of Directors and signed on its behalf by:

Andrew Bainbridge
Chair of the Board
31 March 2022

Independent Auditor’s Report to the members of The Private Infrastructure Development Group Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 December 2021 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Private Infrastructure Development Group Limited (the ‘Parent Company’) and its subsidiaries (the ‘Group’) for the year ended 31 December 2021 which comprise the Consolidated Income Statement and Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in equity, the Consolidated Cash Flow Statement, the Company Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group’s and

Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year 31 December 2021 for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management and the Audit Committee;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Peter Smith
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Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
31 March 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement for the year ended 31 December 2021

	Notes	2021 Group £	2020 Group £
Revenue	4	7,035,973	6,137,590
Other income	5	111,386	110,155
Operating costs	6	(6,306,095)	(5,417,397)
Finance income	8	13	115
Finance expense	8	(20,783)	(29,374)
Profit before tax		**820,494**	**801,089**
Taxation	9	(179,226)	(168,549)
Profit on ordinary activities after taxation		**641,268**	**632,540**

Consolidated statement of comprehensive income for the year ended 31 December 2021

	Notes	2021 Group £	2020 Group £
Profit on ordinary activities after taxation		641,268	632,540
Other comprehensive income		-	-
Total comprehensive income for the year		**641,268**	**632,540**

The Company has taken advantage of section 408 of Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The Company's total comprehensive income for the year was £709,016 (2020: £632,540).

The amounts above all relate to continuing operations.

Consolidated and company statement of financial position as at December 2021

	Notes	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Assets					
Property, plant and equipment	10	306,001	306,001	387,847	387,847
Other receivables	12	158,099	158,099	159,943	159,943
Right of use (ROU) assets	19	207,659	207,659	375,343	375,343
Investment in subsidiary	1	-	6	-	-
Total non-current assets		**671,759**	**671,765**	**923,133**	**923,133**
Cash and cash equivalents	11	2,111,057	2,111,057	1,240,479	1,240,479
Trade and other receivables	12	1,412,652	1,412,652	968,247	968,247
Total current assets		**3,523,709**	**3,523,709**	**2,208,726**	**2,208,726**
Total assets		**4,195,468**	**4,195,474**	**3,131,859**	**3,131,859**
Equity and liabilities					
Share capital	14	1	1	1	1
Retained earnings		2,094,526	2,162,274	1,453,258	1,453,258
Total equity		**2,094,527**	**2,162,275**	**1,453,259**	**1,453,259**
Trade and other payables	13	1,785,450	1,717,708	1,153,913	1,153,913
Total current liabilities		**1,785,450**	**1,717,708**	**1,153,913**	**1,153,913**
Trade and other payables	13	53,750	53,750	55,891	55,891
Lease liabilities	13	261,741	261,741	468,796	468,796
Total non-current liabilities		**315,491**	**315,491**	**524,687**	**524,687**
Total equity and liabilities		**4,195,468**	**4,195,474**	**3,131,859**	**3,131,859**

Approved by the Board on 31 March 2021.

Andrew Bainbridge
Chair

The notes on pages 60 to 83 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2021

	Notes	Share capital Group £	Retained earnings Group £	Total Group £
Balance as at 31 December 2019		1	820,718	820,719
Total comprehensive income for 2020		-	632,540	632,540
Balance as at 31 December 2020		1	1,453,258	1,453,259
Total comprehensive income for the period		-	641,268	641,268
Balance as at 31 December 2021		**1**	**2,094,526**	**2,094,527**

Company statement of changes in equity for the year ended 31 December 2021

	Notes	Share capital Company £	Retained earnings Company £	Total Company £
Balance as at 31 December 2019		1	820,718	820,719
Total comprehensive income for 2020		-	632,540	632,540
Balance as at 31 December 2020		1	1,453,258	1,453,259
Total comprehensive income for the period		-	709,016	709,016
Balance as at 31 December 2021		**1**	**2,162,274**	**2,162,275**

The notes on pages 60 to 83 form part of these financial statements.

Consolidated cash flow statement for the year ended 31 December 2021

	Notes	2021 Group £	2020 Group £
Operating activities			
Profit before taxation		820,494	801,089
Adjustments for:			
Depreciation	10	122,075	123,763
Interest received	8	(13)	(115)
Interest paid	8	20,783	29,374
Depreciation of ROU assets recognised	19	167,684	169,213
Operating cash flows before movement in working capital		**1,131,023**	**1,123,324**
(Increase) in trade and other receivables		(442,561)	(627,434)
Increase in trade and other payables		422,341	387,218
Cash generated from operations		**1,110,803**	**883,108**
Corporation tax		(179,226)	(168,549)
Net cash generated from operating activities		**931,577**	**714,559**
Investing activities			
Acquisition of property, plant and equipment	10	(40,229)	(48,715)
ROU assets recognised	19	-	(46,464)
Net cash generated from investing activities		**(40,229)**	**(95,179)**
Financing activities			
Interest received	8	13	115
Interest paid	8	(20,783)	(29,374)
Net cash generated from financing activities		**(20,770)**	**(29,259)**
Net increase in cash and cash equivalents		**870,578**	**590,121**
Cash and cash equivalents at the beginning of the period		1,240,479	650,358
Cash and cash equivalents at end of the period	**11**	**2,111,057**	**1,240,479**

The notes on pages 60 to 83 form part of these financial statements.

