Private Infrastructure
Development Group
Pioneering infrastructure changing lives

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP LIMITED

Annual report and financial statements for the year ended 31 December 2022

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

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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 24) on behalf of its shareholders and the members of PIDG (as set out in note 25), 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 24, on behalf of the members of PIDG. The members provide the Trust with funding to subscribe for shares or to make capital grant 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 2022 the Group received income of £8,287,148 from service level agreement related charges to other PIDG companies (2021: £7,035,973). 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 £109,628 (2021: £111,386) 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 £7,110,285 (2021: £6,306,095) as it expanded its teams to help manage PIDG and its stakeholders. This includes staff costs of £5,468,555 (2021: £4,183,495).

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 £1,267,741 (2021: £820,494). As at 31 December 2022 the Group had £274,648 (2021: £306,001) 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 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. A refresh of the strategy which will cover the time period 2023-2030 is underway, and the new strategy will be launched in June 2023.

PIDG is focused on delivering pioneering infrastructure that contributes to reducing poverty, progressing towards the Sustainable Development Goals (SDGs) and delivering an equitable transition towards global net zero emissions in line with the goals of the Paris Agreement on Climate Change.

Operating at the frontier 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, building local capability and capacity, while providing innovative financing solutions.

PIDG is delivering its pioneering infrastructure through three business lines – Upstream Technical Assistance, Developer-Investor, and Credit Solutions – that deploy a unique set of capabilities together with the identification and leverage of programmatic themes.

This enables PIDG to demonstrate its additionality and to maximise sustainable development impact, while ensuring that priorities such as gender equality, women's empowerment and climate change are incorporated across its portfolio.

PIDG strategic priorities

Considering the size of the infrastructure financing gap and the scale and pace of investment needed to achieve the SDGs by 2030, the PIDG Strategy identifies four strategic priorities to fulfil our mandate to invest at the frontier and play a pioneer role to accelerate further private investment in sustainable infrastructure:

Scale: PIDG invests in projects that can provide infrastructure services to a large number of people and businesses, improving lives and driving economic growth and poverty reduction.

Transformation: PIDG investments aim to fundamentally change markets and the behaviours of private investors. Transformational impact is the extent to which an intervention is fundamentally market-making or transformative rather than simply a project transaction that has development benefits as well as being bankable.

Affordability: While all projects must be affordable to end-users and consumers, this priority focuses on improving economic efficiency, competitiveness and enabling access to infrastructure by low-income groups.

Replicability: PIDG invests in projects that can be replicated either by PIDG and its partners or by others, generating a track record for pioneer transactions, reducing transaction costs and enabling future growth at speed. The 'demonstration effect' beyond PIDG's own projects results in other private sector organisations financing projects in the same sector, country or theme, magnifying the impact.

PIDG programmatic sectors

The PIDG 2019-23 Strategy identified key programmatic initiatives, PIDG has deliberately continued to build expertise and focus across four of these – maximising synergies across the Group and strategically leveraging experience and partnerships.

Off-grid solar: Building on the pioneering role played by the InfraCos and aware of the importance of off-grid solar in the future energy mix.

Affordable housing: Being aware of the huge development needs associated with this sector and the relative lack of focus that it received from impact investors.

Water: Being aware of the challenge of achieving access to water, the importance of the sector for health, production and environment and the difficulty to find viable models of private sector investment.

Economic zones: Focusing on the role of supporting infrastructure in coordinated initiatives to drive economic growth and sustainable development.

Sustainable Development Impact

The countries in which we operate

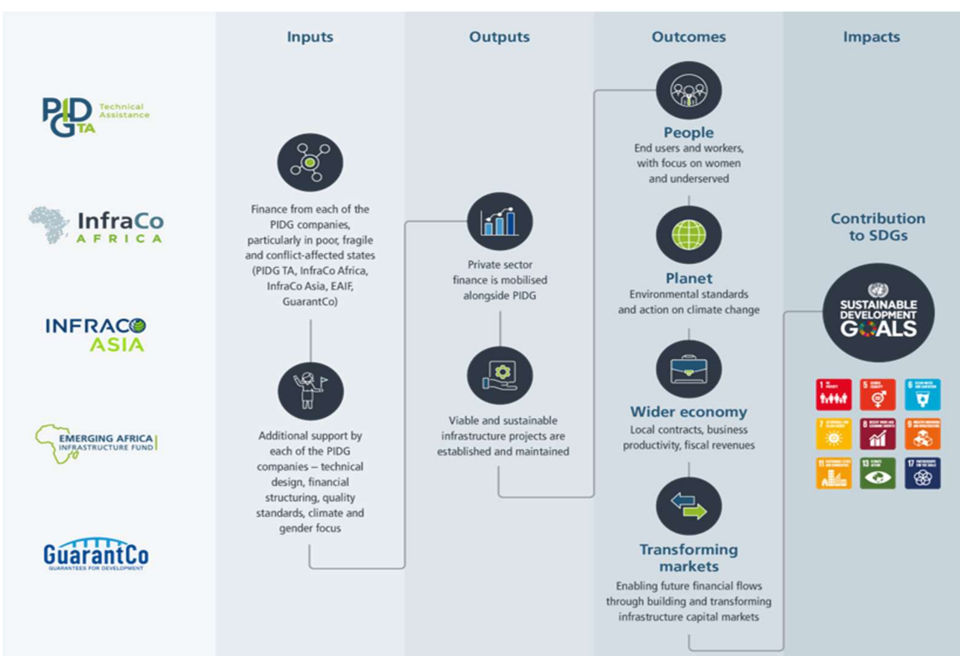
PIDG develops and funds sustainable infrastructure in sub-Saharan Africa and south and south-east Asia. Since 2015, over 50% of PIDG projects have been in countries classified as Least Developed Countries and Other Low-Income Countries by the OECD. Over 50% of projects financed were in fragile or conflict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

Nearly 770 million people do not have access to electricity in Africa and Asia. The International Energy Agency found that the number of people without access to electricity stalled between 2019 and 2021, after falling an average of 9% a year between 2015 and 2019. The extreme poverty rate in sub-Saharan Africa remains as high as 34%. Because of rapid population growth, the number of Africans living below the International Poverty Line (US$1.90 per day) increased from 478 million in 2019 to 490 million in 2021.

Almost 67% of sub-Saharan Africa's population and over 43% of the population in South Asia lives on less than US$3.20 per day. The latest World Bank data found that 70 million people were 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 Key Performance Indicator (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 (US$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 and HSES teams have 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 Greenhouse Gas (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.

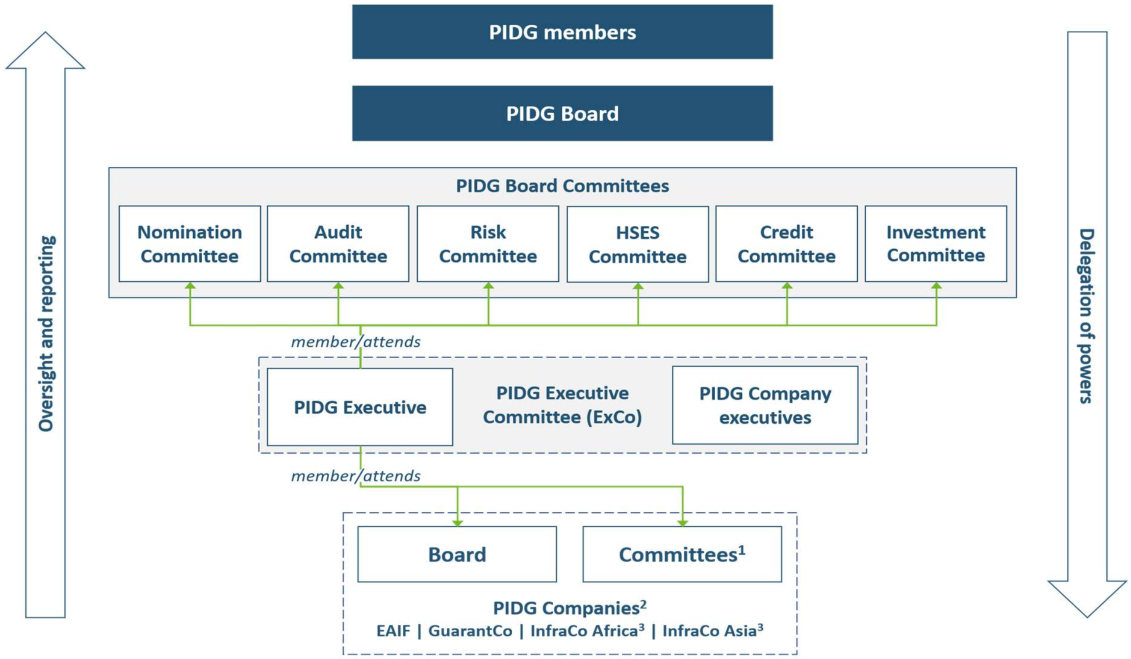
Since 2020, PIDG publishes the estimated carbon intensity of its portfolio. In 2021 PIDG published its first Disclosure Report in line with the Task Force on Climate Related Financial Disclosures (TCFD) which is available on www.pidg.org.

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 KPI in relation to climate change for 2021-23 is the estimated carbon intensity of PIDG investment across all sectors (tCo2 equivalent per US$m invested). Other climate change related metrics cover the number of innovative climate solutions financed, 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.

PIDG operates at the frontier of low-income countries and fragile states. The risk management processes deployed by PIDG are designed to support risk-reward decisions that recognise the elevated levels of risk within the jurisdictions in which we operate. Our processes centre around the proactive assessment of risks across our portfolio, within defined risk appetite levels that support the delivery of the PIDG's strategic objectives.

Three lines of defence

We manage our risks through a framework of principles, organisational structures, policies, standards and procedures that are aligned with the activities of our business units and support functions. We align these activities to the Three Lines of Defence risk management model, in which risk and control responsibilities are defined.

First line

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

Second line

The Company's risk and compliance function together with other second line employees, develop and maintain risk management policies, operational policies and frameworks, which facilitate the implementation of sound systems of risk, governance and compliance across PIDG.

Third line

Following a decision of the Audit Committee in 2021, PIDG established a Group Internal Audit function during 2022 to provide independent assurance over PIDG's risk management and internal controls. As part of this work an Internal Audit Charter, Audit Universe and Audit Plan have been developed which will inform the focus of the function's work and the principles on which it is undertaken. Alongside this, third line assurance work is performed through external compliance-based audits and deep dive specialist reviews undertaken by the PIDG companies.

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 members 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 it 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 system allows all key HSES risks to be identified and managed by PIDG's project companies 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.

It 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, processes, 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 it undertakes our business.

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 18 of the financial statements.

<u>Credit risk</u>

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.

<u>Currency risk</u>

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 is 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.

<u>Liquidity risk</u>

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, as governments, businesses and individuals contend with an increasingly volatile economic and operating environment. Monetary policy tightening in key developed economies present credit and market risks to PIDG and its projects.

Macro emerging risks continued

Rising conflict and geopolitical instability across the Globe remains an area of concern and presents financial, operational and security risks to PIDG's projects.

The ongoing invasion of Ukraine continues to drive stresses in the macroeconomic environment that are adversely impacting our projects.

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 2022. The report describes the roles, responsibilities and activities of the Board and its Committees.

The Board's main focus during the year has been on the development of the 2023-2030 Strategy that will be launched in 2023. It has also focused on overseeing the key strategic risks to PIDG arising out of the challenging external environment and providing the necessary stewardship to the Company to manage these risks appropriately. These areas will remain an area of focus into 2023 and beyond.

