

# Investment Policy

*for the period from 1 April 2026  
to 31 March 2031*

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## Part A – Introduction

### A1. *British International Investment plc (“BII”)*

- A1.1 BII is a bilateral development finance institution wholly owned by His Britannic Majesty’s Secretary of State for Foreign, Commonwealth and Development Affairs acting through the Foreign, Commonwealth and Development Office (“**FCDO**”).
- A1.2 The Commonwealth Development Corporation Act 1999 transformed BII from a statutory corporation into a public limited company (“**plc**”). As a plc, BII is governed by a board of directors (the “**Board**”) answerable to FCDO through normal corporate governance processes. FCDO’s shareholder interest in BII is represented by the whole Board. FCDO appoints the Chair and two of BII’s non-executive directors (“**NEDs**”) and reapproves the appointment of all NEDs annually. FCDO is not otherwise involved in BII’s investment decision making and operations. BII’s Articles include a set of core defining principles. BII is regulated by the UK’s Financial Conduct Authority.
- A1.3 BII is FCDO’s principal mechanism for investing in businesses and leveraging private sector investment to support economic development in accordance with the UK’s geostrategic priorities.

### A2. *BII’s Mission and Objectives*

- A2.1 BII’s mission is to help solve the biggest global development challenges by investing patient, flexible capital to support private sector growth and innovation.
- A2.2 During the Policy Period, BII’s strategic objectives, as outlined in the BII 2026-31 Strategy, are to contribute to development that is:
- (i) Productive – by making investments that help to raise the productivity of an economy so that it can support a decent standard of living for all;
  - (ii) Sustainable – by making investments that help to transform the economy to reduce emissions, protect the environment and adapt to the changing climate; and
  - (iii) Inclusive – by making investments that do more to share the benefits of higher productivity and greater sustainability with poor and marginalised sections of society.

A3. *FCDO and BII Collaboration*

A3.1 BII and FCDO share a common understanding that both organisations benefit from close collaboration where this increases their effectiveness and/or advances shared development objectives. BII and FCDO will continue to build mutual understanding and share information.

A4. *Purpose of this Investment Policy*

A4.1 This Investment Policy, the BCP Investment Policy and the Ukraine Investment Policy set out the parameters and guidelines within which BII will conduct its investment business. The policies also set out how BII's performance will be measured by the Government.

A4.2 This Investment Policy was adopted by BII on 17 February 2026 with the prior approval of FCDO; it is one of the principal tools by which FCDO seeks to ensure that BII achieves the objectives set out in paragraph A2.

A4.3 This Investment Policy relates to the period 1 April 2026 to 31 March 2031 or such later date as shall be agreed by BII and FCDO. Towards the end of the Policy Period, FCDO, in consultation with BII, will review the extent to which it has achieved its objectives to inform the next investment policy.

A5. *Application of this Investment Policy*

A5.1 New Commitments will be invested in accordance with the provisions of this Investment Policy, the Fossil Fuel Policy, and a policy on responsible investing agreed between BII and FCDO (the "**Policy on Responsible Investing (version effective from 30 April 2026)**" for New Commitments made on or after 30 April 2026 and the "**Policy on Responsible Investing (version effective from 1 April 2022)**" for New Commitments made after the Commencement Date and before 30 April 2026).

A5.2 Part C of the Performance Framework sets out the manner in which Commitments entered into prior to the Commencement Date will be taken into account for the purposes of measuring and monitoring BII's performance against the Performance Measures. Nevertheless, BII shall use its reasonable endeavours to ensure that any such Commitments shall be invested in a manner which does not conflict with the provisions of the Policy on Responsible Investing applicable at the time.

A5.3 BII will ensure that its Investment Holding Subsidiaries will at all times conduct their new investment business in accordance with the provisions of this Investment Policy as if they were expressly named throughout this Investment Policy in place of BII.

## *A6. Definitions and Interpretation*

- A6.1 Words and expressions used in this Investment Policy will have the meaning, and will be subject to the interpretation, set out in Appendix 1.
- A6.2 For the purposes of this Investment Policy, capital invested by BII in New Commitments will be deemed to be “invested in, and for the immediate or prospective benefit of,” an Eligible Country (and similar expressions), if, at the date of the Investment, the relevant Investment is:
- (i) in a company or other entity which has its principal business headquartered, located or organised in an Eligible Country; or
  - (ii) in the reasonable judgement of BII, either solely or in combination with projected future Investments, expected to result in significant developmental impact in an Eligible Country.
- A6.3 In determining for the purposes of paragraph A6.2 above whether a company or other entity (currently, or as a result of the Investment): (a) has (or will have) its principal business headquartered, located or organised, or (b) generates (or will generate) significant developmental impact in an Eligible Country, all reasonable relevant factors shall be considered including (without limitation): (i) the location of the premises, employees and senior management of each of its businesses; (ii) the source of revenue of each of its businesses; and (iii) backward and forward linkages (including the source of raw materials), and such factors shall be weighted as appropriate in all the circumstances.

