

British Climate Partners Investment Policy

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

Contents

<i>Part A – Introduction</i>	2
A1. <i>BCP’s Mission and Objectives</i>	2
A2. <i>Purpose of this Investment Policy</i>	2
A3. <i>Application of this Investment Policy</i>	2
A4. <i>Definitions and Interpretation</i>	3
<i>Part B – Investment Criteria</i>	4
B1. <i>Eligible Sectors</i>	4
B2. <i>Eligible Countries</i>	4
B3. <i>Available Instruments</i>	5
B4. <i>Compliance with Law</i>	5
B5. <i>Approach to Portfolio Management and Exits from Investments</i>	5
B6. <i>Official Development Assistance and Additionality/Contribution</i>	6
B7. <i>Cooperation with Qualified Institutions</i>	6
B8. <i>Risk Limit Framework</i>	6
<i>Part C – The Performance Framework</i>	6
C1. <i>The Performance Measures</i>	6
C2. <i>Determination of BCP Impact Score</i>	7
<i>Part D – Amendment, Modification or Replacement of this Investment Policy and Prior Policies and Other Matters</i>	7
<i>Appendix 1</i>	8
1. <i>Definitions</i>	8
<i>Appendix 2</i>	11
1. <i>Eligible Countries, States and Territories</i>	11

Part A – Introduction

A1. BCP's Mission and Objectives

A1.1 British Climate Partners (“**BCP**”) is an investment strategy of BII, which is distinct from BII’s core investment business. The mission of BCP is to mobilise private capital at scale into climate and transition finance transactions linked to decarbonisation in developing economies.

A1.2 The strategic objectives of BCP are to seek to:

- (i) accelerate the net zero transition of ODA-eligible countries with high or rapidly growing emissions; and
- (ii) mobilise third-party commercial capital.

A1.3 The key principles underpinning BII’s efforts to achieve these objectives are:

- (i) BCP will seek to align with the national climate and energy plans of its Eligible Countries.
- (ii) BCP will invest via pathways: product and geography specific investment strategies based on market demand and distribution opportunities.
- (iii) BCP will seek partners for each pathway, based on investment scope and investor appetite.
- (iv) BCP will seek risk-adjusted returns attractive to commercial partners.
- (v) BCP will seek to reinvest returns from its investments.

A2. Purpose of this Investment Policy

A2.1 This Investment Policy sets out the parameters and guidelines within which BII will conduct the investment business of BCP.

A2.2 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.

A3. Application of this Investment Policy

A3.1 Subject to paragraph A3.2 , 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).

A3.2 BII will ensure that its Investment Holding Subsidiaries will, at all times conduct any BCP-related 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.

A4. *Definitions and Interpretation*

A4.1 Words and expressions used in this Investment Policy will have the meaning, and will be subject to the interpretation, set out in Appendix 1.

A4.2 For the purposes of this Investment Policy, BCP capital invested by BII in New Commitments shall 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:

- (i) is 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, the investment (either solely or in combination with projected future BII investments) is expected to result in significant development impact in one or more Eligible Countries (in accordance with the BCP Impact Score specified in paragraph C2 and it being recognised that the investment may also result in significant development impact outside an Eligible Country).

A4.3 In determining for the purposes of paragraph A4.2 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 BCP capital in businesses and financial instruments in order to meet its strategic objectives 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 BCP capital subject to the requirements defined in paragraph A3.1. BCP deal eligibility will be assessed against its mandate to mobilise private sector capital into climate and transition finance. BII will determine, at the time of approving the Investment, whether the Investment is made under this Investment Policy or under the 2026-2031 BII Core Investment Policy. BII will be guided by the objectives set out in paragraph A1 in making that determination.

B2. Eligible Countries

B2.1 Except as provided below, BCP 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 This Investment Policy will not prevent BII from investing BCP 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 necessary, in the view of BII’s Investment Committee, to protect an existing economic interest.

B2.3 BII may invest BCP capital 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 is consistent with BII’s Policy on Tax.

B2.4 Where BCP invests in an entity with a multi-region focus, this Investment Policy will not prevent BCP 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.

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.
- B3.2 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, addressing the climate emergency or other ways of bringing value to the investee company or the wider economy of a country or region.

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

- B5.1 When conducting its activities, BCP 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.