Company cash flow statement for the year ended 31 December 2021

	Notes	2021 Company £	2020 Company £
Operating activities			
Profit before taxation		888,242	801,089
Adjustments for:			
Depreciation	10	122,075	123,763
Interest received	8	(13)	(115)
Interest paid	8	20,676	29,374
Depreciation of ROU assets recognised	19	167,684	169,213
Operating cash flows before movement in working capital		**1,198,664**	**1,123,324**
(Increase) in trade and other receivables		(442,561)	(627,434)
Increase in trade and other payables		354,599	387,218
Cash generated from operations		**1,110,702**	**883,108**
Corporation tax		(179,226)	(168,549)
Net cash generated from operating activities		**931,476**	**714,559**
Investing activities			
Acquisition of property, plant and equipment	10	(40,229)	(48,715)
ROU assets recognised	19	-	(46,464)
Investment in subsidiary	1	(6)	-
Net cash generated from investing activities		**(40,235)**	**(95,179)**
Financing activities			
Interest received	8	13	115
Interest paid	8	(20,676)	(29,374)
Net cash generated from financing activities		**(20,663)**	**(29,259)**
Net increase in cash and cash equivalents		**870,578**	**590,121**
Cash and cash equivalents at the beginning of the period		1,240,479	650,358
Cash and cash equivalents at end of the period	**11**	**2,111,057**	**1,240,479**

The notes on pages 60 to 83 form part of these financial statements.

1. General information

'The Private Infrastructure Development Group Limited' (the Company) is incorporated and domiciled in the UK. The registered office is 6 Bevis Marks, London EC3A 7BA, United Kingdom.

The financial results of the Company include the overseas branch, 'The Private Infrastructure Development Group Limited (Singapore Branch)', which was established on 07 January 2020 and has a registered office at Cross Street, #23-04/05, Manulife Tower, Singapore.

On 28 January 2021, an overseas subsidiary was established, called 'The Private Infrastructure Development Group (Kenya) Limited' (the Kenyan Subsidiary) whose registered office is 4th Floor, 9 Riverside, Westlands District, Nairobi, P.O. Box 736, Sarit Centre – 00606.

The Kenyan Subsidiary is 100% owned and controlled by the Company via a share issue of £6 (KES1,000) and invested in for operational rather than investment purposes. It is therefore consolidated into the Group accounts. Transactions between the Company and its subsidiary are eliminated in the Group accounts and investments are held on a historical cost basis.

The purpose of the branch and the subsidiary is to provide local staff to oversee the Group's projects based in Asia and Africa respectively. As required by local law, each entity will submit their own local statutory accounts.

The nature of the Group's operations and principal activities is detailed in the *Business Review* section of this report.

2. Standards issued but not yet effective

There are no new standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 December 2021.

All new and amended standards and interpretations issued by the IASB that apply for the first time in the financial statements for the year ended 31 December 2021 are not expected to impact the Group. This is because they are either not relevant to the Group's activities or require accounting which is inconsistent with the Group's current accounting policies. These are listed below.

New Accounting Standards, Auditing Standards and Other Financial Reporting Developments	Effective for periods beginning on or after
Amendments to IFRS 16: *COVID-19-Related Rent Concessions beyond 30 June 2021*	30 June 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest Rate Benchmark Reform – IBOR 'phase 2'*	01 January 2021
Listing Rule 9.8.6R(8): *Task Force on Climate-related Financial Disclosures*	01 January 2021

2. Standards issued but not yet effective *continued*

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The following are either not relevant to the Group's operations or are currently under assessment for their applicability to the Group's operations:

New Accounting Standards, Auditing Standards and Other Financial Reporting Developments	Effective for periods beginning on or after
Amendments to IAS 37: *Onerous Contracts – Cost of Fulfilling a Contract*	01 January 2022
Amendments to IAS 16: *Property, Plant and Equipment: Proceeds before Intended Use*	01 January 2022

3. Accounting policies

Basis of preparation
These financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with International Financial Reporting Standards, International Accounting Standards and interpretations (collectively IFRS).

The functional and presentational currency of the Group is Great British Pounds Sterling (GBP, £).

The accounting policies set out below have been applied consistently throughout the year presented in these financial statements.

Revenue
The Group's primary revenue source is a recharge of all of its services, in addition to a transfer pricing margin on top of these services, in line with the terms of the SLAs that are in place between the Group and the PIDG Trust and other PIDG companies. Invoices are raised quarterly based on budget with a true-up for the year's actual costs incurred at year end. Revenue is recognised at the point at which services are provided by the Group.

Going concern
The financial statements have been prepared on a going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future. The Directors have prepared high level financial projections for three years to 31 December 2024 and detailed cashflows to 31 March 2023. These projections have been prepared using assumptions which the Directors consider to be appropriate to the current financial position of the Group with reference to current expected revenues and its cost base. In addition, the Directors have considered the PIDG members' commitments to funding the agreed 2022 Group budget. They have also considered the availability of funding for future years through funding 'letters of arrangement' with the PIDG members, administrative cash balances available to the PIDG Trust that the Group can access, and the SLAs with the PIDG companies (who have sufficient funding for this) that allow for recovery of the Group's costs in future periods.

3. Accounting policies *continued*

Going concern continued
PIDG Ltd also entered an intra-group loan agreement to provide the Company with a Revolving Credit Facility Agreement for up to US$5 million in 2019 which remains undrawn. See note 21 for further information.

The Directors therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

Foreign currency
Foreign currency transactions are translated at the rates prevailing when they occurred. Any differences are taken to the income statement. At each reporting date, monetary assets and liabilities denominated in a foreign currency are translated at the rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the rate prevailing at the date of transaction.

Operating leases
Operating lease payments, net of lease incentives, are recognised as an expense in the income statement on a straight-line basis over the lease term, where IFRS 16 does not apply.

Operating lease receipts, net of lease incentives, are recognised as other income in the income statement on a straight-line basis over the lease term. See *Key accounting judgements and estimates* on page 64 for further information on lease incentives.

