



# Operating Policies and Procedures

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**GLOSSARY**

<b>Board</b>	The board of directors for the time being of the Company / SPV
<b>CEO</b>	The chief executive officer of the Company / SPV
<b>Corporate Executive</b>	The corporate record keeping of the Company / SPV or such other designated senior officer of the Company / SPV
<b>Environmental Laws</b>	International Finance Corporation's Performance Standards on Environmental and Social Sustainability and any ordinance, permits or regulations, regarding health, safety, materials or the environment, each as amended, and any regulations promulgated in country of Project, as may be applicable to the Company / SPV.
<b>SPV</b>	Special Purpose Vehicle as may be set up for the purposes of the Project
<b>Investors</b>	Shareholders / funders of the Company / SPV

## INTRODUCTION AND OBJECTIVES

These Operating Policies and Procedures relate to the activities of Equicap Asia Management Pvt. Ltd. (“**Company**”) and SPV’s managed by the Company.

The objective of the Company is to provide investment and asset management services for infrastructure projects in South and South East Asia.

### KEY OPERATING PRINCIPLES

#### A. Objective:

The Company will operate as an investment and asset management company to develop infrastructure projects (“**Project**”) in South and South East Asia region, acting as:

- (a) exclusive developer / investment manager for social impact funds targeting South and South East Asia region as potential markets for setting up infrastructure assets / platforms,
- (b) developer / investment manager for civil and industrial execution of new projects as well as improvements in existing projects, and
- (c) end-to-end Investment and Asset management company.

It will:

- (i) normally undertake all the activities required for the execution and completion of the Project;
- (ii) conduct its business, and will act, at all times in accordance with these Operating Policies and Procedures;
- (iii) seek to structure the Project and opportunities therein in a way that balance the interests of all the stakeholders including Government’s and other national stakeholders’ interests aligned with the requirements of the Investors and providers of finance; and
- (iv) seek to balance the goal of attaining an attractive return for the Investors in the Company / SPV while ensuring execution of the Project as per the highest industry standards in the infrastructure sector and shall at minimum adhere to [International Finance Corporation’s Performance Standards on Environmental and Social Sustainability] or the equivalent standards, in relation to the Project.

#### B. Geographical Coverage:

- a. **South Asia**- India, Nepal, Sri Lanka, Bangladesh, and Pakistan
- b. **South East Asia** – Vietnam, Indonesia, Philippines, and Thailand

#### C. Sectors of interest:

- (i) **Renewable Energy:** Generation, transmission and/or distribution of electricity;

- (ii) **Transportation infrastructure services**: fixed and moveable transportation infrastructure and transport services including roads, bridges, tunnels, light and heavy rail systems and services and railway equipment, airports (passengers and freight), bus lines, ports and harbours;
- (iii) **Water/waste services**: urban/rural freshwater production and treatment, supply and distribution, sanitation, solid waste disposal/collection and waste treatment, bulk water supply (water reservoirs, transfer schemes, dams and pipelines);
- (iv) **Bulk Storage/Logistics Facilities**: logistics services that support productive investment including bulk storage/handling facilities, cold storage, warehousing and certain moveable assets;
- (v) **Gas transportation, distribution and storage**: gas pipelines and bulk storage/logistical facilities and, downstream gas development;
- (vi) **Agriculture-supporting infrastructure** including but not limited to storage, basic processing facilities and irrigation services; and
- (vii) **Urban infrastructure**: the provision of economic and social infrastructure within towns and cities (including low cost housing).

**D. Target Investment / Acquisition:** Majority Equity stake, with controlling position in the SPV

**E. Target Projects:**

- (i) start-ups or greenfield developments;
- (ii) partly developed projects where the incumbent sponsor is unable to bring the opportunity to financial close;
- (iii) abandoned projects;
- (iv) currently operating companies where the owners are unable to finance and implement major new investments; and
- (v) privatized or to be privatized projects/companies.

**F. Key Operating Policies and Procedures:**

For the effective conduct of its business, Company has adopted following operating policies and procedures:

- (a) the Compliance Manual;
- (b) the Risk Policies and Procedures;
- (c) the Anti-Corruption Compliance Policy;
- (d) the Procurement Policy; and
- (e) the Travel & Reimbursement Policy.