## **Part B – Investment Criteria**

BII will invest its capital in businesses and financial instruments in order to create development impact in Eligible Countries, subject to the criteria set out below.

### *B1. Eligible Sectors*

- B1.1 All sectors of the economy of each Eligible Country are eligible for the investment of BII’s capital subject to the requirements defined in paragraph A5.1.

### *B2. Eligible Countries*

- B2.1 Except as provided below, capital invested by BII in New Commitments will only be invested in, and for the immediate or prospective benefit of, any of the countries, states or territories listed in Appendix 2 (the “**Eligible Countries**”).

- B2.2 A country, state or territory may be added to or removed from Appendix 2 with the agreement of BII and FCDO.
- B2.3 This Investment Policy will not prevent BII from investing its capital in, and for the immediate or prospective benefit of, a country which is not an Eligible Country to the extent that such investment is: (i) made in accordance with the provisions of a legally binding commitment entered into by or on behalf of BII prior to the Commencement Date and consistent with the provisions of the relevant Historic Investment Policy; or (ii) is necessary, in the view of BII's Investment Committee, to protect an existing economic interest. In the latter case, BII will notify FCDO of such a decision and the reasons for it.
- B2.4 BII may invest through one or more investment vehicles, which may be domiciled in a country which is not an Eligible Country, if BII considers that it is appropriate to do so for fiscal, legal, regulatory, development or other *bona fide* reasons and it is consistent with BII's Policy on Tax as agreed with FCDO from time to time.
- B2.5 When BII invests in an entity with a multi-region focus, this Investment Policy will not prevent BII's capital from being invested in, and for the immediate or prospective benefit of, Eligible Countries and other ODA countries, states and territories not listed in Appendix 2. BII will endeavour to maintain its exposure, via such multi-region entities (excluding exposure which would have been permissible without consideration of this clause), to such other ODA countries to not more than 3% of NAV of Investments covered under this Investment Policy. For the avoidance of doubt, the calculation of this limit will not include consideration of investments made under the Ukraine Investment Policy, the BCP Investment Policy or under the 2022-2026 Investment Policy in the expectation that they will be subject to the BCP Investment Policy after the Commencement Date.

### *B3. Available Instruments*

- B3.1 Given the wide range of business needs across the spectrum of Eligible Countries, BII may utilise any instrument which enables it to achieve the objectives set out in this Investment Policy. The instruments in which BII may participate include (without limitation) the following:
- (i) equity and quasi-equity instruments (including partnership interests, ordinary shares, preference shares, redeemable preference shares, debentures, income notes, listed or unlisted securities, underwriting of share issues by public or privately owned enterprises, subordinated loan notes and financing the transfer of shares in existing enterprises);
  - (ii) debt instruments (including senior, subordinated, mezzanine, secured, unsecured, convertible, bonds and debentures);

- (iii) guarantees (including all-risk guarantees, partial risk-specific contingent guarantees and guarantee-like arrangements including unfunded risk participations); and
- (iv) grants, including capital grants, including to finance or fund project preparation or technical assistance or advice for companies, funds or facilities whether BII has invested in them or not.

B3.2 The terms and conditions of any Investment will be subject to BII's assessment of the risks, the prospective returns associated with, and the financial and ownership structure of, the relevant Investment and will be discussed and agreed with the relevant counterparty.

B3.3 The Board will approve, maintain, and monitor BII's liquidity policy. BII will notify FCDO of any material changes to the policy. This Investment Policy does not restrict BII as to the proportion of its assets which may be retained in cash, cash equivalents or in other short-term financial instruments, nor does it place any other restrictions or requirements on BII with respect to such assets.

#### *B4. Additionality/ Contribution*

B4.1 When BII makes decisions in relation to potential Investments, it will always consider its additionality/ contribution. This will include considering (i) the need for capital provision by BII which is not available from commercial investors (or not in sufficient quantity and/or on the same terms); (ii) BII's role in mobilising commercial capital; and (iii) the benefit of non-financial value added by BII which could encompass raising responsible investing standards, supporting more development strategies or other ways of bringing value to the investee company or the wider economy of a country. Each investment will be assigned a Contribution rating based on these factors, which forms part of the Aggregate Impact Score (following the methodology for determination summarised in paragraph C2 below).