2022 has been another year of development in terms of PIDG's governance. One of our main areas of focus has been on bedding in the governing body composition changes made at the end of 2021. The new Committee composition model, where our Directors act as the Committee Chairs, we have increased Director representation on the Committees and there is better cross-memberships across the Committees, is working very well and there is now a better balance of skills, experience and knowledge on each Committee.

These changes have improved the overall effectiveness of the Committees. They have also improved the engagement and feedback to the Board and have assisted with the cross-fertilisation of information across all governing bodies, leading to a clearer division of responsibilities between the Committees and reduced duplication of activities.

We have spent much of the year focused on Succession Planning activities and undertaking the recruitment of Non-Executive Directors to join the Board. Following the completion of our recruitment activities at the end of 2022, I am pleased to advise that we have appointed Uche Orji as a Non-Executive Director and Risk Committee Chair and Liengseng Wee as a Non-Executive Director on 1 March 2023. We are also currently going through the final stages of our governance process to appoint a further Non-Executive Director to act as Audit Committee Chair. We are delighted to welcome the new Directors on board and look forward to the contribution they will make.

Our People are central to the success of the achievement of our strategic objectives. To ensure they remain front and centre of PIDG, we have continued to broaden our focus on People matters at a Board level. The Nomination Committee now oversees remuneration policy matters and their application, which ensures there is a fair and transparent process in place and the approach is consistently applied. Gender and Equal Pay reviews were undertaken during the year to support this work. The Committee also now looks at broader People matters and is working with management on the development of a People dashboard that can be used to monitor People risks and provide indicators on culture.

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

Appointed: 20 March 2018

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 Audit, Credit and Investment 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 D.Trading B.V., DTEK Renewables International B.V.

Patrick Crawford CB
Non-Executive Director
Credit Committee Chair
Member of the Nomination and Risk Committees

Appointed: 20 March 2018

Relevant experience

Patrick was Chair of the Board of Directors of EAIF until 20 May 2022. 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.
Chair and Non-Executive Director of Gridworks Development Partners LLP.

Rachel Kyte
independent Non-Executive Director
HSES Committee Chair
Member of the Risk Committee (appointed 1 January 2022)

Appointed: 1 January 2022

Relevant experience

Rachel is Dean of The Fletcher School at Tufts University. She served as Chief Executive Officer of Sustainable Energy for All (SEforALL), and Special Representative of the UN Secretary-General for Sustainable Energy for All. Rachel is a member of the UN secretary-general's high-level advisory group on climate action and was an advisor to the UK government for COP26. Rachel is co-chair of the Voluntary Carbon Markets Integrity Initiative (VCMI) and chair of the Rwanda Green Fund. She advises not-for-profits, governments, and the private sector on climate, energy and finance for sustainable development. She was previously World Bank VP for Sustainable Development and the Business Advisory Services VP at the IFC. She is the recipient of numerous awards for women's leadership, climate action and sustainable development.

Key positions

Member of the Advisory Board of Beyond Net Zero.
Board Director of Climate Policy Initiative.
Co-Chair of The Export-Import Bank of the United States (US-Exim) Advisory Subcommittee Council on Climate.

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

Appointed: 20 March 2018

Tania Songini
independent Non-Executive Director
Member of the Audit and HSES (appointed 1 January 2022) Committees

Appointed: 20 March 2018

Relevant experience

Yukiko was the Chair of the Board of Directors of GuarantCo until 30 April 2022. 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).

Relevant experience

Tania was a member of the Board of Directors of the two InfraCo Africa companies until 30 April 2022. 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 renewable power generation, transmission and distribution network infrastructure and storage and Electric Vehicle charging and low carbon heating. Her healthcare work focused on Public Private Partnerships for hospitals.

Key positions

Non-Executive Director of Thrive Renewables plc.
Non-Executive Director of Guernsey Electricity Ltd.
Non-Executive Director of UK Infrastructure Bank Limited.
Energy Systems Catapult Ltd

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

Appointed: 20 March 2018

Relevant experience

John was Chair of the Board of Directors of the two InfraCo Asia companies until 30 April 2022. 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.
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

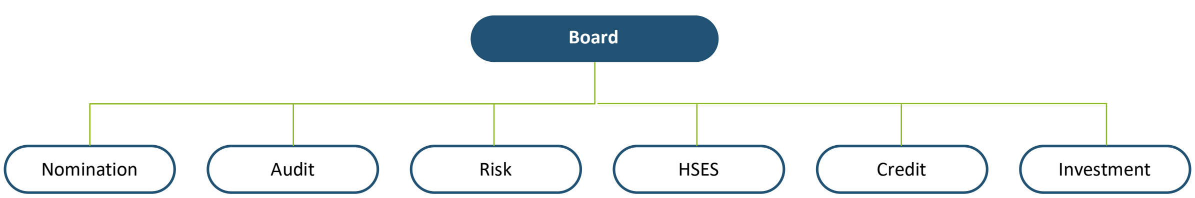
The Company and all PIDG companies are committed to complying with all applicable laws and regulations in the jurisdictions in which they operate and while the Company does not fully apply the UK Corporate Governance Code (the Code), we apply it on a voluntary basis as is appropriate to our business' 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 responsible for and accountable to the members of PIDG and the Trust, for its own activities and the activities of PIDG as a whole.

Board size, composition and independence

At 31 December 2022, the Board was comprised of seven Non-Executive Directors. PIDG deems three of the Directors to be fully independent under the Code, however, consider all members of the Board to be independent of mind. Rachel Kyte was appointed as an independent Non-Executive Director 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.

Board Skills and experience and Succession Plan

PIDG has Board and Board Committee Succession Plans (the Plans) in place through to 2028. The Plans are based on the outputs of the extensive skills and experience assessments we undertook in 2021. The Plans are designed to ensure the orderly succession of our Directors and Committee members to take us to a fully independent Board by 2027 and assist with the identification of our recruitment needs. The Plans are reviewed on an annual basis as part of the Governance Effective Review activities. In line with the Plans, PIDG undertook a recruitment process for three 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

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

Service contracts

Each Director and Committee member has entered into a standard service contract which are available to view at the Company's registered office.

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 engages with external search consultants for the Board's recruitment process. The details of the recruitment activities undertaken during the year 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 matters.

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 between the Chair, Company Secretary and the PIDG members on designing a new Principles-based Governance Model to replace the existing matters reserved and on other aspects of PIDG's governance arrangements. There have also been dedicated sessions with the members on developing PIDG's 2023-2030 Strategy. 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 responsible for and accountable to the PIDG members and the Trust for its own activities and 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 strategy and Investment Policy 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 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.

Executive engagement

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 good and timely information that enables it to carry out its duties. No one individual has unfettered powers of decision making.

Governance effectiveness review (GER)

The Board undertakes an annual evaluation of its effectiveness, and an external evaluation is undertaken every three years. The performance of the Chair, Directors and Committee members is evaluated as part of the process. The details of the 2022 internal GER are set out in the *Nomination Committee Report*.

Meetings of the Board

The Board met for five scheduled meetings and one ad-hoc meeting was also held to consider a number of governance matters.

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 • Reviewed a proposal on the development of a new PIDG Membership Model • Received the three year-business plans for PIDG and the PIDG companies and quarterly updates on the performance against the plans • Undertook focused reviewed of the performance of PIDG companies • Reviewed and approved the Annual Report and Accounts • Reviewed and approved the Annual Budget for approval by the PIDG members Reviewed and approved new funding commitments from existing members and the renewal of a PIDG company debt facility
Risk	• Received updates on the impact of the Russia-Ukraine war to PIDG • Received quarterly portfolio and risk register reports and periodic key and emerging risks • Received regular updates on Health, Safety, Environmental and Social matters • Reviewed and approved changes to the Procurement OPPs for approval by the PIDG members • Reviewed and approved changes to the PIDG Code of Conduct • Reviewed and approved the Risk Appetite Framework and Risk Management Framework • Reviewed the Annual Culture and Ethics report • Considered the enhancements to the capital allocation and portfolio optimisation framework • Received annual assurance reports on the outcomes of the compliance monitoring programme and the data protection and anti-money laundering reviews • Received and endorsed a proposal on adopting an Enterprise Risk Management ('ERM') approach
Strategy	• Held a dedicated Strategy meeting and held regular discussions on the development of PIDG 2023-2030 Strategy • Reviewed PIDG's self-assessment of the achievement of its 2019-2023 Strategic Plan • Reviewed and approved as necessary several key projects and Group company initiatives, including a proposal on the establishment of CLEAR Fund, a USD100m 20-year re-guarantee facility for GuarantCo, the expansion of the geographical reach of a PIDG, moving into a new geography and potential new strategic funding partners
Sustainable Development Impact	• Received regular updates on SDI activities across PIDG • Reviewed the progress of PIDG's 2022 SDI KPI performance • Received updates on PIDG's COP27 participation • Reviewed and approved a proposal to enhance SDI governance arrangements • Received updates on the developments in the SDI function, including the physical climate risk assessment of the portfolio, the development of a Gender Lens Investment Policy, the TCFD Disclosure Report and the Independent Panel (IP) Annual Report
Governance	• Reviewed the findings of the internal Board evaluation and agreed the Board's response to the findings • Reviewed a proposal on the adoption of a Principles-based Governance Model and received updates on the development of the model with the members • Reviewed and approved changes to the Policy Review Framework • Received quarterly updates on the activities of the Board Committees • Reviewed and approved proposals on new Non-Executive Director appointments to the Company Board, the appointment of an interim Risk Committee Chair, the appointment of an SDI specialist to the Audit Committee and the compositions of PIDG Company boards • Received regular updates on the planned restructuring of the PIDG Group

Attendance at Board and Board Committee meetings

The table below indicates the attendance of all Directors at Board and Committee meetings, and the independent Committee members (who are not Directors of the Company) at the Committee meetings held during the year ended 31 December 2022:

	Board	Nomination Committee	Audit Committee	Risk Committee	Credit Committee	HSES Committee	Investment Committee
No. of meetings held	8	10	5	5	3	4	13
PIDG Directors							
Andrew Bainbridge	C – 8	C - 10		IC - 5	3		
Johan Bastin	7[1]	2	4		3		11
Patrick Crawford	8	9		5	C - 3		
Rachel Kyte	7[1]	2		4		4	
Yukiko Omura	8	10					13
Tania Songini	7[1]	3	5			4	
John Walker	6[2]	10				2	12
PIDG Committee Members							
Cyril Wong			C-5				
Kathie Painter			5				13
Amanda Feldman			1[3]				
Dianne Rudo				C - 0[4]			
Ana Corvalan					2		
Anthony Marsh					2		
Peter Hutchison						4	

C - Chair
IC – Interim Chair

1 Johan Bastin, Rachel Kyte and Tania Songini were unable to attend one ad hoc meeting due to prior commitments.
2 John Walker was unable to attend one ad hoc meeting due to prior commitments and one quarterly meeting as was representing PIDG at an event.
3 Amanda Feldman was appointed as a member of the Audit Committee on 31 August 2022 and was unable to attend one of the two meetings held following her appointment due to prior commitments.
4 Dianne Rudo resigned as a Risk Committee Chair on 28 February 2022. No meetings were held before her 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 new Committee composition adopted in 2021 is bedding in well. Having the Committees chaired by a PIDG Non-Executive Director and having increased representation of the PIDG Directors on the Committees has improved the Committees' effectiveness and the information flows across the governing bodies.