## PART I: OPERATING POLICIES

### 1. ACTIVITY

- 1.1 The Company's principal activity will be of development and project management of infrastructure projects in South and South East Asia. The Company will undertake all activities relating to completion of the Project efficiently including, as appropriate, undertaking feasibility studies on the Project, negotiation of regulatory contracts and project agreements, procuring required licenses and consents, development of a business and financial plan, procuring financing from third parties, negotiation of third party financing documents, preparing all such documents as may be necessary or required and all steps as may be necessary for the successful completion of the Project and exit of Investors.
- 1.2 The Company may undertake the following activities in support of the Project:
- a) seek to structure the Project and opportunities therein in a way that balance the interests of all the stakeholders including Government's and other national stakeholder's interests aligned with the requirements of the Investors and providers of finance.
  - b) undertake the Project development activities consistent with industry best practice in the infrastructure sector and shall at minimum adhere to International Finance Corporation's Performance Standards on Environmental and Social Sustainability or the equivalent standards, in relation to the Project (without prejudice to the provisions of these Operating Policies and Procedures).
- 1.3 The Company may also provide any other form of support that is consistent with the Company's overall objectives.
- 1.4 In pursuing its objectives, the Company will liaise closely with other relevant departments and entities in relation to the Project.

### 2. COMMUNITY AND ENVIRONMENTAL IMPACT

- 2.1 All of the Company's expense and operating decisions shall comply with applicable laws and regulations. The Company and each of its affiliates will follow and apply, as a minimum, the environmental laws and procedures in accordance with the applicable Environmental Laws in relation to the construction and development of the Project. In addition, the Company and each of its affiliates will comply with the UN Convention on the Rights of the Child to the extent that it is applicable to the Company and such affiliates given the nature of their activities.
- 2.2 The Company and each consultant / advisor / agent / associate / affiliate, acting on behalf of the Company, will include in their operations an analysis of the social and environmental impacts of the Project. In particular, the Company will follow, as a minimum, the environmental and social due diligence

procedures and will adopt and apply the social responsibility requirements set out in the applicable Environmental Laws.

### **3. GENERAL RESTRICTIONS**

All activities of the Company shall be undertaken with the aim of successful completion of the Project in accordance with the applicable local jurisdictional laws as set out in the *Introduction and Objectives* with the general aim of poverty elimination.

### **4. COMPETITIVE TENDERING AND PROCUREMENT**

#### **4.1 General**

The Company will promote a transparent and competitive process and to support good public policy for the transactions in relation to the Project.

#### **4.2 Development Rights**

In entering into any arrangements concerning the right to develop the Project, the Company and each affiliate will comply with the applicable laws in the country in which the project is located and will act in a manner consistent with good public policy and transparency.

#### **4.3 Procurement of Goods and Services by the Company**

Any goods and services to be procured by the Company or its affiliates in relation to the Project shall be procured in accordance with the Company's Procurement Policy.

### **5. REPORTING AND DISCLOSURE**

5.1 The Company shall ensure that regular reports are provided to the Board and/or Investors by different departments of the Company from time to time.

### **6. AMENDMENTS**

6.1 The Operating Policies in Part I and the Operating Procedures in Part II may only be amended, modified or otherwise changed by the simple majority of the Board.

**PART II: OPERATING PROCEDURES**

**1. PURPOSE**

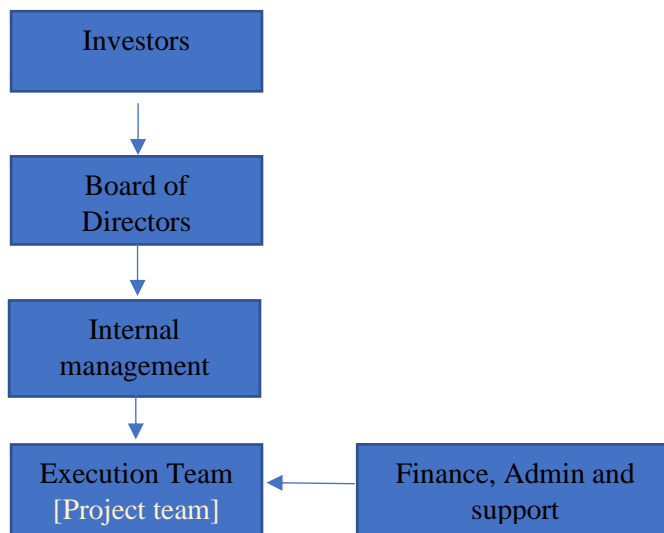
The operating procedures are applicable to the Company, to its affiliates and to their respective staff. These procedures are complementary to each of the following:

- (a) the memorandum and articles of association of the Company; and
- (b) any of the Company’s policy documents in force from time to time including the Operating Policies set out in Part I of these Operating Procedures.

**2. CORPORATE GOVERNANCE STRUCTURE**

**2.1 General**

- (a) The corporate governance structure of the SPV/Company and of its group shall be as follows:



- (b) The Board shall comprise of directors in accordance with the applicable laws and other policies and procedures of the Company and may include nominees of Investors, wherever applicable. The Board shall be closely involved in oversight and decision making for the Company to ensure that the goals of the Company are met while enabling the Company to operate in a flexible and commercial manner.
- (c) The day to day management of the Company / Project shall be the responsibility of the internal management team of the Company comprising of: [(i) CEO / Managing Director; (ii) CFO and (iii) Company’s / Investor’s nominees (the “**Executive Management**”). The Executive Management shall engage external transaction-specific advisory expertise to support the Project decisions and



execution of transactions in respect of the Project as and when required (the requirements for which will vary from transaction to transaction as the Board shall see fit).

**2.2 Subsidiary companies**

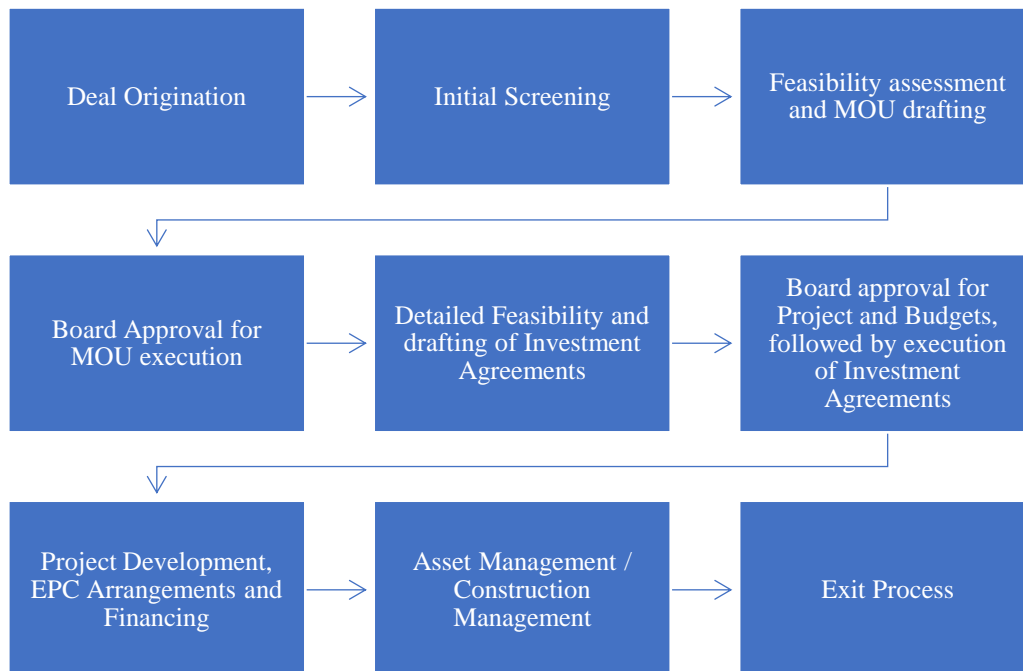
- (a) In appropriate cases it is anticipated that the Company / SPV will establish limited liability subsidiaries subject to the Board’s approval, to hold the Company’s interest in that Project, to undertake the development and to hold investments post any sale.
- (b) If the Company / SPV incorporates a subsidiary to hold its interest in the Project, the name of such subsidiary should include such references, names, logos as the Company / SPV may deem fit.