Pensions
Pension contributions made to the defined contribution scheme used by the Group are charged to the income statement as they become payable.

Taxation
Current tax is based on taxable profits for the year, after all potential reliefs available have been utilised. Taxable profits differ from profit before tax, as reported in the income statement because it excludes items that are taxable or deductible in other periods. The Group's liability for current tax is calculated using the prevailing tax rates as at the statement of financial position date.

Deferred tax is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised to the extent that their recoverability is certain.

3. Accounting policies *continued*

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property plant and equipment is provided on a straight-line basis over the estimated useful lives shown below:

- Leasehold improvements - life of the lease (maximum 10 years);
- Fixtures, fittings and equipment - 5 years; and
- Information technology (IT) equipment - 3 years.

Intangible assets
Intangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on intangible assets is provided on a straight-line basis over the estimated useful lives shown below:

- Information technology (IT) software - 3 years.

This has been disclosed within the property plant and equipment table shown in Note 10.

Impairment of non-financial assets
The Group's non-financial assets have a finite useful life and are subject to depreciation. They are also subject to impairment testing when events or changes in circumstances indicate that their carrying amount may not be recoverable. When the carrying value of an asset exceeds its recoverable amount, an impairment loss is recognised for the difference.

Impairment charges are included in the income statement except to the extent they reverse gains previously recognised in other comprehensive income.

Financial instruments
Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. Financial instruments include:

<u>Cash and cash equivalents</u>
Cash and cash equivalents are comprised of cash at banks and demand deposits.

<u>Trade and other payables</u>
Trade and other payables are initially recognised at cost and subsequently remeasured at amortised cost using the effective interest rate method. Accruals are based on the latest information as at the date of preparing the accounts and therefore require a degree of estimation.

3. Accounting policies *continued*

Financial instruments continued

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for expected credit losses. These are assets with fixed or determinable payments.

The majority of trade receivables represent amounts charged to PIDG Trust and PIDG companies for the Group's services delivered under SLAs.

The Group applies the *IFRS 9 Simplified Approach* to assess expected credit losses on these assets using a lifetime expected credit loss provision for trade and other receivables. To measure expected credit losses on a collective basis, trade and other receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical experience, adjusted for current and forward-looking information on factors that may affect these balances.

Key accounting judgements and estimates

The preparation of financial statements in compliance with IFRS requires the Group's Directors to make certain critical accounting estimates and exercise judgements, as well as making assumptions regarding the future. The estimates and assumptions exercised in preparing these financial statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Bonus provision

The 2021 bonus provision for the Group's staff has been estimated based on advice from the CEO. The maximum discretionary bonus for employees is currently set at 10% per annum but the Group's remuneration framework is currently under review by its members. The bonus provision for 2021 will be further refined as part of the Group's performance review process that is due to complete in April 2022.

Lease incentives

The Company holds a lease for office space. The lease allowed for an initial 6-month rent-free period followed by a further 12 months at 50% reduced rent. Subsequently, a second rent-free period of 10 months will be effective if the company does not break the lease in February 2023. It is uncertain whether the company will or will not exercise this option to break the lease in February 2023, given the new hybrid working model following the COVID-19 pandemic and planned increase in headcount across PIDG, therefore the present value has been calculated up to this date.

3. Accounting policies *continued*

Key accounting judgements and estimates continued

Impairment of financial assets: expected credit loss

The Group applies the IFRS 9 Simplified Approach to measuring expected credit losses for cash balances and trade receivables. The Group's cash balances are held with Barclays Bank plc, which has an investment grade rating of A+ (Fitch). The Group has considered the expected credit loss on trade receivables with related parties on a collective basis as they have a similar credit risk and ageing. The expected loss rates for trade receivables are based on the financial strength of the ultimate Parent entity (the PIDG Trust) and its members, the levels of current and forecast liquidity of the other PIDG companies and their payment history.

Other financial assets include recharges due from other PIDG companies and a rental deposit paid with respect to 10th Floor, 6 Bevis Marks, London EC3A 7BA. The expected credit loss on these balances has been assessed as £nil (2020: £nil).

Service level agreements (SLAs)

For the year ended 31 December 2021, the Group recharged out its costs to the PIDG Trust and the other PIDG companies.

Transfer pricing (TP) margin

An arms-length transfer pricing margin is added to charges stemming from SLAs with group companies. During the financial year under review, the average TP Margin was 16% (2020: 17%).

Leases (IFRS 16)

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures by exercising the modified retrospective approach.

When identifying a lease, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time, in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. Under IFRS 16 all identified leases are brought onto the balance sheet and this is accounted for by recognising a right of use (ROU) asset and a lease liability except for leases of low value assets and leases with a duration of 12 months or less.

Lease liabilities and right of use (ROU) assets are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate, other variable lease payments are expensed in the period to which they relate.

3. Accounting policies *continued*

Leases (IFRS 16) continued

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. ROU assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

For the year ended 31 December 2021, the Group did not identify any new contracts that should be classified as ROU assets.

The discount factor used for IFRS 16 purposes has been set at 3% above the 1-month USD LIBOR interest rate, as varied from time to time based on the inter-group Revolving Credit Facility Agreement PIDG Ltd has with GuarantCo Ltd, as detailed in note 21.

The breakdown of amounts recognised are shown in further detail in note 19.

