

## Investing with Integrity (Tax and Domicile) Policy

<b>Introduction</b>	REPP's object is to promote small scale renewables in Sub-Saharan Africa and accordingly it provides debt and equity products in a range of jurisdictions. REPP is committed to ensure that these investments both economically viable and sustainably implemented. The use of offshore jurisdictions may increase the perception of bankability (vis-à-vis the level of country risk) and accordingly increased the likelihood of developmental impact. However, REPP is also committed to operating in a transparent manner that supports international efforts to avoid tax base erosion and/or profit shifting.
<b>Purpose</b>	The purpose of this Policy is to provide guidance to the Manager and Investees <sup>1</sup> on when offshore corporate structures will be acceptable to REPP, and what additional due diligence may be required prior to any REPP investment into an offshore corporate structure (or SPV controlled by an offshore corporate structure).
<b>Principles</b>	REPP investments shall be based on the following principles (with respect to the issues addressed in this Policy): <ul style="list-style-type: none"><li>(a) <b>Compliance:</b> Each Investee shall be compliant with applicable laws and regulations in its country of operation;</li><li>(b) <b>Responsible Tax Planning:</b> No Investee shall, in relation to the economic activities being supported by REPP, engage in (i) base erosion and/or profit shifting; or (ii) egregious tax planning;<sup>2</sup></li><li>(c) <b>Transparency:</b> Subject to confidentiality obligations, REPP shall promote transparency in relation to taxation of Investees; and</li><li>(d) <b>Policy Sovereignty:</b> Countries of operation have the right to use fiscal policy to manage their economies and accordingly the use of target tax incentives, reliefs and exemptions is appropriate by Investees.</li></ul>
<b>Guidance</b>	The Manager shall apply the following guidelines in assessing whether any REPP investment, Investee, is compliant with the Principles of this Policy: <ul style="list-style-type: none"><li>(a) Investee corporate structures that utilize complex offshore structuring that enable egregious tax planning shall be subject to enhanced due diligence. Such due diligence shall include assessment of the Investee's tax planning and, where practical, the identification of the nature and scale of taxes paid in the country of operation<sup>3</sup>;</li><li>(b) The Investee, any entity that directly or indirectly controls the Investee, and any entity directly or indirectly controlled by the Investee may not</li></ul>

<sup>1</sup> An "Investee" is any entity that is a counterpart to a REPP Support Agreement

<sup>2</sup> For the purpose of this Policy, "egregious tax planning" is the use of arrangements that are in themselves legal but are artificial economic arrangements designed to undermine the fundamental intent of the tax regulation relevant to the Investee's locus of economic activity.

<sup>3</sup> To be monitored while REPP support is active.

be domiciled in a jurisdiction listed as non-cooperative by the European Union pursuant to Notice 2019/C 210/05 (as updated from time to time);

- (c) The Investee, any entity that directly or indirectly controls the Investee, and any entity directly or indirectly controlled by the Investee may not be domiciled in a jurisdiction listed as Partially Compliant or Non-Compliant by the Global Forum on Transparency and Exchange of Information for Taxation purposes of the OECD (as updated from time to time);
- (d) Notwithstanding the above, direct investments may be made into countries of operation regardless of their categorisation;
- (e) Structures that enable egregious tax planning are not eligible for REPP Support. In assessing the function of any structure, REPP shall review the commercial benefits of the structure for de-risking the proposed investment, any non-tax structural rationale for the Investee (and any entity that directly or indirectly controls the Investee) and costs and benefits of using the proposed jurisdiction(s);
- (f) Shareholder loans and transfer pricing shall be on an arm's length basis unless otherwise justified by material non-tax reasons;
- (g) The Manager shall seek to include reasonable representations and warranties (including change of control provisions) within Support Agreements with Investees to ensure effective implementation of this Policy and a right to terminate the Support Agreement, and require repayment of loans outstanding, in the event of a breach of this Policy; and
- (h) This Policy does not extend to examination of the tax domicile of individual UBOs, their respective holding structures and/or directors of Investees. However, these individuals and/or entities remain subject to applicable REPP Policies and Procedures including the KYC Policy and the Anti-Corruption and Integrity Policy.

#### Confirmation

The Manager shall confirm in each Closing Note for a REPP investment that the corporate structure of the Investee appears to be based on a sound commercial rationale and does not appear to have been established to engage in (i) base erosion and/or profit shifting; or (ii) egregious tax planning. If necessary, the Manager may commission an independent tax review of any proposed structure at the cost of REPP or the Investee.

#### Exemptions

The Board may on a case-by-case basis authorise exemptions from the application of this Policy.