**2.3 Governance of Joint Venture Companies**

In respect of each [joint venture], the Investors shall have the right to appoint a representative to participate as a member of the board of directors of the [joint venture] and to appoint a representative as an observer to attend but not vote at any meeting of the board of directors of the [joint venture]. Any such representative shall be a member of the board of [joint venture]. Any appointment of a representative to the board (or to any committee of the board) of any [joint venture] shall be according to terms of the joint venture and shall be subject to change basis written approval of the Investors.

**3. BUSINESS APPROVAL PROCESS**

**3.1 Key Stages**



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

- (a) identification and screening of new business Opportunities and presentation of a long-list of Opportunities to the Investors / Board (quarterly or more often, as appropriate);
- (b) recommendation by Company for approval by the Investors / Board for the inclusion or removal of any Opportunity in or from the short-list of Opportunities and circulation to the funders for their information of a summary of the approved short-list of Opportunities (as from time to time amended) on a quarterly basis;
- (c) signing of a Memorandum of Understanding (or other equivalent non-binding document) in respect of each short-listed Opportunity as may be required;
- (d) undertaking of due diligence and evaluation studies in respect of each Opportunity on the approved short-list of Opportunities and negotiation of key terms and conditions of investment and participation in each such Opportunity;
- (e) presentation to the Investors / Board (in a form approved by them from time to time) of findings of due diligence exercise and proposals for key terms and conditions of investment and participation in each short-listed Opportunity and approval of the Investors / Board to execute a joint development agreement (or equivalent) setting out the work plan and budget for the development of each Opportunity on the short-list of Opportunities including the proposed commercial arrangements to apply during the development period and at, and following, sale of the Opportunity;
- (f) approval by the Investors / Board of a proposal for exit and proposed terms of sale of Investor's / Company's interest in each project.

The Company shall undertake presentation of a summary report on monthly basis and a detailed report on quarterly basis in respect of each short-listed Opportunity to the Investors / Board (in such form as shall be reasonably requested by them from time to time).

#### **4. PROSPECTIVE TRANSACTION RELATED AGREEMENTS**

The Company or any entity which enters into an agreement in relation to the Project whether on behalf of the Company or on its own, shall follow the following procedures:

##### **4.1 Confidentiality Agreements**

- (a) Prior to the release of confidential information by involved commercial parties or the government to the Company or its strategic participants, the Company may be asked to enter into a confidentiality agreement. In addition to standard terms (relating to the nature or definition of 'confidential information'), such agreements should generally contain the following:

- (i) ability to disclose information to the Company, its officers, employees and advisers to the extent necessary in order to consider and work upon the Project provided that they agree to keep the information confidential in accordance with the confidentiality provisions of the confidentiality agreement (and they have been made aware of the confidential nature of the information);
  - (ii) ability of the Company to pass on information to third parties where required as a matter of instruction from a regulatory authority or by operation of law or directions from a court;
  - (iii) restriction on the amount of financial liability on the part of the Company for any breaches by reason of negligence or deliberate act;
  - (iv) governing law to be the [laws of the jurisdiction in which the Company / SPV is incorporated];
  - (v) jurisdiction of the courts where the Project is established; and
  - (vi) limitation on duration of the Company's obligations under the agreement (preferably 1 year).
- (b) Similarly, the Company may also be required to disclose certain confidential information to the counter party in any transaction and in relation to the Project. Before releasing any confidential information, the Company must execute confidentiality agreement. In addition to standard terms (relating to the nature or definition of 'confidential information'), such agreements should generally contain the following:
- (i) ability to disclose information to the recipient, its officers, employees and advisers only to the extent necessary provided that they agree to keep the information confidential in accordance with the confidentiality provisions of the confidentiality agreement (and they have been made aware of the confidential nature of the information);
  - (ii) where required as a matter of instruction from a regulatory authority or by operation of law or directions from a court, ability of recipient to pass on information to the extent required to such third parties;
  - (iii) governing law to preferably be the laws of the jurisdiction in which the Company / SPV is incorporated; and
  - (iv) jurisdiction of the courts where the Project is established.
- (c) To the extent that the Company is required to be party to any confidentiality agreement, the prior approval of the Board to enter into such agreement must be obtained.