#### *B5. Anti-Corruption, Modern Slavery and Compliance with Law*

B5.1 When conducting its activities, BII will at all times ensure that it complies with all applicable laws, regulations, and sanctions, including, without limitation, the Bribery Act 2010 and the Modern Slavery Act 2015.

B5.2 BII will use its reasonable endeavours to prevent corruption, including bribery and fraud, in its and its Investee Businesses' operations. BII will at all times have an anti-corruption policy which is available on its website and ensure that it records, and retains, a consolidated register (in addition to portfolio management systems) of all incidents, or allegations of incidents, of (a) fraud or corruption against BII; or (b) fraud or corruption by BII or an Investee Business. BII will notify FCDO of the number of new incidents or allegations, the number closed and the number remaining open at

quarterly shareholder meetings. BII will also notify FCDO of notifiable Significant Risk Events as required by paragraph E4.1.

*B6. Approach to Portfolio Management and Exits from Investments*

- B6.1 When managing its portfolio of Investments, BII will ensure that the portfolio remains appropriately diversified against risk (including by maintaining a balance of financial instruments used) and will promote the appropriate management of environmental and social risks, corporate governance and integrity in its Investments.
- B6.2 BII will at all times manage its portfolio of Investments with integrity and, in so doing, will seek to ensure that its participation adds value and avoids reputational damage.
- B6.3 When BII exits from or disposes of an Investment, it will seek, where it has the ability or discretion to do so, to ensure that the exit or disposal is consistent with the achievement of its mission and objectives (both financial and developmental, including its capital mobilisation objective) and, to the greatest extent possible, within the spirit of the relevant Policy on Responsible Investing.

*B7. Official Development Assistance*

- B7.1 BII will take such actions as shall be required to remain qualified as an ODA-eligible entity, as defined by the OECD Development Assistance Committee.

*B8. Catalyst Portfolio*

- B8.1 BII will continue to invest a portion of its capital in highly developmental Investments with challenging risk-return profiles, pursuant to strategies that seek to unlock specific markets that can have significant development impact (the “**Catalyst Portfolio**”). The parameters of the Catalyst Portfolio, including the loss tolerance, will be set by BII’s Board from time to time. Further, BII will aim for the Catalyst Portfolio during the Policy Period to be 18% of New Commitments. Investments made under the Catalyst Portfolio must be made, held and disposed of, in accordance with this Investment Policy.

*B9. Office for National Statistics Classification*

- B9.1 BII will run its business in-line with its ONS classification to the public captive financial institutions and money lenders subsector (S.12701).

## *B10. Cooperation with Qualified Institutions*

- B10.1 To facilitate cooperation, collaboration and partnerships between BII and Qualified Institutions, other than on Reserved Matters, BII will be deemed to have satisfied the requirements of this Investment Policy (including adherence to the relevant Policy on Responsible Investing) if it is making the Investment by way of a co-investment with a Qualified Institution. Co-investment for these purposes may mean investing at different times and on different terms than the relevant Qualified Institution.

## **Part C – The Performance Framework**

### *C1. The Performance Measures*

- C1.1 BII operates on the enduring and long-term principle of financial sustainability in pursuit of impact. This principle is given practical application every five years by the performance measures set out in its investment policies. This Investment Policy will have two performance measures: the Aggregate Impact Score (set out in paragraphs C1.2 and C2) and the Financial Performance Measure (set out in paragraphs C1.3 and C3).
- C1.2 BII will seek to maximise, subject to its Financial Performance Measure, strategic direction and other considerations, the development impact of its portfolio, as measured by an Aggregate Impact Score, aiming to achieve an Aggregate Impact Score of at between 7 and 9 (following the methodology for determination summarised in paragraph C2).
- C1.3 BII will seek to exceed the following financial performance measure (the “**Financial Performance Measure**”) as to the financial return on its BII Total Portfolio:
- a Weighted Cumulative Investment Return of at least 2% in each of the years 2026, 2027 and 2028, 2.25% in 2029 and 2.50% in 2030 (following the methodology for determination summarised in paragraph C3 below).

### *C2. Determination of Aggregate Impact Score*

- C2.1 BII’s Aggregate Impact Score for a given financial year (the “**Aggregate Impact Score**”) is the arithmetic average of:
- (i) The Commitment Impact Score, being the weighted average of the Impact Scores assigned to all Relevant Investments committed during that Financial Year; and

(ii) The Portfolio Impact Score, being the weighted average of the most recently assigned Impact Scores for all Relevant Investments committed prior to that Financial Year.