4. Revenue

Analysis of revenue of type of service:

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Recharges to PIDG Trust and PIDG companies	5,941,396	5,941,396	5,159,598	5,159,598
Transfer pricing margin	1,094,577	1,084,424	977,992	977,992
	7,035,973	**7,025,820**	**6,137,590**	**6,137,590**

Analysis of revenue by location of customers:

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
UK	1,669,920	1,669,920	1,388,722	1,388,722
Mauritius	3,780,542	3,770,389	3,386,871	3,386,871
Singapore	1,585,511	1,585,511	1,361,997	1,361,997
	7,035,973	**7,025,820**	**6,137,590**	**6,137,590**

5. Other income

Other income of £111,386 (2020: £110,155) relates to rental income for the shared office space at 10th floor, 6 Bevis Marks, London EC3A 7BA charged to other PIDG companies

	2021 Group £	**2020 Group £**
EAIF	3,663	3,623
InfraCo Africa Limited	107,723	106,532
	111,386	**110,155**

6. Operating costs

	2021 Group £	**2020 Group £**
Staff costs (note 7)	4,183,495	3,204,313
Premises costs	190,764	178,569
Professional fees and contractors	1,070,960	1,323,294
Travel and subsistence costs	60,897	48,871
Information technology	170,542	148,741
Marketing and communications	80,538	40,676
Development impact studies	61,938	70,266
Depreciation (note 10)	122,075	123,763
ROU depreciation (note 19)	167,684	169,213
Foreign currency exchange (gains) / losses	(10,786)	37,061
Charges incurred on behalf of the PIDG Trust	172,153	-
Other	35,835	72,630
	6,306,095	**5,417,397**

The operating costs in the year for the Company was £6,228,301 (2020: £5,417,397). Included within professional fees is the external Auditor’s remuneration, an analysis of which is below:

	2021 £	**2020 £**
Audit of the Company's accounts	16,500	16,000
Co-ordination of the Group audit	15,500	15,000
Review of PIDG's Annual Review	5,600	5,400
	37,600	**36,400**

7. Staff costs

Staff costs (including temporary staff, Board and Committee members) comprise:

	2021 Group £	2020 Group £
Salaries (including bonuses)	3,302,272	2,612,634
National insurance	376,052	290,016
Other employee benefits	83,035	73,563
Pension costs	175,595	123,716
Other personnel costs	246,541	104,384
	4,183,495	**3,204,313**

Other personnel costs include recruitment fees and staff training.

Pensions
The Group contributes 7.5% to defined contribution schemes and the assets of these schemes are held separately from those of the Group in independently administered schemes. The pension costs represent contributions payable by the Group to these schemes. Contributions totalling £2,326 (2020: £1,853) were payable to the funds at the year-end are included in trade and other payables.

Directors and key management personnel
Key management personnel are defined as members of the Board, PIDG Committees and the Executive team. The total remuneration package of key management personnel during the period was £1,625,202 (2020: £1,648,059).

Remuneration of the Board and PIDG Committee members is analysed in the Governance Report section of this report.

Employees
The average number of people (including temporary staff, Board and Committee members (but excluding contractors employed during the year) was 53 (2020: 46).

	2021 No.	2020 No.
PIDG Board and Committee members	19	20
Support - Finance, Human Resources, Operations, Legal	18	13
Development Impact	5	5
Investor Relations including Communications	5	4
Risk, Health and Safety	6	4
	53	**46**

7. Staff costs *continued*

Employees continued
The table above is based on using headcount rather than full time equivalent values and includes two staff members who are employed by PIDG (Kenya) Limited and one member employed by PIDG Ltd (Singapore) branch. As the Group's operations include providing shared services to other PIDG companies, an average of 7 staff (2020: 5) are fully recharged to other PIDG companies, and there is an average of 1 person (2020: 1) fully recharged to PIDG Ltd from other PIDG companies.

8. Finance income and expense

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Finance income:				
Interest received from banks	**13**	**13**	**115**	**115**
Finance expense:				
Bank charges	4,617	4,510	3,855	3,855
Credit card fees	64	64	86	86
Interest on ROU liability (note 19)	16,102	16,102	25,433	25,433
	20,783	**20,676**	**29,374**	**29,374**

9. Taxation

	2021 Group £	2020 Group £
Current tax		
Current period (note 13)	181,365	159,535
Adjustment to prior period	-	191
Deferred tax		
Current period	(14,689)	(12,304)
Adjustment to prior period	(352)	21,127
Adjustment due to change in tax rate	12,902	-
Taxation	**179,226**	**168,549**

9. Taxation *continued*

	2021 Group £	2020 Group £
Profit on activities before corporation tax	820,494	801,089
Tax at the standard rate of corporation tax (19%)	155,894	152,207
Effects of:		
Expenses not deductible for tax	23,684	(4,976)
Adjustment to prior year	(352)	21,318
	179,226	**168,549**

The loss before tax in the year for the Kenyan Subsidiary is £67,748, therefore the corporation tax charge for the year in this subsidiary is £nil.

Deferred tax

	Temporary differences Group £
Opening	
Charge through the income statement	55,891
As at 31 December 2020	**55,891**
Current period	(14,689)
Adjustment to prior period	(352)
Adjustment due to change in tax rate	12,900
As at 31 December 2021 (note 13)	**53,750**

10. Property, plant and equipment

	Leasehold improvement Group £	IT equipment & software Group £	Fixtures, fittings & equipment Group £	Total Group £
Cost				
As at 1 January 2021	258,431	306,798	106,443	671,672
Additions	-	40,229	-	40,229
As at 31 December 2021	**258,431**	**347,027**	**106,443**	**711,901**
Accumulated depreciation				
As at 1 January 2021	(68,915)	(161,563)	(53,347)	(283,825)
Depreciation charge for the year	(25,843)	(74,943)	(21,289)	(122,075)
As at 31 December 2021	**(94,758)**	**(236,506)**	**(74,636)**	**(405,900)**
Net book value				
As at 31 December 2020	189,516	145,235	53,096	387,847
As at 31 December 2021	**163,673**	**110,521**	**31,807**	**306,001**

There are no assets held by the Kenyan Subsidiary as at 31 December 2021.