## **4.2 Investment, Development and Construction Agreements**

- 4.2.1 In appropriate cases, the Company shall negotiate agreements to develop and construct a proposed infrastructure project and rights to sell such project with the relevant entity (which may be government, private or public sector entity/ies), after approval of such project by the Board and Investors. Such arrangements may include formal agreements, heads of terms and undertakings (jointly, the ‘Development and Construction Agreements’).
- 4.2.2 The Board will authorise for any such Investment, Development and Construction Agreements to be negotiated and executed after review of the same by the Board and Investors.

## **5. SIGNING AUTHORITIES**

The signing authorities in respect of cheques and other payments issued by the Company / SPV shall be in accordance with the Company’s / SPV’s policy on the Financial Delegation of Authority as approved by the Board / Investors from time to time. The Board / Investors may determine the signing authorities for other purposes as may be required from time to time.

## **6. PAYMENTS**

Any payments to be made by the Company / SPV shall be subject to the provisions of the Financial Operating Policies and Procedures.

## **7. USE OF EXTERNAL ADVISERS, CONSULTANTS OR LEGAL FIRMS**

- 7.1 In relation to any adviser, financial intermediary, consultant or legal firm appointed by the Company to assist it on the execution or completion of the Project:
- (a) the Company must obtain an undertaking to maintain confidentiality in relation to information provided by the Company.
  - (b) the Company must ensure that its release of information to such adviser is permitted under such Company’s own confidentiality undertakings.

## **8. FILE MAINTENANCE AND COPIES/ORIGINALS**

- 8.1 The Company and its associates / affiliates shall maintain complete and up-to date files in relation to the Project or actual or prospective transaction or investment in which it is involved.

- 8.2 After execution of any agreement (including but not limited to a confidentiality agreement) the Company and its associates / affiliates will place a copy of the relevant transaction documents on file and provide a copy to the Corporate Executive and/or with the Investors, upon request.

## **9. ANTI-BRIBERY AND CORRUPTION POLICY**

The Company, its associates / affiliates and their respective officers and employees shall comply with the Anti-Bribery and Anti-Corruption Policy of the Company and the following provisions of this Section 9 (in the event of any inconsistency between the following provisions of this Section 9 and the Company's Anti-Bribery and Anti-Corruption Policy, then the provisions of the Anti-Bribery and Anti-Corruption Policy shall prevail).

### **9.1 Offering Bribes**

The Company, its associates / affiliates and their respective staff in relation to the Project, will not offer or make any bribe, unorthodox or unauthorised payment or inducement of any kind to anyone and for whatever purpose, including soliciting a potential investment for the Project or to facilitate the making of any such investment.

### **9.2 Acceptance of Bribes**

The Company, its associates / affiliates and their respective staff in relation to the Project, will not accept any kind of bribe, unorthodox or unauthorised payment or inducement of any kind from anyone, for whatever purpose.

### **9.3 Reporting**

Without prejudice to the reporting obligations set out in the Anti-Bribery and Anti-Corruption Policy of the Company, the Company's staff will report promptly to the Executive Management / CEO of the Company, any request for, or any offer of, a bribe or unorthodox payment or inducement and will refuse any such request or offer in such clear and unequivocal terms as can lead to no misunderstanding or false expectation.

### **9.4 Facilitating Payments**

The Company and each of its associates / affiliates will not and will procure that its staff and any consultants and advisors engaged to act on its behalf will not, make facilitating payments to progress any matter through local officials in relation to the Project.

### **9.5 Partners, Purchasers etc.**

The Company and each of its associates / affiliates will not, and each associate / affiliate will procure that its staff and any consultants and advisors engaged to act on its behalf will not, knowingly enter into arrangements with third party private sector partners or purchasers in relation to the Project who have offered or accepted bribes or made facilitating payments in relation to the Project.