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 hold regular portfolio review meetings and meet as and when required to respond to the needs of the business.

Changes to the Committees

The responsibilities of the Nomination Committee expanded during the year to include people and remuneration matters. This change is intended to ensure there is oversight of people policy matters at a Board level.

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 and a review of how the Committee has discharged its duties during the year.

Committee effectiveness

As part of the annual GER 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

PIDG changed its approach to the oversight of SDI governance matters during the year. In agreement with our members, the Independent Panel (IP) on SDI was disbanded and the oversight of SDI matters was embedded into the work of the Committees. This change is intended to ensure that our governance of SDI is at the heart of everything we do, meets our needs and ensures we continue to be market leading in this area.

The Board has also established a Technical Assistance (TA) Committee with independent members that is operated by the Executive to approves TA and VGF grants above financial thresholds set by the Board.

Executive Committees

In addition to the Board Committees, the Company has an Executive Committee made up of the CEO, CRO, CFO, Head of SDI and the heads of the business areas. There is also an executive level Assets and Liabilities Oversight Committee made up of members of the Executive and management teams.

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 2022 and its planned activities in 2023.

Overall, the Committee made good progress in in 2022 achieving its objectives, including the ongoing refreshing of the Board.

The Committee led the search for three new Non-Executive Directors as part of our planned evolution of the Board. Two of the selected candidates joined the Board on 1 March 2023 and will add to our strength and depth. The Committee continues to review and oversee the Board and Committee succession plans that have been put in place.

The Committee oversaw the 2022 payroll and bonus review process and to confirm the decisions made were fair, consistent and in line with the PIDG Remuneration Framework. The framework is being updated in 2023 and is subject to review and oversight by the Committee. The Committee also reviewed the Gender Pay Gap and Equal Pay reports for the Group.

Membership



Patrick Crawford **Yukiko Omura** **John Walker**

The members of the Committee are set out above. There have been no changes to the membership during 2022.

Committee governance

The CEO and Group Head of HR attend all meetings in full, except when it is not appropriate to do so.

The Committee's effectiveness and its composition are reviewed on an annual basis as part of the Governance Effectiveness Review. The Committee agrees the necessary actions it needs to take to respond to the findings and implements these accordingly. Further detail of the findings is set out later in the report.

Main responsibilities

- make plans for the orderly succession for appointments to all PIDG company Boards and Committees that maintains an appropriate balance of skills, experience, independence and knowledge (taking account of diversity)
- manage the recruitment and evaluation of Directors and Committee members
- 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.

Activities during the year
The Committee had another busy year focused on undertaking the planned recruitment activities for Board succession and the expansion of its remit to include remuneration and People matters.

The Committee's main focus in 2022 was the Non-Executive Director recruitment activity. The full details of the process undertaken are set out on the following page.

As the final step in implementing our new governing body composition model, the Committee made recommendations on the future composition of our operating company boards, which were implemented in May 2022. Our operating company boards are now made up of Executives, with Non-Executive Directors in place where local law or regulations requires us to do so. This change is intended to further strengthen the division of responsibilities between the Board and the Executive to better enable the Executive to manage the day to day operations of the Group.

In addition to nominating an SDI specialist to the Audit Committee as detailed below, the Committee also considered and recommended the appointment of an Interim Risk Committee Chair, on the resignation of the current Chair.

The Committee reviewed PIDG's SDI governance approach and supported a proposal to further embed SDI governance matters within PIDG's Board level governance arrangements and to disband the Independent Panel for SDI. This change is intended to ensure that PIDG remains at the forefront of SDI governance as well as at the forefront of its approach to SDI. The material change arising from the evolution of the approach, is the broadening of oversight by the Audit Committee of SDI reporting and the enhancing of the assurance over SDI reporting at a Board level. An SDI specialist was appointed to the Audit Committee on 1 August 2022 to support this transition.

The Committee also oversaw the internal GER undertaken by the Company Secretary.

The form of this year's review was changed to an interview-based approach, having previously been undertaken through the use of questionnaires. This approach was intended to provide a deeper understanding of the impact of the changes arising from the external Board Evaluation performed in 2020/2021 and the overall effectiveness of the governing bodies. The findings of the review are set out in the following pages.

In line with the expansion of the Committee's remit, the Committee now receives a quarterly People dashboard which enables it to monitor key people metrics, trends and activities. The enhancement will provide Board level oversight of People maters and inform the Committee's view on PIDG's culture and People practices.

In addition, the Committee now oversees remuneration policy matters and their application to ensure they are fair and appropriate. In discharging this duty, the Committee supported management's approach to the 2021 Pay Increases and Bonus Awards and the planned approach to be adopted for the review of the Remuneration Framework.

PIDG undertook its first voluntary Gender and Equal Pay review in 2022, the outputs from which will be used to support the review of the Remuneration Framework and ensure we have equal pay practices within PIDG.

In terms of the Committee's oversight of Executive performance, it provided input into the annual performance review of the CEO and the broader Executive team. The Committee also reviewed the results of the Executive Assessment undertaken, which will be used to inform PIDG's future Executive succession activities.

Areas of focus for 2023
The key areas of focus for 2023 will be overseeing the ongoing evolution of the Board level governance arrangements, including the response to the findings of the GER, keeping board level succession plans under review and increased oversight of remuneration and People matters.

Non-Executive Director Recruitment

A significant area of focus for the Committee in 2022 was undertaking the recruitment process to appoint new Non-Executive Directors to the Board.

As part of PIDG's succession planning activities, it had been agreed that two new Non-Executive Directors would be sought during 2022 to act as Audit Committee Chair and Risk Committee Chair. These chair roles are the final step in implementing the committee composition model with Board Directors performing these roles. It was agreed that the search process should first focus on finding a Non-Executive Director to perform the Risk Committee Chair, as there was an interim Chair in place.

The first part of the year was focused on selecting the right search firms to undertake the recruitment process. The remainder of the year was spent undertaking the search, reviewing candidate lists, undertaking interviews and making the necessary nomination recommendations.

Further details on the tender, search, interview and tender process are set out below.

Tender process

- An extensive tender process was performed in H1 2022.
- Ten firms were invited to participate, and of these, nine firms provided formal proposals for consideration, all of which were to a very high standard.
- The firms represented a broad range of approaches and had different geographical reaches, so PIDG had different options to consider.
- Given the importance of diversity to PIDG, it appointed two firms (Executives in Africa and Nextwave Partners) to undertake the search, as between them, they had full coverage of the markets in which PIDG operates.

Search process

- Detailed briefing sessions were held with the two firms to ensure they had a good understanding of the role and what was being sought in potential candidates.
- The search processes were run in parallel by the two firms over a period of six weeks during which a strong and diverse list of candidates was created.
- Long and shortlist candidate discussion meetings were held with the two firms to agree on the candidates to invite for interview.

Interview process

An Interview Panel consisting of Andy Bainbridge, Yukiko Omura and Patrick Crawford was established.

Risk Committee Chair interview process

- A two stage interview process was adopted. Two members of the Interview Panel undertook the first round interviews and the third member undertook the second round interviews.
- Two candidates were selected for second round interviews.
- The Interview Panel made a proposal to NomCo to appoint both candidates as Non-Executive Directors.
- Informal sessions were held with NomCo members ahead of the NomCo meeting.

Audit Committee Chair interview process

Taking into account the learnings from the first interview process, a single interview process was adopted.

Appointments

The Committee supported the proposal of the Interview Panel and in line with PIDG's governance arrangements recommended the appointment of Uche Orji as Non-Executive Director and Risk Committee Chair and Liengseng Wee as Non-Executive Director.

Since year end, the Interview Panel made a recommendation on the appointment of the Audit Committee Chair which is currently going through our governance process.

Governance Effectiveness Review Key Findings	
Overall findings	There were good overall results. The Board level governance arrangements are to a high standard and go beyond what would be typically expected from an organisation of PIDG's size. The effectiveness of each of the governing bodies continues to evolve alongside PIDG as it matures. The strong commitment to PIDG and its purpose, is evident in the passion and professionalism the Directors and Committee members show in the performance of their duties. There is commitment by all to continue to drive improvements to the effectiveness of the governance arrangements. All governing bodies will be on a continuing evolutionary journey for the years to come and it will be important the same momentum is maintained.
Theme	***Key findings and future areas of focus***
Governing Body Compositions	
Board and Committee Succession Plan	The Board and Committee Succession Plan is reviewed on an annual basis. This year's review has led to a change to PIDG's future recruitment plans. It has been agreed that where appropriate, the upcoming Committee Chair vacancies should be filled through the existing and incoming Directors, in order to manage the turnover on the Board and ensure good Board dynamics are maintained. The Committee also agreed the Committee roles of the incoming Directors and future composition model changes.
Board Effectiveness	
Effectiveness and areas of focus	The Board operates effectively, but is committed to being even more effective, which will be an ongoing journey as PIDG matures and evolves. PIDG is entering a challenging environment from a macro environment and funding perspective and the Board's stewardship of PIDG will be tested during these times. The Board will need to ensure that it remains focused on this and the strategic risks PIDG is facing and guides the organisation accordingly.
Composition and dynamics	The Board is made up of strong, professional Directors who have a good balance and mix of skills, experience, knowledge and perspectives. There are good Board dynamics, and the discussions are collegiate, open and honest which allows everyone to share their views and challenge each other. The planned changes to the Board's composition will need to be managed carefully to ensure the strong dynamics are maintained, corporate knowledge is transferred, and that the good balance of relevant skills, knowledge and experience is maintained across all governing bodies.
Relationships with management	There is a good and constructive relationship with management and the ongoing evolution of the governance arrangements will help to ensure there is a clearer division of responsibilities between the Board and the Executive. The Board will need to continue to build on this strong relationship during the coming year, and to provide support to the Executive to launch PIDG's 2023-2030 Strategy and undertake the necessary internal work to support its successful delivery.
Relationships with Committees	The Board will need to consider the impact of the pressures arising from the external environment as they relate to the activities of the Committees and ensure it provides appropriate information, guidance and stewardship to them, so they can undertake their work in light of the broader context.

Committee Effectiveness Key Findings	
Overall Findings	Overall, the Committees have become increasingly effective over the course of the year. The changes made to the activities and compositions of the Committees are bedding in well and have contributed to the improvements to the Committees' overall effectiveness. The roles and activities of the Committees will need to continue to evolve as PIDG matures and becomes increasingly professionalised. The appointment of PIDG Ltd Board Directors to act as Committee Chairs, the increased representation of Directors on the Committees and the cross-membership across the Committees has improved the engagement and feedback to the Board and has assisted with the cross fertilisation of information across all governing bodies, which in turn has led to a clearer division of responsibilities between the Committees and reduced duplication of activities.
Committee	***Key findings and future areas of focus***
Nomination Committee (NomCo)	The key finding in relation to NomCo, is to maintain its focus on building out the Board level oversight of strategic People and remuneration matters. To do this it will need to continue to work with management to develop the reporting to it on People and remuneration matters. There will be significant changes to the Board and Committees during 2023 and NomCo will also need to oversee this process and ensure this is managed carefully.
Audit Committee (AC)	The key finding in relation to AC is for it to continue to evolve its focus on internal control matters and to oversee the activities and development of the new Group Internal Audit function. AC's remit will broaden further in 2023 and it will increase its oversight of SDI governance matters. AC will need to ensure it remains focused and disciplined on the new areas within its responsibilities to ensure that it considers internal control and SDI governance matters to the same standard.
Risk Committee (RC)	The key finding in relation to RC is to maintain its focus on strategic risk matters to aid the Board's focus on this area and help the Board deepen its understanding of the pressures PIDG is likely to face in an increasingly challenging environment. The RC will oversee the development and implementation of an Enterprise Risk Management approach to be undertaken by the Executive.
HSES Committee (HSESC)	The key finding in relation to HSESC is to maintain its increased focus on the development of the frameworks for the environmental and social aspects within its responsibilities. As this work evolves, it will be important for the Committee to continue to consider the relationship between HSES and SDI and evolve its governance accordingly.
Credit Committee (CC)	The key finding in relation to the CC is to continue to build out its oversight of the portfolios of the Credit Solutions businesses. This will enable CC to broaden its understanding of the portfolios so it can provide deeper advice to the Board on the key risks, strategy and performance of these businesses.
Investment Committee (IC)	The key finding in relation to the IC relates to the associated governance processes. To aid the ongoing evolution of the Committee's effectiveness in 2023, delegations to management will be revised to ensure strategic investment proposals are considered by the Committee, and the investment decision process will be enhanced to improve the information flows to aid IC's 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 2022 and its planned activities in 2023.