11. Cash and cash equivalents

	2021 Group £	2020 Group £
Cash at bank		
Pounds Sterling (GBP £)	1,808,061	1,092,006
Euros (EUR €)	132	826
United States Dollars (USD $)	302,864	147,647
	2,111,057	**1,240,479**

The Singapore branch and Kenyan Subsidiary do not have their own bank accounts.

12. Trade and other receivables

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Due within one year				
Trade receivables	1,322,600	1,322,600	825,609	825,609
Prepayments and accrued income	73,817	73,817	111,662	111,662
Lease asset	16,235	16,235	30,976	30,976
	1,412,652	**1,412,652**	**968,247**	**968,247**
Due after more than one year				
Rental deposit	158,099	158,099	158,099	158,099
Other receivables	-	-	1,844	1,844
	158,099	**158,099**	**159,943**	**159,943**
	1,570,751	**1,570,751**	**1,128,190**	**1,128,190**

The rental deposit was paid to GuarantCo Management Company Limited (GMC) - the fund manager of GuarantCo Ltd - for office space at 10th Floor, 6 Bevis Marks, London EC3A 7BA. See note 16 for further information.

The lifetime expected loss provision for trade receivables is £nil as noted below. The majority of trade receivables arise from SLA fees due from other PIDG companies.

	Past due				
	0 - 30 days	**31 - 60 days**	**61 - 90 days**	**Over 91 days**	**Total**
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	796,839	280,513	-	245,248	1,322,600
Loss provision	-	-	-	-	-

Receivables over 91 days relate to intercompany balances and given the surplus cash in these entities, this amount has not been impaired.

13. Trade and other payables

	2021 Group £	2021 Company £	2020 Group £	2020 Company £
Due within one year				
Trade payables	450,449	450,449	126,592	126,592
Other payables	183,984	118,459	48,334	48,334
Accruals and deferred income	776,593	774,376	611,944	611,944
VAT and social security	193,059	193,059	207,508	207,508
Corporation tax (note 9)	181,365	181,365	159,535	159,535
	1,785,450	**1,717,708**	**1,153,913**	**1,153,913**
Due after more than one year				
Lease liability	261,741	261,741	468,796	468,796
Deferred tax (note 9)	53,750	53,750	55,891	55,891
	315,491	**315,491**	**524,687**	**524,687**
	2,100,941	**2,033,199**	**1,678,600**	**1,678,600**

The average trade creditors days for the year ended 31 December 2021 was 23 (2020: 14).

14. Share capital

	2021 Group No.	2021 Group £	2020 Group No.	2020 Group £
Authorised, issued and fully paid				
1 ordinary share at £1	1	1	1	1
	1	**1**	**1**	**1**

The Kenyan Subsidiary is 100% owned and controlled by the Company via a share issue of £6 (KES1,000).

15. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Retained earnings	Net gains and losses and transactions with shareholders not recognised elsewhere.

16. Operating leases

As at the end of the reporting period the Group had future minimum payments under non-cancellable operating leases as set out below:

	2021 Group £	2020 Group £
Within one year	297,341	297,341
Between two and five years	30,141	327,482
	327,482	**624,823**

Operating lease payments are for PIDG Ltd's material sub-lease agreement with GMC for the office space at 10th Floor, 6 Bevis Marks, London EC3A 7BA. The lease end date is 4 February 2028 with the option to break the lease in February 2023. The terms of the lease included a rent-free period of six months followed by a further twelve months at reduced rent. Rental payments for the period ended 31 December 2021 were £297,341 (2020: £297,666).

A portion of the lease costs are recharged to two PIDG companies who share the PIDG Ltd's office, The Emerging Africa Infrastructure Fund Limited and InfraCo Africa Ltd. The Group expects the following receipts:

	EAIF £	InfraCo Africa Ltd £	Total £
Within one year	4,013	118,023	122,036
Between two and five years	407	11,963	12,370
	4,420	**129,986**	**134,406**

The Group has extended the same lease incentives and break clause it enjoys through its sub-lease agreement with InfraCo Africa Ltd.

17. Financial risk management

Management continually monitors the Group's risk exposure and ensures that there are appropriate systems of controls in place to create an acceptable balance between the potential cost to the Group should a risk occur and the cost of managing those risks. This section provides details of the Group's exposure to financial risks and describes the methods used by management to control such a risk.

Credit risk
Credit risk is the potential financial loss resulting from the failure of a counterparty to settle its financial and contractual obligations to the Group as and when they fall due. The Group's maximum exposure to credit risk is represented by the carrying value of its financial assets.

The Group's primary exposure to credit risk relates to its cash and cash equivalents with Barclays Bank, a regulated financial institution. The Group is also exposed to credit risk on trade receivables, representing SLA fees due from other PIDG companies. An analysis of the ageing of these is provided in note 12. These relate to intercompany balances and there has been no significant credit risk increase over the period.

Foreign exchange risk
Foreign exchange risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. A significant amount of the Group's income is denominated in US dollars and the Group also holds cash in both US dollars and Euros, as well as Pounds Sterling. The Group's principal foreign exchange risk arises from the income received in these currencies, whilst most of its operating costs are incurred in Pounds Sterling.

The approach to managing this risk adopted by the Group for the year ended 31 December 2021 has been to convert any foreign currency receipts to Pound Sterling to match its Pound Sterling outgoings as and when it is practical to do so, else to hold them in the foreign currency received where there are known matching obligations in that currency.