Impact Scores are assigned to each Relevant Investment in accordance with paragraph C2.2. A relevant investment (the “**Relevant Investment**”) is (i) an Investment made under this Investment Policy and committed to during the relevant Impact Period or (ii) for the purposes of the ex-post scoring and the Portfolio Impact Score, an investment that was assigned an Impact Score in the previous Investment Policy period or (iii) investments made under the Kinetic Portfolio.

An Impact Score (“**Impact Score**”) in relation to an Investment means a score between -1 and 15 assigned to that Investment by BII’s Development Impact Team in accordance with internal BII protocols, relevant provisions of which are summarised below.

- C2.2 BII’s Development Impact Team will assign each Investment within the scope of paragraph C2.1 an Impact Score at the time such Investment is committed by BII, every two years thereafter and at exit up to a maximum of six years post commitment. BII’s Development Impact Team may, however, elect to assign Investments an Impact Score more frequently than set out above.
- C2.3 The Aggregate Impact Score focuses on how “Productive”, “Sustainable” and “Inclusive” an Investment is. BII and FCDO have agreed the framework, summarised below to assess how aligned investments are to strategic priorities.
- C2.4 The Impact Score of an Investment will be determined by the sum of the following three scores:
- (i) Productive score: measures the extent to which the Investment addresses the biggest developmental needs and constraints to economic growth.
  - (ii) Sustainable score: measures the extent to which the Investment contributes to a greener planet.
  - (iii) Inclusive score: measures the extent to which the Investment reaches poor and marginalised people.

Each Investment will be assigned a score between 0 and 6 for Productive, -1 and 4 for Sustainable, and 0 and 4 for Inclusive. The sum of these scores will then be multiplied by a contribution multiplier between 0.75 and 1.25 to give an Investment’s Impact Score. The Impact Score for any Investment will be capped at 15.

- C2.5 Productive Score (“**P score**”) is scored from 0 to 6 based on three dimensions:

(i) The relative degree of need within the country. For each need/sector, a score is assigned to countries based on their relative gap assessment: countries where the need is greater will have a higher score.

(ii) The intensity at which the Investment delivers the impact: This captures how efficient the Investment or company is when delivering impact compared to relevant benchmarks. Default “medium” intensity scores will be used where no benchmarks are available.

(iii) A Market Impact score reflecting an Investment’s impact under one of three pathways: (a) enabling economic growth; (b) pioneering markets; or (c) capital markets development. An additional score can be awarded for Investments which fall under a coordinated market development approach.

C2.7 Sustainable Score (“**S score**”) is scored from -1 to 4 based on two dimensions:

(i) Non-climate finance Investments are scored on emissions (mitigation) and may be further awarded points for adaptation and resilience (“**A&R**”), transition finance, and nature finance where these are a material part of the Investment. The score is based on the absolute emissions profile and sectoral performance criteria. The score is differentiated by emissive and non-emissive sectors. There is a negative score of -1 for Sustainable to reflect the negative externalities of large emitters.

(ii) Climate finance is scored between 2 and 4 on the intensity with which an Investment addresses the mitigation or adaptation and resilience compared to relevant benchmarks and may be further awarded points for A&R, transition finance, and nature finance where these are a material part of the Investment.

C2.8 Inclusive Score (“**I score**”) is scored from 0 to 4 based on:

(i) Reach to low-income populations or a default Inclusive country score; and

(ii) Reach to certain underrepresented groups.

C2.9 Contribution multipliers range from 0.75 to 1.25 and are calculated for each Investment based on two dimensions:

(i) The financial additionality of BII’s capital comprising:

- a. The need for BII-enabled capital reflecting the degree to which BII is providing capital that would not otherwise be offered by commercial investors at all, in sufficient quantity, or on terms which reflect the needs of the Investee Business; and

- b. Active mobilisation reflecting the degree to which BII’s participation in an investment directly mobilises third-party commercial investors to join in the investment and provide additional capital to the Investee Business.

(ii) The value additionality provided by BII reflecting the degree to which BII provides non-financial inputs that deepen the ultimate impact of the investment and that otherwise wouldn’t be provided to the investee by commercial investors.

C2.10 Scores will be independently assured to ensure accuracy, pursuant to a process agreed by the Board or a committee thereof.