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.

The Committee reviewed the work of the newly established Internal Audit function and the development of the Internal Audit Charter, Universe and Plan, it assessed the internal assurance and integrity of the SDI data included in the PIDG Annual Review[1], and it assessed the external audit plans for all the PIDG companies.

From its work during the year, the 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.

Membership

Johan Bastin

Amanda Feldman

Kathie Painter

Tania Songini

Chair's and members' experience

As Chair of the Audit Committee, I am a qualified accountant and an experienced Audit Committee chair with recent and relevant financial experience. Johan Bastin, Amanda Feldman, 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.

Committee governance

The Chief Financial Officer, Chief Risk Officer and other executives of the Company and the PIDG companies are invited to attend meetings of the Committee as appropriate. The Board Chair is also a standing invitee.

Main responsibilities

- review the financial statements and the findings of the external Auditors of the Company and the other PIDG companies
- ensure the external Auditors' independence
- 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, review and monitor 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.

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

Activities during the year

The 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 Committee has considered improvements were required. The Committee considered the following significant issues in relation to the financial statements for the Company for the year:

- Monitoring adherence to the 2022 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 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 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 the Company 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.

Following the decision of the Committee in 2021 that an Internal Audit function should be established, the Committee oversaw the development of the function and approved the Internal Audit Charter, Internal Audit Universe and the 2023 internal Audit Plan. The Committee will continue to oversee the development and work of the function in 2023.

The principal risks and uncertainties that the Company is exposed to are reported in the *Business Review* section on pages 10 – 12 of this report.

The 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 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 Committee has assessed the internal controls over financial reporting in the year and as at 31 December 2022 and it has concluded that, based on its assessment, the internal control over financial reporting was effective.

External auditor independence

The 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 Committee on the actions it takes to comply with professional, ethical and regulatory requirements and best practice, designed to ensure its independence.

The 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 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. The external Auditors' performance in 2022 was deemed to be satisfactory. PIDG will enhance this process further in 2023 by introducing a written assessment process.

SDI reporting assurance

The Committee considers and approves PIDG's Annual Review prior to publication. The Annual Review sets out PIDG's key activities during the year and how these have delivered impact. The Committee's consideration of the reporting is supported by a review undertaken by the Compliance team to provide assurance that the key facts and statements in the document have been validated and can be evidenced to a reasonable standard. The external Auditor is also engaged to review the procedures in place for the preparation of the financial reporting set out in the report.

Areas of focus for 2023

In 2023, 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 oversee the development of the PIDG Internal Audit function, and the Audit Universe and Internal Audit programme.

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

There will be a key change to the Committee's role in 2023, when it will broaden its oversight of SDI reporting matters. An SDI specialist has been appointed to the Committee to support this change in focus, which is intended to ensure that PIDG is at the forefront of the governance of SDI as well as at the forefront of its approach to SDI.

Risk Committee Report

Andrew Bainbridge
Interim Chair of the Risk Committee

I am pleased to report on how the Risk Committee has discharged its duties during 2022 and its planned activities in 2023.

The Committee refocused its agenda towards looking at a more holistic enterprise-wide view of the risks facing the Group. This led to a more additive series of discussions over the year, complementing the focus of the Investment, Credit and HSES committees.

In a year of significant risks due to the aftermath of the COVID pandemic, the invasion of Ukraine and the consequences of elevated food and energy prices for many of our investee countries, the Committee reviewed the resilience of PIDG and the risks to the achievement of its new strategy, currently under development.

The Committee and I are pleased with the progress towards a more enterprise-wide view of the risks to the Group, which we will see further evolve in 2023 with the introduction of a formal Enterprise Risk Management approach by our new CRO under the oversight of the Committee.

Membership

Patrick Crawford **Rachel Kyte** **Yukiko Omura**

Rachel Kyte was appointed to the Committee on 1 January 2022. Dianne Rudo resigned from the Committee on 28 February 2022, and I was appointed interim Chair.

Committee governance

The CRO and CFO attend all meetings in full. The CEO has a standing invitation and attends periodically. Representatives from management attend as appropriate.

The Committee's effectiveness and its composition are reviewed on an annual basis as part of the Governance Effectiveness Review. The Committee agrees the necessary actions it needs to take to respond to the findings and implements these accordingly. Further detail of the findings is set out on page 29 in the *Nomination Committee Report*.

Main responsibilities

- making recommendations to the Board on setting risk appetite
- 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
- review of new products proposed by the PIDG Credit Solutions companies
- portfolio reviews and monitoring.

Activities during the year

As part of the Committee's on-going evolution, it is changing the way in which it operates to continually improve its effectiveness. As part of this evolution, the Committee has further elevated its focus from operational to strategic risks matters throughout the year.

The Committee has sought ways to reduce any duplication of work undertaken by other Board Committees. This shift in focus is intended to support the Board's enhanced focus on strategic risks matters and deepen its understanding of the pressures PIDG is likely to face.

The Committee's oversight of PIDG's credit and investment portfolio was elevated during the year to focus on key risks and trends. The responsibility for the detailed monitoring of the portfolio now sits with the Investment and Credit Committees.

The Committee received reporting on a broader set of risk types than those it previously focused on. It received its first legal risk report which sets out the framework for calculating PIDG's legal risk profile. 2023 will see a further evolution of the risk framework through the adoption of an Enterprise Risk Management approach.

The Committee continues to monitor emerging risks and challenges that could have an impact on PIDG's business. It also received a dedicated report on the findings of the impact assessment on the Russia-Ukraine war on which it provided its views on to the Board.

The Committee held a dedicated meeting on strategic risks, focused on the risks to the 2023-2030 Strategy being developed.

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. The work undertaken ensures the alignment between the framework and the PIDG companies' Business Plans to ensure they are developed on a basis that takes appropriate account of PIDG's risk appetite.

The Committee 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 approved changes to the Treasury Policy, Information and Cyber Security Policy, PIDG Ltd Data Protection Policy, Access Control Policy, Physical and Environmental Security Policy and the Credit and Investment Risk Management Policy, as part of this work.

The Committee also undertakes periodic 'deep dives' of each PIDG company, 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 business.

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

Areas of focus for 2023

The key areas of focus for 2023, will be the further development and implementation of an enterprise risk management approach across PIDG, developing a deep understanding of the management of the risks to PIDG's 2023-2030 strategy, in particular climate risk, and ensuring the alignment of risk appetite to the strategy, the ongoing monitoring of the impact of the Russia-Ukraine war, the emerging macroeconomic risks on PIDG's portfolio and awareness of the volatility in the financial markets.

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 it considered the enhancements that had been made to reflect developments during the year. 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 the RA as part of the annual Business Planning process. The main changes to RA included increases to certain management overlays to reduce country limits where it is determined there is a need to reflect macroeconomic pressures or political developments, refinements to the methodologies that set market and liquidity risk limits and applying strategic limits to two countries. The changes were proposed to the Board for approval.
Operating Policies and Procedures (OPPs) and Code of Conduct	The Committee is responsible for recommending changes to the OPPs to the Board for onward recommendation for approval by the members. The OPPs set out the policies and procedures that manage key risks as identified by the members, which are reviewed on a regular cycle. The Committee approved the changes to the Procurement OPP for onward recommendation for approval by the Board and PIDG members. The Committee supported the amendments to the Procurement OPP which had been updated to reflect the evolution of the operations and business processes of the PIDG companies. A comprehensive review of the Code of Conduct was undertaken during the year. The changes proposed were largely intended to clarify that PIDG did not have operational control of the projects. The Committee supported the approach and recommended the revised Code of Conduct to the Board for approval.
Compliance Monitoring Plan (CMP)	The Committee reviewed and approved the annual CMP. The focus of the CMP in 2022 included due diligence reviews of KYC/IDD, procurement, HR, conflicts of interest and disclosures.
Enterprise Risk Management (ERM)	The Committee endorsed the new CRO's plans to develop a Group-wide ERM approach during 2023. This included details of the pathway to establish the ERM approach, the required risk transformation, and the evolution of the risk universe underpinned by PIDG's three key risk types; strategic risks, business model and value chain risks, and BAU risks. The Committee will oversee the development of the ERM approach in 2023.
Risk Reporting	
Portfolio reporting and Project and Corporate Risk Registers	The responsibility for the in-depth monitoring changes to the risk profile of the PIDG-wide portfolio transferred to the Investment and Credit Committee over the year. This change will enable the two committees to deepen their understanding of the risk profiles of the portfolios they oversee, to support more informed investment decision making and enhance the Committees' input into PIDG's strategy. The Committee continues to review the portfolio report from a strategic risk perspective and to consider corporate risk as part of this review to understand the key risks to PIDG.
Emerging Risks and Challenges	The Committee is responsible for monitoring emerging risks on behalf of the Board and receives bi-annual reports to enable it to perform, its responsibilities. The key emerging risks and challenges monitored by the Committee included the changed political risk landscape in the regions in which PIDG operates, the impact of the Russia – Ukraine war and the changed macroeconomic environment.

Matter Considered	How the Committee addressed the matter
Risk Reporting	
Impact Assessment of Russia-Ukraine war	The Committee received a dedicated report on the impact assessment undertaken on the Russia-Ukraine war. The Committee monitored the impact throughout the year. The keys risks to PIDG arose as result of impacts on the projects in which PIDG invests as a result of the volatility in the financial markets, increased commodity prices and impacts on supply chains.
Risks to the 2023-2030 Strategy	As part of a dedicated meeting on strategic risks, the Committee focused on the risks to the 2023-2030 Strategy under development. The Committee considered PIDG's strategic risks in light of its future strategic objectives. The Committee agreed the deep dives that would be undertaken in 2023 to deepen the Board's understanding of, and ability to manage, certain key risks in the context of these strategic risks.
Legal Risk	The Committee received its first legal risk report during the year which set out the legal framework that had been put in place to understand and assess the legal risks across the Group. The Committee supported the development of the framework and how it builds on the management of operational risks and the control environment.
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. The process provides an understanding of the adequacy of the internal control framework. There had been a small increase in the overall risk profile, which was largely driven by serious operational incidents, rather than a fall in overall compliance.
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, taking account of the high-risk jurisdictions and constantly evolving landscape of the markets in which PIDG operates. The review concluded that while progress had been made to strengthen the control environment within the PIDG companies, there remained some areas that required enhancement.
Annual Culture and Ethics Report	The Committee received an enhanced Culture and Ethics report in 2022. The report helps inform the Committee's view on whether there are any cultural or ethical issues across the organisation that may give rise to any risks, as the right ethical culture within PIDG is fundamental to achieving its mission. The Committee was pleased with the enhancements made and requested that a dashboard and metrics be designed to measure culture and improve overall oversight.
Models, Frameworks and Systems	
Capital Allocation and Portfolio Optimisation Framework (CAPOF)	The Committee received the findings of Mazars' review of PIDG's Capital Adequacy Assessment approach for the financial solutions businesses, which forms part of the CAPOF. The review provided independent assurance on the robustness, suitability and completeness of the approach taken. Management is considering how to take forward the recommendations arising from the review.
Other	The Committee approved the refinements made to the Loss Given Default Model, Unified Credit Rating Framework and the IFRS 9 ECL Model Computation; minimal refinements were made.
Divisional Deep Dives	
Business Area Deep Dives	The Committee undertook 'deep dives' into EAIF and InfraCo Asia during the year. The InfraCo Asia session focused on the key risks to the businesses. The EAIF deep dive focused on its refinancing and future funding risks and the risks to the potential expansion of its operations into other geographies.