B6. Approach to Portfolio Management and Exits from Investments

- B6.1 In any exit from or disposal of an Investment, BCP will seek, where it has the ability or discretion to do so, to ensure that such an exit or disposal is consistent with the achievement of its strategic objectives (as defined in paragraph A1.2), 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 in order to remain qualified as an ODA-eligible entity, as defined by the OECD Development Assistance Committee.

B8. Cooperation with Qualified Institutions

- B8.1 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.

B9. Risk Limit Framework

- B9.1 The Board will approve, maintain and monitor a risk limit framework which is designed to maximise the probability of BCP meeting its strategic objectives while maintaining risk levels that are consistent with the risk appetite determined by the Board.

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. BII's financial ambitions for BCP include the mobilisation of private sector capital as well as the realisation of an 8% gross long-term return.
- C1.2 BII will seek to maximise, subject to its financial ambitions, strategic direction and other considerations, the development impact of its portfolio, as measured by the BCP Impact Score set out in paragraph C2).

C2. Determination of BCP Impact Score

- C2.1 All investments will be evaluated and scored pursuant to an impact framework approved by the Board (and consulted on with FCDO). The score will reflect the capital mobilised and emissions mitigated related to the investment. Such impact framework will be piloted from 2026 through 2027 and finalised and agreed by the Board and FCDO for 2028. Investments under this Investment Policy will be included when reporting BII's total climate finance and active mobilisation for the 2026-2031 Strategy Period.
- C2.2 Scores will be independently assured to ensure accuracy, pursuant to a process agreed by the Board or a committee thereof.

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

- D1.1 This Investment Policy will not be modified without approval by BII's ordinary shareholders and written consent by BII's special shareholder.
- D1.2 Should the Board in consultation with FCDO, decide to terminate the BCP strategy then existing Commitments will continue to be governed by this Investment Policy until they are exited, repaid in full, or disposed of; and capital, interest, collateral amounts no longer required to be held against guarantees, and other amounts received by BII in respect of Investments will be made available by BII for use in its general investment business.
- D1.3 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. This Investment Policy will not relate to:
- (i) investments made under (a) the 2022-2026 Investment Policy (except for investments made in the expectation that they will be subject to the BCP Investment Policy after the Commencement Date), (b) the 2026-2031 BII Core Investment Policy or (c) the Ukraine Investment Policy; or
 - (ii) the BII Plus programme or any management services BII may provide, or any other arrangement between BII and FCDO.

Appendix 1

1. Definitions

“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.

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

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

“BCP Portfolio” means all Investments held by BII, plus the value of any non-cash assets received in exchange for investments. The BCP Portfolio will (i) include all Investments made under this Investment Policy, (ii) include Investments made prior to the Commencement Date under the 2022-2026 Investment Policy in the expectation that they will be subject to the BCP Investment Policy after the Commencement Date, and (iii) exclude investments made under the 2026-2031 BII Core Investment Policy and Ukraine Investment Policy (iv) exclude assets held for persons other than BII, investments made for Treasury purposes, cash and cash equivalents and undrawn commitments.

“2026-2031 BII Core Investment Policy” means BII’s principal investment policy adopted by BII on 17 February 2026.

“Board” means the board of directors of BII.

“BII” means British International Investment plc.

“Commencement Date” means 1 April 2026.

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

“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.

“FCDO” means the Foreign, Commonwealth and Development Office.

“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.

“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 D1.3(i) and (ii). 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 those made with the principal intent of generating liquidity, are not Investments for the purposes of this Investment Policy

“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, and which is used for the purpose of making or holding an Investment.

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

“List of Excluded Activities” means the list of activities in relation to which none of BII’s capital will be invested, whether directly or indirectly via intermediaries or Investee Businesses.

“NAV” means the net asset value, of the BCP Portfolio as at 31 December of a given financial year.

“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 or the 2026-2031 BII Core Investment Policy 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.

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

“Policy on Responsible Investing (version effective from 1 April 2022)/ (version effective from 30 April 2026)” has the meaning given to it in paragraph A3.1 and deemed to have effect in respect of the period of 1 April 2022 to 29 April 2026 / period 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.

“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.

“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 B4.1.

“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.

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	



British International Investment plc
123 Victoria Street
London SW1E 6DE
United Kingdom
+44 (0)20 7963 4700

 [linkedin.com/company/british-international-investment](https://www.linkedin.com/company/british-international-investment)

 X @BritishIntInv