The Group's exposure to foreign currency risk as at 31 December 2021 was:

	2021		**2020**	
	EUR/GBP Group £	**USD/GBP Group £**	**EUR/GBP Group £**	**USD/GBP Group £**
Assets				
Cash and cash equivalents	132	302,864	826	147,647
	132	**302,864**	**826**	**147,647**
Liabilities				
Trade and other payables	(19,443)	(113,703)	(18,084)	(49,306)
	(19,443)	**(113,703)**	**(18,084)**	**(49,306)**
Net exposure	**(19,311)**	**189,161**	**(17,258)**	**98,341**

17. Financial risk management *continued*

Foreign exchange risk continued
The estimated impact on the Group's post-tax profit and net assets caused by a 5% variance in the exchange rate used to measure assets and liabilities held in foreign currencies is not deemed to be material, assuming all other variables are held constant.

Liquidity risk
Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they fall due or will have to do so at cost. The Group monitors its liquidity risk regularly using cash flow forecasts.

The Group considers its share capital and retained earnings to be its total capital. This is shown in the statement of changes in equity. The Group currently has no borrowings.

As at 31 December 2021 the Group had cash and cash equivalents of £2,111,057 (2020: £1,240,479) with a further £1,412,652 (2020: £968,247) in current assets. This is £1,738,259 (2020: £1,054,813) in excess of current trade and other payables.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group is exposed to minimal interest rate risk on its cash balances.

Fair value of financial instruments
Financial instruments are defined in note 3. The Group considers the following to be its principal financial instruments, from which financial instrument risk arises:

- Cash and cash equivalents;
- Trade and other receivables, excluding prepayments; and
- Trade and other payables, excluding corporation tax.

The Directors consider there to be no difference between the carrying value of the Group's financial assets and liabilities and their fair value due to their short-term nature.

At the reporting date, the Group held the following financial assets and liabilities, itemised by category:

17. Financial risk management *continued*

Fair value of financial instruments continued

	2021		2020	
	Financial assets held at amortised cost Group £	Financial liabilities at amortised cost Group £	Financial assets held at amortised cost Group £	Financial liabilities at amortised cost Group £
Financial assets				
Cash and cash equivalents	2,111,057	-	1,240,479	-
Trade and other receivables	1,496,935	-	1,048,521	-
Total financial assets	**3,607,992**	**-**	**2,289,000**	**-**
Financial liabilities				
Trade and other payables	-	1,865,826	-	1,463,174
Total financial liabilities	**-**	**1,865,826**	**-**	**1,463,174**

	2021		2020	
	Financial assets held at amortised cost Company £	Financial liabilities at amortised cost Company £	Financial assets held at amortised cost Company £	Financial liabilities at amortised cost Company £
Financial assets				
Cash and cash equivalents	2,111,057	-	1,240,479	-
Trade and other receivables	1,496,935	-	1,048,521	-
Total financial assets	**3,607,992**	**-**	**2,289,000**	**-**
Financial liabilities				
Trade and other payables	-	1,798,078	-	1,463,174
Total financial liabilities	**-**	**1,798,078**	**-**	**1,463,174**

18. Related party transactions

The Board considers the following to be related party transactions:

- Transactions and balances between the Group, the Trust and other PIDG companies.
- Transactions and balances with entities controlled by the Group's key management personnel.

Notes 23 and 24 provide further details of these related parties.

During the year the Group provided services of £7,147,359 to related parties (2020: £6,247,745). The amounts relating to this within revenue and other income were:

	2021 Group £	2020 Group £
The Emerging Africa Infrastructure Fund Limited	1,657,460	1,430,323
GuarantCo Limited	1,590,708	1,435,824
InfraCo Africa Limited*	1,756,376	1,483,787
InfraCo Asia Investments Pte Ltd	158,543	136,200
InfraCo Asia Development Pte Ltd	1,426,968	1,225,797
ICF Debt Pool LLP	31,567	23,310
PIDG Trust	525,737	512,504
	7,147,359	**6,247,745**

During the year the Group paid operating expenses of £72,346 to related parties (2020: £72,303). The amounts relating to this within operating costs were:

	2021 Group £	2020 Group £
InfraCo Africa Limited*	51,489	72,303
InfraCo Asia Development Pte Ltd	20,857	-
	72,346	**72,303**

* Includes the figures for InfraCo Africa (East Africa) Limited, a 100% subsidiary of InfraCo Africa Limited.

18. Related party transactions *continued*

The following balances were owed by / (owed to) related parties as at 31 December and were included in the Group's statement of financial position:

	2021 £	2020 £
The Emerging Africa Infrastructure Fund Limited	1,772	92,927
GuarantCo Limited	61,084	39,111
InfraCo Africa Limited*	271,608	192,576
InfraCo Asia Investments Pte Ltd	8,235	9,481
InfraCo Asia Development Pte Ltd	(3,106)	33,936
ICF Debt Pool LLP	23,555	(9,959)
PIDG Trust	898,301	439,578
PIDG Ltd (Singapore Branch)	12,426	(3,356)
PIDG (Kenya) Ltd	65,525	-
	1,339,400	**794,294**

*Includes the figures for InfraCo Africa (East Africa) Limited, a 100% subsidiary of InfraCo Africa Limited.

The balances between PIDG Ltd (Singapore Branch) and PIDG (Kenya) Ltd have been assessed as 0% for expected credit loss and the balances are £nil (2020: £nil) when consolidated for group reporting.

19. Leases (IFRS 16)

The Group had two leases which it recognised in 2019 and 2020 under IFRS 16 on its statement of financial position. These relate to the rental lease on its principal office at 6 Bevis Marks, London, EC3A 7BA and to office equipment in use at that office.