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 2022 and its planned activities in 2023.

The work of the HSES team has advanced significantly over recent years; many organisations operating in the sector now view PIDG as leaders in this space and have implemented PIDG HSES processes as best practice. As part of this evolution, the upward reporting from projects has improved greatly. This has enabled the Committee to see trends in HSES advances and identify sectors which require further guidance and support from the Committee or HSES team.

As pressures to reduce climate change increase, the remit of PIDG's activities has expanded to include reviews into biodiversity and lithium battery reuse. I am excited to see these topics and many other climate-focussed and nature-based initiatives develop further during 2023.

Membership

Peter Hutchinson

Tania Songini

John Walker

Following the review of the governing body compositions as part of the previous external 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.

Committee governance

The Group CEO, Group CRO and Head of Health and Safety, Environment and Social attend all meetings in full. Members of the HSES team attend the meetings for their development. The Board Chair is also a standing invitee.

The Committee's effectiveness and its composition are reviewed on an annual basis as part of the Governance Effectiveness Review. The Committee agrees the necessary actions it needs to take to respond to the findings and implements these accordingly. Further detail of the findings is set out on page 29 in the *Nomination Committee Report*.

Main responsibilities

- monitor performance and the key risks PIDG faces in relation to HSES management and governance;
- 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)
- 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.

Activities during the year

The Committee received at each meeting a comprehensive report from the HSES Director. The HSES Director's report provided updates on an extensive area of matters including COVID-19 and security, the PIDG HSES Plan, objectives and targets, the status of serious incidents and accidents on PIDG projects, the HSES project Watchlist, the HSES Risk Register and PIDG company snapshots. Amongst other topics, it also covered modern slavery in the supply chain, social performance and safeguarding processes, a lithium battery study proposal, climate risk, biodiversity and nature, a deep dive into the biodiversity aspects of hydro power generation risk, HSES training, and good practice notes, procedures and guidelines.

Periodic updates included the annual review of serious incidents and lessons learnt during the year. The report provided the Committee with a comprehensive view of HSES activities across the PIDG Group which enabled the Committee to drive strategic and in depth HSES discussions on developments made, sectors which required more focus, and changes to industry standards and best practice.

The Committee reviewed the results of an independent survey which was conducted by external consultants on the progression of PIDG HSES culture over time, which focused on HSES awareness, implementation, practice and systems. The Committee was pleased with the results which showed strengths in improved processes and practices, and the levels of engagement on HSES matters. The areas identified for enhancement will be included in future objectives which the Committee will monitor.

The Committee considered the findings from an assessment of the HSES framework conducted by an external consultant to benchmark PIDG's framework against other companies, and identify any gaps or improvements in processes that could be made. The Committee was pleased with the findings, which while indicating the need to simplify some of the policies and systems in place, found there were no gaps in HSES technical requirements.

The Committee provided its input into a PIDG Institute event held to raise standards on HSES and SDI matters for PIDG-supported project companies and clients. The attendance of the HSES Chair and PIDG CEO at the event generated in-depth and open discussions amongst delegates. The key outcomes from the event included appreciation for the practical advice given by PIDG, significant appetite for capacity building, and understanding for why PIDG values HSES and SDI so highly. The event was extremely successful and the Committee is pleased that management plans to hold similar events in future.

The Committee reviewed a Lifting and Hoisting Guideline created to guide projects on how to implement safe lifting and hoisting in PIDG projects. The Committee recognised this as a significant development in an area which impacts many projects within the PIDG portfolio, and how the guideline will help reduce risks once socialised across all high-risk projects.

The Committee reviewed the development and implementation of the Climate Risk and Biodiversity and Nature Plan, and initial findings from a biodiversity risk-screening tool which had been used to assess key biodiversity risks within the PIDG portfolio. This reporting enabled the Committee to consider additional key risks on all projects and to expand discussions surrounding climate risk, climate and nature vulnerabilities, ecosystems and critical habitats. A deep dive into the hydropower sector and hydropower projects within the PIDG portfolio provided the Committee with key facts and figures which the Committee will be able to utilise in future discussions on the approach and consideration of this sector.

At each meeting, the Committee also met with local HSES representatives and company Executives from the PIDG companies to discuss their portfolio HSES risk assessments, objectives and targets and HSES performance.

Areas of focus for 2023

During 2023, the Committee will continue to increase its focus on the environmental and social aspects within its responsibilities. It will also continue to focus on monitoring the development of the HSES management systems, policies, standards, guidelines and tools.

The Committee will also monitor ongoing developments from lessons learnt and support a culture of openness to encourage deeper learning and greater socialisation across PIDG companies and projects.

The Committee will oversee the implementation of the Biodiversity and Nature Plan and its linkage with SDI biodiversity enhancement programmes.

As part of gender investment considerations, the Committee will also review the broader remit of gender, equity, diversity and inclusion considerations, expanded upon by PIDG Group.

The Committee will continue to monitor HSES data from monitoring and assurance reports and support the HSES team to develop new integrated data reporting styles as it collaborates further with teams across the Group to identify trends, manage HSES risks, and assess sustainable impact.

Credit Committee Report

Patrick Crawford
Chair of the Credit Committee

I am pleased to report on how the Credit Committee has discharged its duties during 2022 and its planned activities in 2023.

The Committee held its first portfolio review meeting and assessed the credit risks and related challenges within the EAIF and GuarantCo portfolios. It also reviewed and provided input into the proposed PIDG Strategy Refresh from a credit risk perspective and more broadly.

In terms of its investment oversight and approval activities, the Committee considered impairments for three GuarantCo transactions and suggested enhancements to the approach to learning lessons applicable to similar transactions in future. The Committee also approved two transactions in Kenya and Morocco and the exit from one transaction.

Membership

Andrew Bainbridge

Johan Bastin

Ana Corvalan

Anthony Marsh

Committee governance

The Group CEO and CRO attend all meetings in full. Representatives from the management teams attend as is appropriate.

The Committee's effectiveness and its composition are reviewed on an annual basis as part of the Governance Effectiveness Review. The Committee has agreed on the actions it should take to respond to the findings and will implement these accordingly. Further detail of the findings is set out on page 29 in the *Nomination Committee Report*.

Main responsibilities

- 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
- review and provide advice and oversight on the governance arrangements of, and strategy for EAIF and GuarantCo in providing credit products so that they achieve both transformational development impact and sound value for money
- monitor the credit policies and credit risks within the PIDG portfolio
- work with the other Committees of the Board and PIDG to achieve an effectively integrated organisation.

Activities during the year

The Committee considered provisions and impairments for three GuarantCo transactions which had been adversely affected by the macroeconomic environment. The Committee had detailed discussions on the impact of the impairments on GuarantCo's portfolio and possible mitigants to recover any losses. The Committee supported management's view that the transactions should be fully provisioned and recommended this to the Audit Committee. The Committee reviewed the lessons learnt from these transactions and provided guidance to help safeguard against similar occurrences in future projects.

The Committee also considered a selection of scenarios to exit an EAIF transaction which had also been adversely affected by the macroeconomic environment. The exit was approved by the Committee.

The Committee considered and approved proposals for two new transactions during the year, one of which was a joint commitment investment by EAIF and GuarantCo for a landmark large-scale road transport PPP, the first to be implemented in Kenya. The project had excellent SDI and the planned structure would link six countries and benefit at least six more. The Committee considered the risk factors that could impact the project over the long-term, including Kenya sovereign risk and the country concentration and single obligor limits.

The second approved transaction was the first waste management project procured by municipalities under a PPP scheme in Morocco. The Committee considered municipal risk in detail and supported further discussions on municipal exposures for future transactions within the PIDG Group.

The Committee undertook its first portfolio review of the two Credit solution companies which looked at their portfolios and strategies, risk exposures, credit concentration risks, sovereign risk indicators, exposure against risk appetite limits and combined PIDG exposures. This activity provided the Committee with a deeper understanding of the portfolio and exposures across the PIDG Group. These broader discussions will enable the Committee to broaden its understanding of the portfolios so it can provide deeper advice to the Board on the key risks, strategy and performance of the businesses.

The Committee also discussed the fragmented digital communications sector and recent elevated default rates within the telecoms market and provided advice and guidance to EAIF and GuarantCo on how to proceed with transactions in challenging market uncertainties.

As part of the Committee's role to work with the Board and PIDG to achieve an integrated organisation, the Committee provided its views on the PIDG Strategy Refresh and on PIDG Group activities. This included the challenges of sovereign and foreign exchange risks and the potential effects of these upon projects.

Areas of focus for 2023

The Committee will continue to exercise oversight of the activities of EAIF and GuarantCo in providing loan or guarantee products. A key area of focus will be supporting the businesses in the development of their plans to achieve the objectives and targets set by PIDG's 2023-2030 Strategy that is under development.

The Committee will continue to provide guidance to EAIF and GuarantCo when entering new markets or sectors and providing appropriate oversight as required. It will also continue to review the structure of our products and assess whether changes to credit policies are required to advance lending and guarantee investment strategies.

The Committee will continue to monitor and assess the performance of the PIDG credit portfolios, to set appropriate limits and to contribute to the Risk Appetite Framework seeking input from the PIDG Risk Committee as appropriate.

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 2022 and its planned activities in 2023.

The Committee was very busy during the year and met on 13 occasions to consider proposals from the InfraCos to approve, cease and/or divest projects, provide additional funding on existing projects, and to review the company portfolios. The Committee reviewed the progression of projects at the portfolio review meetings including the impact of external and macroeconomic factors on individual projects and portfolios throughout the year.

The Committee continues to engage with the InfraCos on project proposals in new sectors and geographies, on pipeline projects, and provide advice on the funding structure of investments on an ongoing basis.

Membership

Johan Bastin

Yukiko Omura

Kathie Painter

Committee governance

The Group CEO and Head of Sustainable Development Impact attend all meetings in full. Representatives from the Executive and management attend on invitation. The Board Chair is also a standing invitee.

The Committee's effectiveness and its composition are reviewed on an annual basis as part of the Governance Effectiveness Review. The Committee agrees the necessary actions it needs to take to respond to the findings and implements these accordingly. Further detail of the findings is set out on page 29 in the *Nomination Committee Report*.