C3. *Determination of Financial Performance Measure*

C3.1 BII’s Weighted Cumulative Investment Return for a given financial year is the sum of the Weighted Investment Return for each financial year in the relevant Calculation Period.

where:

“**Annual Investment Return**” for a financial year means aggregate amount of profits (realised and unrealised) derived from the BII Total Portfolio in that year divided by the NAV of the BII Total Portfolio as of 31 December in the prior year. Aggregate profits will be gross (before any deduction of taxes paid by BII on capital gains, interest or dividends received within its investment portfolio);

“**Calculation Period**” in relation to a financial year means the period of seven financial years ending with that financial year;

“**NAV Weight**” in relation to a given financial year means:

(i) the NAV as at 31 December of that financial year, divided by

(ii) the sum of the NAV for each financial year in the relevant Calculation Period;

“**Weighted Investment Return**” means, in a given financial year, (i) the Annual Investment Return for that financial year multiplied by (ii) the NAV Weight for that financial year.

C3.2 In determining its Financial Performance Measure, BII will employ the same accounting policies and procedures as shall be applied in the preparation of its annual report and accounts. BII will, further, monitor its adherence to the operating cost framework adopted by the Board (in consultation with FCDO).

C3.3 Although not a Financial Performance Measure, BII will seek to make a 4.5% gross long-term return on New Commitments, including those made under the BCP Investment Policy.

*C4. Monitoring the Performance Measures*

C4.1 BII 's performance will be measured and monitored in accordance with Part E – Reporting, Monitoring and Transparency.

## **Part D – Portfolio Limits**

*D1. Risk Limit Framework*

D1.1 The Board will approve, maintain and monitor a risk limit framework which is designed to maximise the probability of BII meeting its strategic objectives while maintaining risk levels that are consistent with the risk appetite statement approved by the Board.

## **Part E – Reporting, Monitoring and Transparency**

*E1. Quarterly Reporting Core Strategy Metrics*

E1.1 During the Policy Period, BII will report to FCDO on a quarterly basis, at Quarterly Shareholder Meetings, in accordance with a pre-agreed set of both quarterly and annual core strategy metrics. The framework for such reporting, as agreed between BII and FCDO from time to time, is referred to as the Reporting Framework.

E1.2 Changes to the Reporting Framework may be mutually agreed between BII and FCDO during the Policy Period, so long as they adhere to the principle that the overall number of metrics should remain limited and can be generated from BII's routine management information systems.

*E2. Annual Assurance of Performance Measures and Other Attestations or Reports*

E2.1 The Performance Measures will be measured (over appropriate agreed periods) by BII at the end of each of its financial years, being 31 December. For the avoidance of doubt, in 2026 the Performance Measures will be calculated based on the full calendar year.

E2.2 By no later than 30 April in each year, the Board will confirm and deliver to FCDO:

- (i) written confirmation:
  - (a) of the Financial Performance Measure for the immediately preceding financial year (the “**Financial Confirmation**”); and
  - (b) in circumstances where the Financial Performance Measure for the immediately preceding financial year was less than the required financial return set out in paragraph C1.3 for that year, the Financial Confirmation will set out in reasonable detail: (i) the reasons why the Financial Performance Measure was less than the requirement ; and (ii) an action plan to achieve the required Financial Performance Measure in future; and
- (ii) written assurances (the “**Assurances**”) from BII’s external evaluators, assurers and auditors (as applicable) that they agree with the Financial Confirmation with regard to the Financial Performance Measure.

E2.3 By no later than 30 April in each year, the Board will confirm and deliver to FCDO:

- (i) written confirmation (of the Aggregate Impact Score for the immediately preceding financial year (the “**Impact Confirmation**”); and
- (ii) written assurance that BII follows a detailed process for calculating Impact Scores pursuant to an approach approved by the development committee of the Board.

E2.4 Once the Financial Confirmation, the Impact Confirmation and the Assurances are issued, they will promptly be disclosed to the public by BII.

### *E3 Other Assurances and Reports*

E3.1 BII will provide other written assurances and/or reports to FCDO annually, as follows:

- (i) an annual attestation on the implementation of the relevant Policy on Responsible Investing, confirming that BII continues to have appropriate due diligence and portfolio management processes in place, or where this is not the case, providing an explanation, and proposed solutions;
- (ii) an assurance on compliance with the remuneration framework of BII;
- (iii) an assurance that all Significant Risk Events in the period have been communicated to FCDO;

- (iv) a report on financial and non-financial risk assessment and mitigation processes; and
- (v) a report on annual budget and investment projections (or ranges) as agreed with the Board.

#### *E4. Notifications and Data*

E4.1 A notification to FCDO will be made in a timely fashion and no later than 10 days of BII determining that there has been either:

- (i) (other than in relation to a minor breach of the Reporting Framework), a breach by BII in the application of the Investment Policy; or
- (ii) a Significant Risk Event.

A notification to FCDO will be made in a timely fashion and no later than 30 days of BII becoming aware of the completion of a Board mandated audit of its implementation processes in relation to the Investment Policy.