A discount factor of 5.5% was used for the rental lease and 4.7% was used for the office equipment lease, based on the 1-month USD LIBOR interest rate at 1st Jan 2019 and 01st Feb 2020 of 2.5% and 1.7% respectively, plus margin of 3%, as per PIDG Limited's inter-group Revolving Facility Agreement (note 21).

The rental lease has an end date of February 2028 with the option to break the lease in February 2023. The lease has been recognised to the break date given the possibility of this being exercised which is currently being reviewed. The office equipment lease is effective until May 2025 and has been recognised to this date.

In 2021, the Group continued to unwind the rental and office equipment leases on the Statement of Financial Position.

19. Leases (IFRS 16) *continued*

ROU Assets	**Rental Lease**	**Office Equipment**	**Total**
	Group	**Group**	**Group**
	£	**£**	**£**
At 1 Jan 2021	336,368	38,975	375,343
Additions	-	-	-
	336,368	**38,975**	**375,343**
Depreciation	(158,828)	(8,856)	(167,684)
As at 31 Dec 2021	**177,540**	**30,119**	**207,659**

Lease Liabilities	**Rental Lease**	**Office Equipment**	**Total**
	Group	**Group**	**Group**
	£	**£**	**£**
At 1 Jan 2021	381,880	39,659	421,539
Additions	-	-	-
	381,880	**39,659**	**421,539**
Interest	14,538	1,564	16,102
Lease Payments	(190,943)	(9,880)	(200,823)
As at 31 Dec 2021	**205,475**	**31,343**	**236,818**

Note that the lease liability amount reflected in the Statement of Financial Position, also includes £24,598 (2020: £46,932) in relation to the shared office space that was not subject to change due to IFRS 16.

19. Leases (IFRS 16) *continued*

As at the end of the reporting period the Group had future expected balances for operating leases recognised by IFRS 16 as follows:

ROU Assets	Rental Lease	Office Equipment	Total
	Group	Group	Group
	£	£	£
Within one year	18,711	21,263	39,975
Between two and five years	-	-	-

Lease Liabilities	Rental Lease	Office Equipment	Total
	Group	Group	Group
	£	£	£
Within one year	19,356	22,638	41,994
Between two to five years	-	-	-

The net impact on the Statement of Financial Position of the leases is:

	2021	2020
	Group	Group
	£	£
ROU Assets	207,659	375,343
Retained earnings (ROU) adjustment	(63,349)	(63,349)
ROU Liability	(236,818)	(421,539)
Net effect	**(92,508)**	**(109,545)**

The sensitivity of the present value of equipment due to the discount factor is:

	% change to present value
Change to discount factor	Office Equipment
2% increase	-4%
2% decrease	5%

20. Contingent liabilities

As at the date of signing of these financial statements the Group did not have any contingent liabilities.

21. Intra-Group Loan Agreement

On 19th March 2019, PIDG Ltd entered into a Revolving Credit Facility Agreement with another PIDG Company, GuarantCo. This agreement allows the Group to borrow up to US$5 million if there is any risk that it will not have sufficient funds to meet its financial obligations as they fall due. Funds borrowed can only be used to cover the Group's operating costs.

Interest on any loan amount is set at 3% above the 1-month USD LIBOR interest rate, as varied from time to time. Interest accrues daily and is paid monthly in arrears.

Full or partial repayment of the loan is to be made subject to the Group receiving sufficient funds from the PIDG Trust or other PIDG companies to cover the loan and accrued interest. This Revolving Credit Facility remains undrawn.

22. Post balance sheet events

The ongoing invasion of Ukraine by Russia, which started on 24th February 2022, is causing a rise in commodity & food prices and could adversely impact macroeconomic fundamentals for select countries, impact individual livelihoods as inflation rises, and potentially affect commercial viability of Group projects as input costs increase.

The Directors will continue to work with senior management to closely monitor these emerging risks and assess the impact on operations, PIDG projects and its performance targets in the short and long-term.

It is not anticipated that this will have any direct impacts to PIDG Ltd's costs or revenue which is protected by its service level agreements with the PIDG companies and therefore this is a non-adjusting event. PIDG members continue to fund both PIDG Ltd and the PIDG companies as required and continue to offer ongoing support for its activities.

23. Related undertakings

The PIDG companies (in addition to the Group) and their countries of registration are:
(1) The Emerging Africa Infrastructure Fund Limited (Mauritius) (EAIF);
(2) GuarantCo Limited (Mauritius) (GuarantCo);
(3) InfraCo Africa Limited (England) (InfraCo Africa);
(4) InfraCo Asia Development Pte. Ltd. (Singapore) (InfraCo Asia);
(5) InfraCo Africa Investment Ltd (England);
(6) InfraCo Asia Investments Pte. Ltd. (Singapore);
(7) ICF Debt Pool LLP (England) – a limited liability partnership that is closed to new business, which is outside the scope of the oversight and governance provided by PIDG Ltd;
(8) The Private Infrastructure Development Group (Kenya) Limited (100% owned by the Company);
(9) The Private Infrastructure Development Group Limited (Singapore Branch); and
(10) The Private Infrastructure Development Group Trust (Mauritius) (PIDG Trust).

24. Shareholders and members

The Group is 100% owned by the Private Infrastructure Development Group Trust (the PIDG Trust), a Trust incorporated in Mauritius. The Group's immediate and existing joint shareholders are SG Kleinwort Hambros Trust Company (UK) Limited, IQ EQ Trustees (Mauritius) Ltd* and Minimax Ltd as trustees of the Private Infrastructure Development Group Trust (PIDG Trust), a trust established under the laws of Mauritius.