Main responsibilities

- 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
- take account of the need to create financial, economic and SDI value (within risk appetite) in the short, medium and long term when overseeing investment activities.

Activities during the year
The Committee met frequently during the year primarily focusing on the approval of project investments and divestments.

The Committee considered investment proposals in multiple sectors and geographies throughout the year. These included solar – multi-country (Equatorial Power), road transport – Zimbabwe (Mobility for Africa), credit enhancement facility – Kenya (KCEF), multi-sectors affordable connectivity – Kenya (Mawinga Telecoms), decentralised energy – Sub-Saharan Africa (Bboxx), solar – Bataan, Philippines (Solana Solar) and Sullukia, Noakhali, Bangladesh (Bangladesh Solar JV).

The Committee considered and approved the CLEAR (Climate Energy Access Resilience) Fund, an Africa-dedicated climate-focused private equity fund, as part of the MOBILIST competition in which the UK government will invest USD7m. The Committee also approved three early-stage development projects, including Philippines Smart Solar, Indonesia Endikat Hydro and Vietnam Huc Wind.

The Committee conducted deep dives into three projects, two in the hydro power sector – Zambia (Western Power) and Sierra Leone (Bumbuna) and geothermal power – Ethiopia (Corbetti). The details of most of these projects can be found on the PIDG website at www.pidg.org.

The Committee reviewed project proposals at an individual project, company portfolio, PIDG Group portfolio and PIDG Group strategy level, taking into account factors that would contribute towards achieving appropriate risk-adjusted returns and developmental and transformational impact. This included consideration of partnerships with lead developers and other parties, budgets and funding constraints, market and sector appetite and challenges, the potential for replication, additionality and impact, ownership structures, and options to exit.

During the year, the Committee also provided revised guidance to management on reporting and presentation styles, and the information and data needed to support strategic decision-making. These changes have aided the Committee's ability to hold more in-depth discussions when considering investment and divestment decisions and at portfolio review meetings.

The Committee also received the PIDG Portfolio Risk Report which enabled it to consider exposures across the PIDG Group, concentration risks and risk appetite limits. The enhanced reporting will continue to be developed where needed, especially where the InfraCos enter new sectors and geographies and as their expertise in these areas grow.

The Committee provided its input into the PIDG Group Strategy Refresh process from an investment perspective and more broadly.

Areas of focus for 2023
During 2023, the Committee will continue to assist 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.

Regular reviews of the individual company portfolios and overall Group risks will enable the Committee to consider the balance between financial and strategic considerations of investment and divestment proposals and how they demonstrate alignment with and contribute towards objectives and targets under PIDG's 2023-2030 Strategy which is under development.

The work of the Committee will also be determined by the work of the InfraCos. The Committee will support management with the transition of its operating model in Asia towards an inhouse developer model. This transition will provide more control over project selection, funding commitments and budget spend which the Committee will monitor in addition to considering whether the selected projects

Areas of focus for 2023 *continued*

could optimally contribute towards PIDG Group's financial sustainability and strategic objectives.

As part of the launch of the 2023-2030 Strategy there will be a changed focus for the InfraCos and revised KPIs and targets will be agreed. The Committee will support management with this change and will assess and monitor the InfraCos contribution towards PIDG Group KPIs and targets. The Committee will also continue to provide oversight and guidance on individual projects and the portfolio as a whole, as management seeks opportunities in new geographies and sectors.

In Asia, consistent with PIDG's focus on addressing climate change, renewable energy will continue to be an important sector and will account for a large part of the portfolio. The team will also continue to originate and develop projects in sectors such as water, waste management and logistics.

In Africa, the focus will be on progressing the existing pipeline, in particular, the credit enhancement facility in Kenya and Solar IPP in Chad. The Committee will also support management's work to further expand the private sector-led transport, logistics and telecoms portfolio.

Remuneration

As part of the ongoing evolution of our governance arrangements, we have enhanced our Board level oversight of remuneration matters during the year. The Company's Nomination Committee now oversees employee remuneration governance and policy matters, in addition to making recommendations on the fees levels of the Non-Executive Directors and Committee members.

Board and Committee members

The remuneration of Directors and Committee members is fixed by the PIDG members in consultation with the Board. As Non-Executives, neither the Directors 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.

A revised fee structure for the Directors and Committee members was adopted for 2022. The fees paid to the Directors of the Company are set out below. The maximum annual fees payable to the individual Company Directors and Committee members are provided in a separate table below.

Remuneration policy for Directors and Committee members

Primary role	Annual fee
Chair of the Board	£35,000
Non-Executive Director	£22,000 plus £6,000 for a Committee Chair role to a maximum of £28,000
Chair of Committee	£6,000 for one or more Chair roles
Committee member	£12,000 plus £6,000 for two or more positions

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	£22,000 (£22,000)
Patrick Crawford	£22,792 (£28,000)
Rachel Kyte	£28,000 (£28,000)
Yukiko Omura	£23,833 (£28,000)
Tania Songini	£17,833 (£22,000)
John Walker	£23,833 (£28,000)

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 informal discussions are held throughout the year. To seek the views and opinions of employees, we undertake employee engagement surveys and the results and actions taken to respond to these are reviewed by the Nomination Committee.

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 hold fortnightly Townhalls which 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 which is agreed with the PIDG members. The levels of remuneration in the framework are set following a benchmarking exercise carried out by independent benchmark providers (including Willis Towers Watson and McLagan) every three years. PIDG is undertaking its latest review of the framework and will agree any changes arising with the members.

There are eight permanent members of staff who are part of the Executive team and all are remunerated with an annual salary of up to £192,500. 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, life insurance and income protection.

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.

Gender Pay Gap and Equal Pay
During 2022, PIDG appointed an external consultant (Innecto) to undertake our first independent Gender Pay Gap and Equal Pay reviews for the PIDG companies captured by the Remuneration Framework.

The Gender Pay Gap report confirmed that even though there are greater number of females in PIDG they are not evenly represented at all levels, with senior management positions being predominantly occupied by males which is reflected in the gender pay gap. PIDG is actively working on addressing this challenge and focusing on gender diversity of candidates for the most senior roles.

The Equal Pay report was commissioned in addition to the Gender Pay Gap to assess fairness of pay in comparable roles between male and female incumbents. The report found that there are differences in pay between females and males but frequently in favour of females. Some differences in pay are to be expected subject to experience, performance as well as market conditions, therefore the report findings were satisfactory and no further action was required.

Nomination Committee agreed to undertake periodic reviews in order to monitor the progress being made.

[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 2022.

Directors
Details of the Directors for the year ended 31 December 2022 are set out on pages 14 to 17 of this report. Rachel Kyte was appointed as an independent Non-Executive Director 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 *Risk Management* section of this report.

Share capital
At 31 December 2022, the issued share capital of the Company was £1.00. This comprised one ordinary share held by the PIDG Trustees 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 2022 (2021: £nil).

Political donations
The Company did not make any political donations in the year ended 31 December 2022 (2021: £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. A periodic review of conflict authorisations is performed 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.

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.

Greenhouse gas emissions (GHG)

PIDG is a signatory to the recommendations of the Task Force for Climate Related Disclosure (TCFD) since 2020 and – since 2021 – PIDG has published a full Disclosure Report in line with TCFD recommendations. The report covers the four TCFD pillars of governance, strategy, risk and metrics and its remit includes operations and investments of PIDG. The latest report, published in November 2022 covers 2019-2021 data for GHG emissions from operations and portfolio investments of PIDG companies as well as climate risks of the investment portfolio. The report is available online on the PIDG website.

The table below sets out GHG emissions from operations of the Company up to 2022. This includes emissions from our offices as well as travel for business purposes. The figures do not currently include emissions from homeworking, procurement or commuting, although this is something we will consider in future years.

After declining in 2020 and 2021 due to COVID, emissions from business travel increased in 2022.

We will work in 2023 to further develop a detailed plan to reduce emissions from travel and offices.

Post balance sheet events

Uche Orji and Liengseng Wee were appointed as independent Non-Executives Directors of the Board on 1 March 2023.

The Group has not identified any further post balance sheets following the year ended 31 December 2022.

GHG Emissions from Operations (tCO2e)

	2019	2020	2021	2022
Business travel	486	47	89	430
Offices	35	63	212[1]	58
Total (actual)	**521**	**110**	**300**	**488**

[1] The higher office emissions in 2021 were largely due to higher attribution to PIDG, based on lower occupancy of the same offices over the COVID-19 pandemic.

Going concern

The Directors have reviewed the Group’s forecasts and projections which have been prepared to 31 March 2024. 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 on which 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. In line with the small company exemptions available, PIDG does not prepare a Strategy Report.

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.

Directors’ disclosure of information to the external Auditor

All Directors have taken all the appropriate steps to ensure that as 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 2023

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 or 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 pages 1-12 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 2023

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 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with 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 ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the Consolidated Income Statement and Statement of Comprehensive Income, the Consolidated 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 or 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 Directors report and financial statements, 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.

Other Companies Act 2006 reporting

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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 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 2023

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 2022

	Notes	2022 Group £	2021 Group £
Revenue	4	8,287,148	7,035,973
Other income	5	109,628	111,386
Operating costs	6	(7,110,285)	(6,306,095)
Finance income	8	6,214	13
Finance expense	8	(24,964)	(20,783)
Profit before tax		**1,267,741**	**820,494**
Taxation	9	(228,232)	(179,226)
Profit on ordinary activities after taxation		**1,039,509**	**641,268**

Consolidated statement of comprehensive income for the year ended 31 December 2022

	Notes	2022 Group £	2021 Group £
Profit on ordinary activities after taxation		1,039,509	641,268
Other comprehensive income		-	-
Total comprehensive income for the year		**1,039,509**	**641,268**

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 £941,849 (2021: £709,016).

The amounts above all relate to continuing operations.

Consolidated and company statement of financial position as at December 2022

	Notes	2022 Group £	2022 Company £	2021 Group £	2021 Company £
Assets					
Property, plant and equipment	10	274,648	274,648	306,001	306,001
Trade and other receivables	13	158,099	158,099	158,099	158,099
Right of use (ROU) assets	20	669,444	669,444	207,659	207,659
Investment in subsidiary	1	-	6	-	6
Total non-current assets		**1,102,191**	**1,102,197**	**671,759**	**671,765**
Cash and cash equivalents	11	3,451,437	3,451,437	2,111,057	2,111,057
Restricted cash	12	654,488	654,488	-	-
Trade and other receivables	13	1,541,271	1,541,271	1,412,652	1,412,652
Total current assets		**5,647,196**	**5,647,196**	**3,523,709**	**3,523,709**
Total assets		**6,749,387**	**6,749,393**	**4,195,468**	**4,195,474**
Equity and liabilities					
Share capital	15	1	1	1	1
Retained earnings		3,134,035	3,104,123	2,094,526	2,162,274
Total equity		**3,134,036**	**3,104,124**	**2,094,527**	**2,162,275**
Trade and other payables	14	2,870,083	2,900,001	1,785,450	1,717,708
Total current liabilities		**2,870,083**	**2,900,001**	**1,785,450**	**1,717,708**
Trade and other payables	14	46,074	46,074	53,750	53,750
Lease liabilities	14	699,194	699,194	261,741	261,741
Total non-current liabilities		**745,268**	**745,268**	**315,491**	**315,491**
Total equity and liabilities		**6,749,387**	**6,749,393**	**4,195,468**	**4,195,474**

Approved by the Board on 31 March 2023.