E4.2 FCDO may from time to time request information from BII outside the agreed schedule and format referred to in paragraphs E1, E2 and E3. FCDO may also request that BII contributes to reviews, evaluations, or audits of FCDO or of FCDO-commissioned studies or evaluations related to BII. Where FCDO requests information outside the agreed format referred to above, BII will supply such information as it holds as soon as reasonably practicable. In relation to reviews, evaluations, and audits, FCDO shall give BII as much notice as possible of any such exercise and where possible an opportunity to agree the scope of such exercise as it affects BII. BII shall make all reasonable efforts to contribute to such exercises.

#### *E5. Public Reporting and Transparency*

##### *E5.1 BII Annual Review*

E5.1.1 Measuring and communicating development impact is integral to BII's mission and achieving value with taxpayers' money. Following each financial year, BII will publish a public annual review that outlines its past year's development impact and financial performance.

##### *E5.2 Impact Reporting*

E5.2.1 As part of its annual review, BII will publish a public annual impact scorecard, the metrics for which are agreed with FCDO and detailed in the Reporting Framework.

E5.2.2 BII will also regularly publish reviews and independent evaluations of important development impact themes within its portfolio, to answer strategic questions about BII's impact and to guide its investment strategies. BII will make the written product of all such independent reviews available to FCDO and, to the greatest extent possible, to the public by posting links to them on BII's website.

*E6. Transparency*

BII is committed to openness and transparency and has published its approach on its website. Such transparency is important for accountability and to enhance the demonstration effect of its Investments by making information available to potential investors in its markets. Therefore, it will publish information relating to its Investments and operations, to the extent useful and relevant to interested third parties and as permitted by applicable law and the requirements of commercial confidentiality. BII will also work to ensure such information is fully and easily accessible to all third parties.

*E7. Other Public Reporting*

BII will make public certain other information or data as appropriate. These may be provided under obligations BII has under Government strategies, policies, or other commitments. They may also be provided under other reporting obligations.

## **Part F - Amendment, Modification or Replacement of this Investment Policy and Prior Policies and Other Matters**

F1.1 Except as otherwise provided herein, this Investment Policy will not be altered, modified, or replaced without first:

- (i) BII's ordinary shareholders approving the alteration, modification, or replacement by passing an ordinary resolution; and
- (ii) BII's special shareholder giving its written consent to the alteration, modification, or replacement.

Words and expressions used in this paragraph F1.1 will have the meaning given to them in the Articles.

F1.2 Save to the extent expressly provided to the contrary in this Investment Policy, this Investment Policy will supersede and replace each Historic Investment Policy with effect from the Commencement Date.

F1.3 This Investment Policy will only relate to capital invested by BII on behalf of FCDO to achieve the objectives set out in this Investment Policy. For the avoidance of doubt, this Investment Policy will not relate to:

- (i) investments made under (a) the 2022-2026 Investment Policy in the expectation that they will be subject to the BCP Investment Policy after the Commencement Date, (b) the BCP Investment Policy or (c) the Ukraine Investment Policy;
- (ii) capital managed and disbursed by BII under the BII Plus programme;
- (iii) any management services BII may provide, including services for which it receives a management fee; or
- (iv) any investments BII may make pursuant to any other investment, grant, service provision or other arrangement (as agreed between BII and FCDO),

each of which will be managed in accordance with the objectives and requirements set out in such separate agreements.

F1.4 In the event that BII manages third party capital (whether made available by FCDO to achieve other specific objectives or by another third party) it will manage such capital in accordance with its regulatory permissions and such arrangements as shall be agreed by BII.

## Appendix 1: Definitions

**“2009-2012 Investment Policy”** means the investment policy adopted by BII on 17 December 2008 and deemed to have effect in respect of the period from 1 January 2009 to 31 December 2012.

**“2012-2016 Investment Policy”** means the investment policy adopted by BII on 26 September 2013 and deemed to have effect in respect of the period from 1 January 2012 to 25 May 2017.

**“2017-2021 Investment Policy”** means the investment policy adopted by BII on 12 October 2017 and deemed to have effect in respect of the period of 26 May 2017 to 31 December 2021.

**“2022-2026 Investment Policy”** means the investment policy adopted by BII on 24 November 2021 and deemed to have effect in respect of the period of 1 January 2022 to 31 March 2026.

**“Act”** means the UK Commonwealth Development Corporation Act 1999.

**“Aggregate Impact Score”** has the meaning given to it in paragraph C2.1.

**“Annual Investment Return”** has the meaning given to it in paragraph C3.1.

**“Articles”** means the articles of association of BII, as amended from time to time.

**“Assurances”** has the meaning given to it in paragraph E2.2.

**“Audited Accounts”** means the audited report and accounts of BII for any financial year.

**“BCP Investment Policy”** means the investment policy for British Climate Partners adopted by BII on 17 February 2026 that governs climate finance investments made by BII under the British Climate Partners investment strategy.