*Effective 30 November 2021, IQ EQ Trustees (Mauritius) Ltd replaced Multiconsult Trustees Ltd, as a trustee of the PIDG Trust following an amalgamation pursuant to section 247 (2) of the Mauritius Companies Act 2001.

The current members of PIDG are:
(1) The Secretary of State for Foreign, Commonwealth and Development Affairs of the United Kingdom of Great Britain and Northern Ireland acting through the Foreign, Commonwealth and Development Office (FCDO);
(2) The Government of the Netherlands represented by the Directorate-General for International Cooperation – the Netherlands Minister for Foreign Trade and Development Co-operation (DGIS);
(3) The Swiss State Secretariat for Economic Affairs (SECO);
(4) The Commonwealth of Australia as represented by the Department of Foreign Affairs and Trade (DFAT);
(5) The Swedish International Development Co-operation Agency (Sida);
(6) KfW Group, a German development bank; and
(7) The International Finance Corporation, a member of the World Bank Group.

Definitions

AC	PIDG Ltd, Audit Committee
AML	Anti-Money Laundering
AMR	Annual Monitoring Review
BP	Business Plan
the Board	The Board of Directors of the Private Infrastructure Development Group Limited
BESS	Battery Energy Storage System
BREEAM	Building Research Establishment Environmental Assessment Method
CAPOF	Capital Allocation and Portfolio Optimisation Framework
CC	PIDG Ltd, Credit Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMP	Compliance Monitoring Plan
the Code	The UK Corporate Governance Code 2018
Companies Act	The UK Companies Act 2006
COO	Chief Operating Officer
COP26	Conference of the Parties 26th Annual Summit
COVID-19	Coronavirus disease
Credit Solutions businesses	EAIF and GuarantCo
CRO	Chief Risk Officer
C&I	Commercial and Industrial
DAC I/II	Development Assistance Committee Least Developed Countries (LDCs) / Low Income Countries which are not LDCs
DCI	Digital Communications Infrastructure
DevCo	The Infrastructure Development Collaboration Partnership Fund, which is a trust fund within the IFC
EAD	Exposure at Default
EAIF	The Emerging Africa Infrastructure Fund Limited
ECL	Expected Credit Loss
EU	European Union
EUR	Euro
FCAS	Fragile and Conflict-Affected States
FRC	Financial Reporting Council
FX	Foreign Exchange
GBP	British Pound Sterling
GBVH	Gender-based Violence and Harassment
GHG	Greenhouse Gas
GMC	GuarantCo Management Company Limited
GEDI	Gender, Equity, Diversity and Inclusion Task Force
Governance Institute	The Chartered Governance Institute
the Group	All the companies in the Private Infrastructure Development Group including PIDG Limited and the companies set out in note 23. For ICF Debt Pool LLP, only limited central services are provided and all other activities are outside the scope of the oversight and governance provided by PIDG Ltd

GuarantCo Management Company	Outsourced fund managers of GuarantCo
GuarantCo	GuarantCo Limited
HSES	Health, Safety, Environment and Social
HSESC	PIDG Ltd, Health, Safety, Environment and Social Committee
IAS	International Standards on Accounting
IASB	International Accounting Standards Board
IBOR	Interbank Lending Rate
IC	PIDG Ltd, Investment Committee
IFC	International Finance Corporation
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IP	Independent Panel on Sustainable Development Impact
IPP	Independent Power Producer
IT	Information Technology
ISAE	International Standard on Assurance Engagements
KPI	Key Performance Indicator
LDC	Least Developed Country
LGD	Loss Given Default
LIBOR	London Inter-Bank Offered Rate
MDB	Multilateral Development Bank
Members	The governments of the UK, Netherlands, Switzerland, Australia, Sweden, Germany and the IFC
NDC	Nationally Determined Contribution
NGO	Non-Governmental Organisation
Ninety One	Outsourced fund managers of EAIF
NomCo	PIDG Ltd, Nomination Committee
OECD	Organisation for Economic Co-operation and Development
OLIC	Other Low Income Countries
OPPs	Operating Policies and Procedures
Owners	The governments of the UK, Netherlands, Switzerland, Australia, Sweden, Germany and the IFC
Parent	The PIDG Trust
PD	Probability of Default
PIDG	All the companies in the Private Infrastructure Development Group including PIDG Limited and the companies set out in note 23
PIDG Executive	Members of The Private Infrastructure Development Group Limited Executive Committee
PIDG TA	PIDG's technical assistance arm that provided grants that support PIDG companies' activities
PPP	Public-Private Partnership
PSI	Private Sector Investment
RA	Risk Appetite
RC	PIDG Ltd, Risk Committee
ROU	Right of use
RMF	Risk Management Framework
s172	Section 172 of the UK Companies Act 2006
SDG	Sustainable Development Goals of the United Nations

SDI	Sustainable Development Impact
SECO	Staatssekretariat for Airshaft / Swiss State Secretariat for Economic Affairs
SEZ	Special Economic Zones
SLA	Service Level Agreement
TAF	Technical Assistance Facility
tCo2	Total Carbon Dioxide
TFCD	Task Force on Climate-Related Financial Disclosures
ToR	Terms of Reference
the Trust	The Private Infrastructure Development Group Trust
TP	Transfer Pricing
Trustees	SG Kleinwort Hambros Trust Company (UK) Limited, Minimax Limited, IQ EQ Trustees (Mauritius) Ltd
UCRF	Unified Credit Rating Framework
UK	United Kingdom
US	United States
USD	United States Dollar
VAT	Value Added Tax
VGF	Viability Gap Funding
WASH	Water, Sanitation and Hygiene