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 2022

	Notes	Share capital Group	Retained earnings Group	Total Group
		£	£	£
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
Total comprehensive income for the period		-	1,039,509	1,039,509
Balance as at 31 December 2022		1	3,134,035	3,134,036

Company statement of changes in equity for the year ended 31 December 2022

	Notes	Share capital Company	Retained earnings Company	Total Company
		£	£	£
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
Total comprehensive income for the period		-	941,849	941,849
Balance as at 31 December 2022		1	3,104,123	3,104,124

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

Consolidated cash flow statement for the year ended 31 December 2022

	Notes	2022 Group £	2021 Group £
Operating activities			
Profit before taxation		1,267,741	820,494
Adjustments for:			
Depreciation	10	112,854	122,075
Finance income	8	(6,214)	(13)
Finance expense	8	5,264	4,681
Interest on ROU liability	8	19,700	16,102
Depreciation of ROU assets recognised	20	179,126	167,684
Operating cash flows before movement in working capital		**1,578,471**	**1,131,023**
(Increase) in trade and other receivables	13	(128,619)	(442,561)
Increase in trade and other payables		1,007,756	587,371
Cash generated from operations		**2,457,608**	**1,275,833**
Tax Paid		(181,365)	(159,535)
Net cash generated from operating activities		**2,276,243**	**1,116,298**
Investing activities			
Acquisition of property, plant and equipment	10	(81,501)	(40,229)
Investment in subsidiary	1	-	-
Net cash generated from investing activities		**(81,501)**	**(40,229)**
Financing activities			
Finance Income	8	6,214	13
Finance expense	8	(5,264)	(4,681)
Principal paid on lease liabilities	20	(200,824)	(200,823)
Net cash generated from financing activities		**(199,874)**	**(205,491)**
Net increase in cash and cash equivalents including restricted cash		**1,994,868**	**870,578**
Cash and cash equivalents including restricted cash at the beginning of the period		2,111,057	1,240,479
Cash and cash equivalents including restricted cash at end of the period	**11**	**4,105,925**	**2,111,057**

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

Company cash flow statement for the year ended 31 December 2022

	Notes	2022 Company £	2021 Company £
Operating activities			
Profit before taxation		1,152,412	888,242
Adjustments for:			
Depreciation	10	112,854	122,075
Finance income	8	(6,214)	(13)
Finance expense	8	5,007	4,574
Interest on ROU liability	8	19,700	16,102
Depreciation of ROU assets recognised	20	179,126	167,684
Operating cash flows before movement in working capital		**1,462,885**	**1,198,664**
(Increase) in trade and other receivables	13	(128,619)	(442,561)
Increase in trade and other payables		1,123,085	519,629
Cash generated from operations		**2,457,351**	**1,275,732**
Tax Paid		(181,365)	(159,535)
Net cash generated from operating activities		**2,275,986**	**1,116,197**
Investing activities			
Acquisition of property, plant and equipment	10	(81,501)	(40,229)
Investment in subsidiary	1	-	(6)
Net cash generated from investing activities		**(81,501)**	**(40,235)**
Financing activities			
Finance Income	8	6,214	13
Finance expense	8	(5,007)	(4,574)
Principal paid on lease liabilities	20	(200,824)	(200,823)
Net cash generated from financing activities		**(199,617)**	**(205,384)**
Net increase in cash and cash equivalents including restricted cash		**1,994,868**	**870,578**
Cash and cash equivalents including restricted cash at the beginning of the period		2,111,057	1,240,479
Cash and cash equivalents including restricted cash at end of the period	**11**	**4,105,925**	**2,111,057**

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.

The financial results of the Group also include the overseas subsidiary, 'The Private Infrastructure Development Group (Kenya) Limited' (the Kenyan Subsidiary) which was established on 28 January 2021 and has a registered office at 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 purposes of the branch and the subsidiary are 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 2022.

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 2022 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 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

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:

7. **Standards issued but not yet effective *continued***

New Accounting Standards, Auditing Standards and Other Financial Reporting Developments	Effective for periods beginning on or after
Narrow-scope amendments to IAS 1 “Presentation of Financial Statements”, Practice statement 2 and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.	01 January 2023
Amendments to IAS 12, “Income Taxes” – deferred tax related to assets and liabilities arising from a single transaction.	01 January 2023
Amendments to IFRS 17, “Insurance contracts” – replaces IFRS 4, which currently permits variety of practices in accounting for insurance contracts.	01 January 2023
Amendments to IAS 1 on classification of liabilities classified depending on the rights that exist at the end of the reporting period.	01 January 2024

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 Service Level Agreements (SLA) that are in place between the Group and the PIDG Trust and other PIDG companies. Invoices are raised quarterly based on agreed budgets, 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 2025 and detailed cashflows to 31 March 2024. 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 2023 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 in place) 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 22 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 65 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 and when 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 2022 bonus provision for the Group's staff has been estimated based on the Group's and individuals' performance, but is subject to the review of the Remuneration Committee. The bonus provision for 2022 will be further refined as part of the Group's performance review process that is due to complete in April 2023.

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. On 05 August 2022, the company opted to not exercise the lease break clause and entered into an agreement for the period 08 February 2023 to 07 February 2028. This resulted in a second rent-free period of 10 months followed by a further 4 months at 50% reduced rent. Therefore the present value has been revised to include the extended lease period.

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 (2021: £nil).

Service level agreements (SLAs)

For the year ended 31 December 2022, the Group recharged out its costs to the PIDG Trust and the other PIDG companies.

Transfer pricing (TP) margin

An arms-length transfer pricing (TP) margin is added to charges stemming from SLAs with group companies. During the financial year under review, the average TP Margin was 16% (2021: 16%).

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 2022, the Group increased its ROU assets, to reflect the extended lease of its principal office at 10th floor, 6 Bevis Marks, London, EC3A 7BA.

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 intra-group Revolving Credit Facility Agreement PIDG Ltd has with GuarantCo Ltd, as detailed in note 22.

The breakdown of amounts recognised are shown in further detail in note 20.

4. Revenue

Analysis of revenue of type of service:

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
Recharges to PIDG Trust and PIDG companies	6,947,878	6,739,156	5,941,396	5,941,396
Transfer pricing margin	1,339,270	1,301,842	1,094,577	1,084,424
	8,287,148	**8,040,998**	**7,035,973**	**7,025,820**

Analysis of revenue by location of customers:

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
UK	2,030,908	1,799,022	1,669,920	1,669,920
Mauritius	4,352,982	4,338,718	3,780,542	3,770,389
Singapore	1,903,258	1,903,258	1,585,511	1,585,511
	8,287,148	**8,040,998**	**7,035,973**	**7,025,820**

5. Other income

Other income of £109,628 (2021: £111,386) relates to rental income for the shared office space at 10th floor, 6 Bevis Marks, London, EC3A 7BA charged to other PIDG companies

	2022 Group £	2021 Group £
Emerging Africa Infrastructure Fund Limited	3,605	3,663
InfraCo Africa Limited	106,023	107,723
	109,628	**111,386**

6. Operating costs

	2022 Group £	2021 Group £
Staff costs (note 7)	5,468,555	4,183,495
Premises costs	210,691	190,764
Professional fees and contractors	455,919	1,070,960
Travel and subsistence costs	330,210	60,897
Information technology	206,157	170,542
Marketing and communications	69,419	80,538
Development impact studies	106,612	61,938
Depreciation (note 10)	112,854	122,075
ROU depreciation (note 20)	179,126	167,684
Foreign currency exchange (gains) / losses	(28,154)	(10,786)
Charges incurred on behalf of PIDG Trust	(115,017)	172,153
Other	113,913	35,835
	7,110,285	**6,306,095**

The operating costs in the year for the Company was £6,979,721 (2021: £6,228,301). Included within professional fees for the Group is the external Auditor's remuneration, an analysis of which is below:

	2022 £	2021 £
Audit of the PIDG Ltd accounts	22,090	16,500
Audit of the PIDG Ltd (Singapore Branch) accounts	6,664	6,750
Audit of the PIDG (Kenya) Ltd accounts	3,305	3,567
Co-ordination of the group audit	16,500	15,500
Review of PIDG's Annual Review	6,160	5,600
	54,719	**47,917**

7. Staff costs

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

	2022 £	2021 £
Salaries (including bonuses)	4,226,202	3,302,272
National insurance	519,632	376,052
Other employee benefits	112,035	83,035
Pension costs	258,809	175,595
Other personnel costs	351,877	246,541
	5,468,555	**4,183,495**

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. Outstanding contributions totalling £2,351 (2021: £2,326) that 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 £1,801,307 (2021: £1,625,202).

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 61 (2021: 53).

	2022 Group No.	2021 Group No.
PIDG Board and Committee members	21	19
Support – Finance, Human Resources, Operations, Legal	22	18
Sustainable Development Impact	6	5
Investor Relations and Communications	5	5
Risk, Health and Safety	7	6
	61	**53**

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 two staff members employed by PIDG Ltd (Singapore) branch. As the Group's operations include providing shared services to other PIDG companies, an average of 8 staff (2021: 7) are fully recharged to other PIDG companies.

8. Finance income and expense

	2022 Group £	2021 Group £
Finance income:		
Interest received from banks	**6,214**	**13**
Finance expense:		
Bank charges	5,200	4,617
Credit card fees	64	64
Interest on ROU liability (note 20)	19,700	16,102
	24,964	**20,783**

9. Taxation

	Group £	Group £
Current tax		
Current period (note 14)	218,241	181,365
Deferred tax		
Current period	(18,292)	(14,689)
Adjustment to prior period	(442)	(352)
Adjustment due to change in tax rate	11,056	12,902
Taxation	**210,563**	**179,226**

9. Taxation *continued*

	2022 Group £	2021 Group £
Profit on activities before corporation tax	1,267,741	820,494
Tax at the standard rate of corporation tax (19%)	240,871	155,894
Effects of:		
Expenses not deductible for tax	(29,866)	23,684
Adjustment to prior year	(442)	(352)
	210,563	**179,226**

The profit before tax in the year for the Kenyan Subsidiary is £115,329, therefore the corporation tax charge for the year in this subsidiary is £17,669.

Deferred tax

	Temporary differences Group £
Opening	
Charge through the income statement	53,751
As at 31 December 2021	**53,751**
Current period	(18,292)
Adjustment to prior period	(442)
Adjustment due to change in tax rate	11,056
As at 31 December 2022 (note 14)	**46,073**

10. Property, plant and equipment

	Leasehold improvement Group £	IT equipment & software Group £	Fixtures, fittings & equipment Group £	Total Group £
Cost				
As at 1 January 2022	258,431	347,027	106,443	711,901
Additions	-	81,501	-	81,501
As at 31 December 2022	**258,431**	**428,528**	**106,443**	**793,402**
Accumulated depreciation				
As at 1 January 2022	(94,758)	(236,506)	(74,636)	(405,900)
Depreciation charge for the year	(25,843)	(65,723)	(21,288)	(112,854)
As at 31 December 2022	**(120,601)**	**(302,229)**	**(95,924)**	**(518,754)**
Net book value				
As at 31 December 2021	163,673	110,521	31,807	306,001
As at 31 December 2022	**137,830**	**126,299**	**10,519**	**274,648**

There are no assets held by the Singapore Branch or the Kenyan Subsidiary as at 31 December 2022.