**“Board”** has the meaning given to it in A1.2.

**“BII”** means British International Investment plc.

**“BII Total Portfolio”** means all Investments held by BII, and the value of any non-cash assets received in exchange for investments. The Total Portfolio will include investments covered by the BCP Investment Policy. For the avoidance of doubt, the Portfolio shall not include any investment or activity covered by the Ukraine Investment Policy, BII Plus programme, management services BII may provide, including services for which it receives a management fee, or any other arrangement between BII and FCDO. The Total Portfolio shall exclude assets held for persons other than BII, investments made for Treasury purposes, cash and cash equivalents and undrawn commitments.

“**Calculation Period**” has the meaning given to it in paragraph C3.1.

“**Catalyst Portfolio**” has the meaning given in paragraph B8.1.

“**Chair**” means the chair of the Board.

“**Commencement Date**” means 1 April 2026.

“**Commitment**” means a legally binding commitment to make an Investment and “Committed” shall be construed accordingly.

“**Commitment Impact Score**” has the meaning given to it in paragraph C2.1(i).

“**Contribution**” has the meaning given to it in paragraph B4.1 and C2.9.

“**Development Impact Team**” means the BII team responsible for assessing, measuring and reporting development impact.

“**DFI**” means a development finance institution owned in whole, or in part, by the public sector.

“**Eligible Country**” has the meaning given to it in paragraph B2.1.

“**Financial Confirmation**” has the meaning given to it in paragraph E2.2.

“**Financial Performance Measure**” has the meaning given to it in paragraph C1.3.

“**FCDO**” has the meaning given to it in paragraph A1.1.

“**Fossil Fuel Policy**” means the guidance promulgated by the Department for Energy Security and Net Zero entitled “Aligning UK international support for clean energy transition”, as may be amended from time to time, or any successor guidance on the use of fossil fuels to the extent it expressly binds BII.

“**Government**” means His Britannic Majesty’s Government.

“**Historic Investment Policies**” means the 2009-2012 Investment Policy, the 2012-2016 Investment Policy, the 2017-2021 Investment Policy, and the 2022-2026 Investment Policy.

“**Impact Confirmation**” has the meaning given to it in paragraph E2.3.

**“Impact Period”** means (a) for each financial year before 2033, the period consisting of the financial years beginning with 2026 and ending with that financial year; and (b) for each financial year beginning with 2033, the meaning given to the term Calculation Period in C3.1 above.

**“Impact Score”** has the meaning given to it in paragraph C2.1.

**“International Accounting Standards”** means standards for the preparation and presentation of financial statements created by the International Accounting Standards Committee.

**“Investee Business”** means any business in which BII has an Investment.

**“Investment”** means the making available, by BII or an Investment Holding Subsidiary, of a financial instrument, to a company or other entity (including, without limitation, a fund or a financial institution), consistent with the requirements of this Investment Policy. For the avoidance of doubt, the term “Investment” shall not include an investment or activity referenced in sub-paragraphs F1.3(i) to (iv). Financial instruments made available under those sub-paragraphs, cash, cash equivalents and/or other short-term financial instruments held by BII are not Investments for the purposes of this Investment Policy. Investments which have not been made with the principal intent of directly contributing to BII achieving the mission and objectives set out in this Investment Policy, such as investments made with the principal intent of generating liquidity, are not Investments for the purposes of this Investment Policy either.

**“Investment Committee”** means the committee responsible for making investment decisions at BII.

**“Investment Holding Subsidiary”** means any BII subsidiary that is consolidated with BII under International Accounting Standards in BII’s consolidated financial statements, other than subsidiaries created to invest in Ukraine (which will be governed by the Ukraine Investment Policy) or in climate finance (which will be governed by the BCP Investment Policy) and such other subsidiaries as BII and FCDO may agree are not governed (in whole or in part) by this Investment Policy.

**“Investment Policy”** means this document as from time to time amended, modified and/or replaced in accordance with the provisions of this Investment Policy and of the Articles.

**“Kinetic Portfolio”** is BII’s portfolio of blended finance investments established by FCDO and BII. Investments within this portfolio are made on concessionary terms with the intention to achieve a different type or scale of impact than is possible from investments within BII’s two non-concessional portfolios, the Growth Portfolio and the Catalyst Portfolio.