11. Cash and cash equivalents

	2022 Group £	2021 Group £
Cash at bank		
Pounds Sterling (GBP £)	3,292,501	1,808,061
Euros (EUR €)	330	132
United States Dollars (USD $)	158,606	302,864
	3,451,437	**2,111,057**

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

12. Restricted Cash

	2022 Group £	2021 Group £
Cash at bank		
United States Dollars (USD $)	198,374	-
Pakistani Rupee (PKR)	456,114	-
	654,488	**-**

The Group holds funds on behalf of PIDG's technical assistance (TA) arm which provides grants that support PIDG companies' activities. The purpose of the funds passing through the Group is to facilitate streamlined contract agreements with TA's 3rd parties. The funds being held by the Group are managed through grant agreements between PIDG Ltd and the PIDG Trust and are treated as an intercompany balance with the PIDG Trust, and so have no net impact on the Group's balance sheet.

13. Trade and other receivables

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
Due within one year				
Trade receivables	1,425,414	1,425,415	1,322,600	1,322,600
Prepayments and accrued income	114,363	114,362	73,817	73,817
Lease asset	1,494	1,494	16,235	16,235
	1,541,271	**1,541,271**	**1,412,652**	**1,412,652**
Due after more than one year				
Rental deposit	158,099	158,099	158,099	158,099
Other receivables	-	-	-	-
	158,099	**158,099**	**158,099**	**158,099**
	1,699,370	**1,699,370**	**1,570,751**	**1,570,751**

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 17 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.

13. Trade and other receivables *continued*

	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	1,060,099	365,315	-	-	1,425,414
Loss provision	-	-	-	-	-

Regarding receivables relating to intercompany balances, given the surplus cash in these entities and PIDG Limited's control over these entities, the balances are not impaired.

14. Trade and other payables

	2022 Group £	2022 Company £	2021 Group £	2021 Company £
Due within one year				
Trade payables	671,963	671,963	450,449	450,449
Other payables	535,573	578,350	183,984	118,459
Accruals and deferred income	1,047,121	1,034,262	776,593	774,376
VAT and social security	397,185	397,185	193,059	193,059
Corporation tax (note 9)	218,241	218,241	181,365	181,365
	2,870,083	**2,900,001**	**1,785,450**	**1,717,708**
Due after more than one year				
Lease liability	699,195	699,195	261,741	261,741
Deferred tax (note 9)	46,073	46,073	53,750	53,750
	745,268	**745,268**	**315,491**	**315,491**
	3,615,351	**3,645,269**	**2,100,941**	**2,033,199**

The average trade creditors days for the year ended 31 December 2022 was 47 (2021: 23).

15. Share capital

	2022 Group No.	2022 Group £	2021 Group No.	2021 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).

16. 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.

17. 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:

	2022 Group £	2021 Group £
Within one year	40,705	297,341
Between two and five years	1,149,608	30,141
	1,190,313	**327,482**

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 07 February 2028 as the option to break the lease in February 2023 was not exercised. The terms of the lease included a rent-free period of six months followed by a further twelve months at reduced rent. At the renewal date, an additional rent-free period of 10 months, followed by a further 4 months at reduced rent was received. Rental payments for the period ended 31 December 2022 were £297,341 (2021: £297,341).

17. Operating leases *continued*

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	4,685	106,075	110,760
Between two and five years	19,040	418,875	437,915
	23,725	**524,950**	**548,675**

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

18. 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 13. 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 2022 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.

18. Financial risk management *continued*

The Group's exposure to foreign currency risk as at 31 December 2022 was:

	2022		2021	
	EUR/GBP Group £	USD/GBP Group £	EUR/GBP Group £	USD/GBP Group £
Assets				
Cash and cash equivalents	330	158,606	132	302,864
Trade and other receivables	-	(479,542)	-	(72,829)
	330	**(320,936)**	**132**	**230,035**
Liabilities				
Trade and other payables	(11,078)	(155,294)	(19,443)	(40,874)
	(11,078)	**(155,294)**	**(19,443)**	**(40,874)**
Net exposure	**(10,748)**	**(476,230)**	**(19,311)**	**189,161**

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 2022 the Group had cash and cash equivalents of £3,451,437 (2021: £2,111,057) with a further £1,541,271 (2021: £1,412,652) in current assets. This is £2,122,625 (2021: £1,738,259) 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:

18. Financial risk management *continued*

- 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:

	2022		2021	
	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	3,451,437	-	2,111,057	-
Trade and other receivables	1,585,009	-	1,496,935	-
Total financial assets	**5,036,446**	**-**	**3,607,992**	**-**
Financial liabilities				
Trade and other payables	-	3,351,037	-	1,865,826
Total financial liabilities	**-**	**3,351,037**	**-**	**1,865,826**

	2022		2021	
	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	3,451,437	-	2,111,057	-
Trade and other receivables	1,585,009	-	1,496,935	-
Total financial assets	**5,036,446**	**-**	**3,607,992**	**-**
Financial liabilities				
Trade and other payables	-	3,380,955	-	1,798,084
Total financial liabilities	**-**	**3,380,955**	**-**	**1,798,084**

19. 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 24 and 25 provide further details of these related parties.

During the year, the Group provided services of £8,396,776 to related parties (2021: £7,147,359). The amounts relating to this within revenue and other income were:

	2022 Group £	2021 Group £
The Emerging Africa Infrastructure Fund Limited	1,963,836	1,657,460
GuarantCo Limited	1,873,728	1,590,708
InfraCo Africa Limited*	2,099,318	1,756,376
InfraCo Asia Investments Pte Ltd	201,383	158,543
InfraCo Asia Development Pte Ltd	1,719,205	1,426,968
ICF Debt Pool LLP	32,369	31,567
PIDG Trust	506,937	525,737
	8,396,776	**7,147,359**

During the year, the Group paid operating expenses of £37,678 to related parties (2021: £72,346). The amounts relating to this within operating costs were:

	2022 Group £	2021 Group £
InfraCo Africa Limited*	22,235	51,489
InfraCo Asia Development Pte Ltd	15,443	20,857
	37,678	**72,346**

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

19. 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:

	2022 £	2021 £
The Emerging Africa Infrastructure Fund Limited	(18,614)	1,772
GuarantCo Limited	(42,242)	61,084
InfraCo Africa Limited*	848,247	271,608
InfraCo Africa Investment Ltd	15,721	-
InfraCo Asia Investments Pte Ltd	60,131	8,235
InfraCo Asia Development Pte Ltd	383	(3,106)
ICF Debt Pool LLP	16,149	23,555
PIDG Trust	419,454	898,301
	1,299,229	**1,261,449**

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

The balances between both PIDG Ltd (Singapore Branch) and PIDG (Kenya) Ltd with PIDG Ltd, have been assessed as 0% for expected credit loss and the balances are £nil (2021: £nil) when consolidated for group reporting.

20. Leases (IFRS 16)

The Group had two leases which it recognised initially 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 as at 01 January 2019 and 01 February 2020 of 2.5% and 1.7% respectively, plus a margin of 3%, as per PIDG Limited's inter-group Revolving Facility Agreement (note 22).

The rental lease had an end date of February 2028 with an option to break the lease in February 2023. On 05 August 2022, the company opted to not exercise the lease break clause and entered into an agreement for the period 08 February 2023 to 07 February 2028. This resulted in a second rent-free period of 10 months followed by a further 4 months at 50% reduced rent. Therefore, the calculation has been revised to include the extended lease period as initially it had only considered the period to the break clause date. A revised discount factor of 5.4% has been used, based on the 1-month USD LIBOR interest rate as at 05 August 2022 of 2.4%, plus a margin of 3%. The office equipment lease is effective until May 2025 and has been recognised to this date.

20. Leases (IFRS 16) *continued*

This extension to the lease was included in 2022 and the Group continues to unwind the rental and office equipment leases on the Statement of Financial Position.

ROU Assets	**Rental Lease Group £**	**Office Equipment Group £**	**Total Group £**
At 1 Jan 2022	177,540	30,119	207,659
Additions	640,911	-	640,911
	818,451	**30,119**	**848,570**
Depreciation	(170,270)	(8,856)	(179,126)
As at 31 Dec 2022	**648,181**	**21,263**	**669,444**

Lease Liabilities	**Rental Lease Group £**	**Office Equipment Group £**	**Total Group £**
At 1 Jan 2022	205,475	31,343	236,818
Additions	640,911	-	640,911
	846,386	**31,343**	**877,729**
Interest	18,525	1,175	19,700
Lease Payments	(190,943)	(9,881)	(200,824)
As at 31 Dec 2022	**673,968**	**22,637**	**696,605**

Note that the lease liability amount reflected in the Statement of Financial Position also includes £2,264 (2021: £24,598) in relation to the shared office space that was not subject to change due to IFRS 16.

20. 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 £
Within one year	521,461	12,407	533,868
Between two and five years	14,234	-	-

Lease Liabilities	Rental Lease £	Office Equipment £	Total £
Within one year	682,855	13,528	696,383
Between two to five years	18,309	-	-

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

	2022 £	2021 £
ROU Assets	669,444	207,659
Retained earnings (ROU) Adjustment	(63,349)	(63,349)
ROU Liability	(696,605)	(236,818)
Net effect	**(90,510)**	**(92,508)**

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

Change to discount factor	% change to present value
2% increase	-10%
2% decrease	11%

21. Contingent liabilities

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

22. 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.

23. Post balance sheet events

Uche Orji and Liengseng Wee were appointed as independent Non-Executives Directors of the Board on 1 March 2023. The Group has not identified any further post balance sheets following the year ended 31 December 2022.

24. 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) (InfraCo Africa);
(6) InfraCo Asia Investments Pte. Ltd. (Singapore) (InfraCo Asia);
(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).

25. 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
the Board	The Board of Directors of The Private Infrastructure Development Group Limited
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
DAC I/II	Development Assistance Committee Least Developed Countries (LDCs) / Low Income Countries which are not LDCs
DevCo	The Infrastructure Development Collaboration Partnership Fund, which is a trust fund within the IFC
EAIF	The Emerging Africa Infrastructure Fund Limited
ECL	Expected Credit Loss
ERM	Enterprise Risk Management
EU	European Union
EUR	Euro
FCAS	Fragile and Conflict-Affected States
FRC	Financial Reporting Council
FX	Foreign Exchange
GBP	British Pound Sterling
GER	Governance Effectiveness Review
GHG	Greenhouse Gas
GMC	GuarantCo Management Company Limited
the Group	The Private Infrastructure Development Limited, its Singapore Branch and subsidiary The Private Infrastructure Development Group (Kenya) Limited
GuarantCo Management Company	Outsourced fund manager of GuarantCo
GuarantCo	GuarantCo Limited
HSES	Health, Safety, Environment and Social
HSESC	PIDG Ltd, Health, Safety, Environment and Social Committee
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rate (i.e. lending)
IC	PIDG Ltd, Investment Committee
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards

InfraCos	InfraCo Africa Limited; InfraCo Africa Investment Ltd; InfraCo Asia Development Pte Ltd; InfraCo Asia Investments Pte Ltd
IP	Independent Panel on Sustainable Development Impact
IPP	Independent Power Producer
KPI	Key Performance Indicator
LDC	Least Developed Country
LGD	Loss Given Default
LIBOR	London Inter-Bank Offered Rate
Members	The governments of the UK, Netherlands, Switzerland, Australia, Sweden, Germany and the IFC
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
PIDG	All the companies in the Private Infrastructure Development Group including PIDG Limited and the companies set out in note 24
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
RC	PIDG Ltd, Risk Committee
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
SLA	Service Level Agreement
TA	Technical Assistance
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