**“NAV”** means the net asset value, in GBP, of the BII Total Portfolio as at 31 December of a given financial year.

**“NAV Weight”** has the meaning given to it in paragraph C3.1.

“**NEDs**” has the meaning given to it in paragraph A1.2.

“**New Commitment**” means any Commitment entered into by or on behalf of BII after the Commencement Date. For the avoidance of doubt,(i) the term New Commitment does not include Commitments under the Ukraine Investment Policy, the BCP Investment Policy and Commitments entered into prior to the Commencement Date in the expectation that they will be subject to the BCP Investment Policy after the Commencement Date and (ii) a follow-on investment entered into by BII after the Commencement Date in relation to an investment entered into by BII prior to the Commencement Date shall be treated as a New Commitment for the purposes of this Investment Policy.

“**ODA**” means overseas development assistance.

“**Paris Agreement**” means the international treaty on climate change adopted at the 21<sup>st</sup> Conference of the Parties to the 1992 United Nations Framework Convention on Climate Change on 12 December 2015 and entered into on 4 November 2016.

“**Performance Measures**” has the meaning given to it in paragraph C1.

“**Policy on Responsible Investing (version effective from 1 April 2022)**” has the meaning given to it in paragraph A5.1 and is deemed to have effect from 1 April 2022 to 29 April 2026.

“**Policy on Responsible Investing (version effective from 30 April 2026)**” has the meaning given to it in paragraph A5.1 and shall be deemed to have effect from 30 April 2026.

“**Policy Period**” means the period beginning on the Commencement Date and expiring on 31 March 2031 or such later date as shall be agreed by BII and FCDO.

“**Portfolio Impact Score**” has the meaning given to it in paragraph C2.1(ii).

“**Portfolio Limits**” means those limits described in paragraph D1.1.

“**Qualified Institution**” means (i) any member of the Association of European Development Finance Institutions, (ii) any development finance institution funded by a G7 country, (iii) the International Finance Corporation, (iv) the European Bank for Reconstruction and Development, and (v) any other multilateral financial institution of which the Government is a shareholder.

“**Relevant Investment**” has the meaning given to it in paragraph C2.1. For the avoidance of doubt, the term “Relevant Investment” shall not include an investment or activity referenced in sub-paragraphs F1.3(i) to (iv).

**“Reporting Framework”** has the meaning given to it in paragraph E1.1.

**“Reserved Matters”** means (i) the Fossil Fuel Policy, (ii) the requirement set out in paragraph B2.1 to invest in Eligible Countries, and (iii) the requirements of paragraph B5.1 in relation to applicable laws, regulations, and sanctions.

**“Significant Risk Event”** has the meaning given to it in BII’s Significant Risk Event Management Process.

**“Subsidiary”** has the meaning given to it in the UK Companies Act 2006.

**“UK”** means the United Kingdom of Great Britain and Northern Ireland.

**“Ukraine Investment Policy”** means the investment policy for BII Ukraine Limited adopted by BII on 22 May 2024 that governs investments made by BII in Ukraine.

**“Weighted Investment Return”** has the meaning given to it in paragraph C3.1.

## Appendix 2

### 1. Eligible Countries, States and Territories

#### *Country*

Afghanistan	Indonesia	South Africa
Algeria	Jamaica	South Sudan
Angola	Kenya	Sri Lanka
Bangladesh	Kiribati	St Lucia
Belize	Lesotho	St Vincent and the Grenadines
Benin	Lao PDR	Sudan
Bhutan	Liberia	Suriname
Botswana	Libya	Tanzania
Burkina Faso	Madagascar	Thailand
Burundi	Malawi	Timor-Leste
Cameroon	Malaysia	Togo
Cambodia	Maldives	Tokelau
Cape Verde	Mali	Tonga
Central African Republic	Marshall Islands	Tunisia
Chad	Mauritania	Tuvalu
Comoros	Mauritius	Uganda
Congo (Democratic Republic of)	Micronesia	Vanuatu
Congo (Republic of)	Morocco	Vietnam
Côte d'Ivoire	Mozambique	Wallis and Futuna
Dominica	Myanmar	Zambia
Dominican Republic, the	Namibia	Zimbabwe
Djibouti	Nauru	
Egypt, Arab Rep.	Nepal	
Equatorial Guinea	Niger	
Eritrea	Nigeria	
Eswatini	Niue	
Ethiopia	Pakistan	
Fiji	Palau	
Gabon	Papua New Guinea	
Gambia, The	Philippines	
Ghana	Rwanda	
Grenada	Sao Tome and Principe	
Guinea	Samoa	
Guinea-Bissau	Senegal	
Guyana	Sierra Leone	
Haiti	Solomon Islands	
India	Somalia	



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