

Aon
INFRASTRUCTURE

Managing Contract and Supply chain disruptions to deliver successful solar PV projects in Africa

Due Diligence & Risk Advisory services providing qualitative and quantitative insight across a range of risk categories.

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WHAT WE BRING



17 GW

solar project experience.



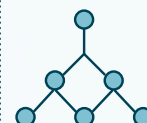
200+

power specialists.



#1

primary insurance brokerage.



+\$1b

annual infrastructure premium.



No.1

We're pioneering 'first of a kind' solutions.



300+

M&A specialists globally.



50,000

Aon professionals to leverage the experience of.



120

countries make up our global reach.



500

Global offices. Delivering pre-transaction due diligence and M&A risk transfer solutions.



Global network

Ability to deliver on cross border deals & combine deep in-country expertise



Deep transactional expertise

A dedicated global M&A deal team delivering financially focused advice & transaction solutions.



Extensive sector capability

Market leading sector specialists across energy & utilities, transport, communication & social infrastructure.



Enhancing returns

Innovative use of insurance & alternative capital to deliver solutions to unlock gearing constraints & realise equity upsides



23

countries covered by dedicated M&A teams.



\$25b

of transaction solution coverage placed in 2018.

OUR CLIENT FOCUS

Advisory services combined with solutions to assist you in realising your investment objectives

Secure Investments

Deeper Deal Insight

Enhance Returns



Risk & insurance
Cyber Security
Human capital (pensions & benefits)
Portfolio risk services
Lender advisory

Warranty & Indemnity
Title
Environmental

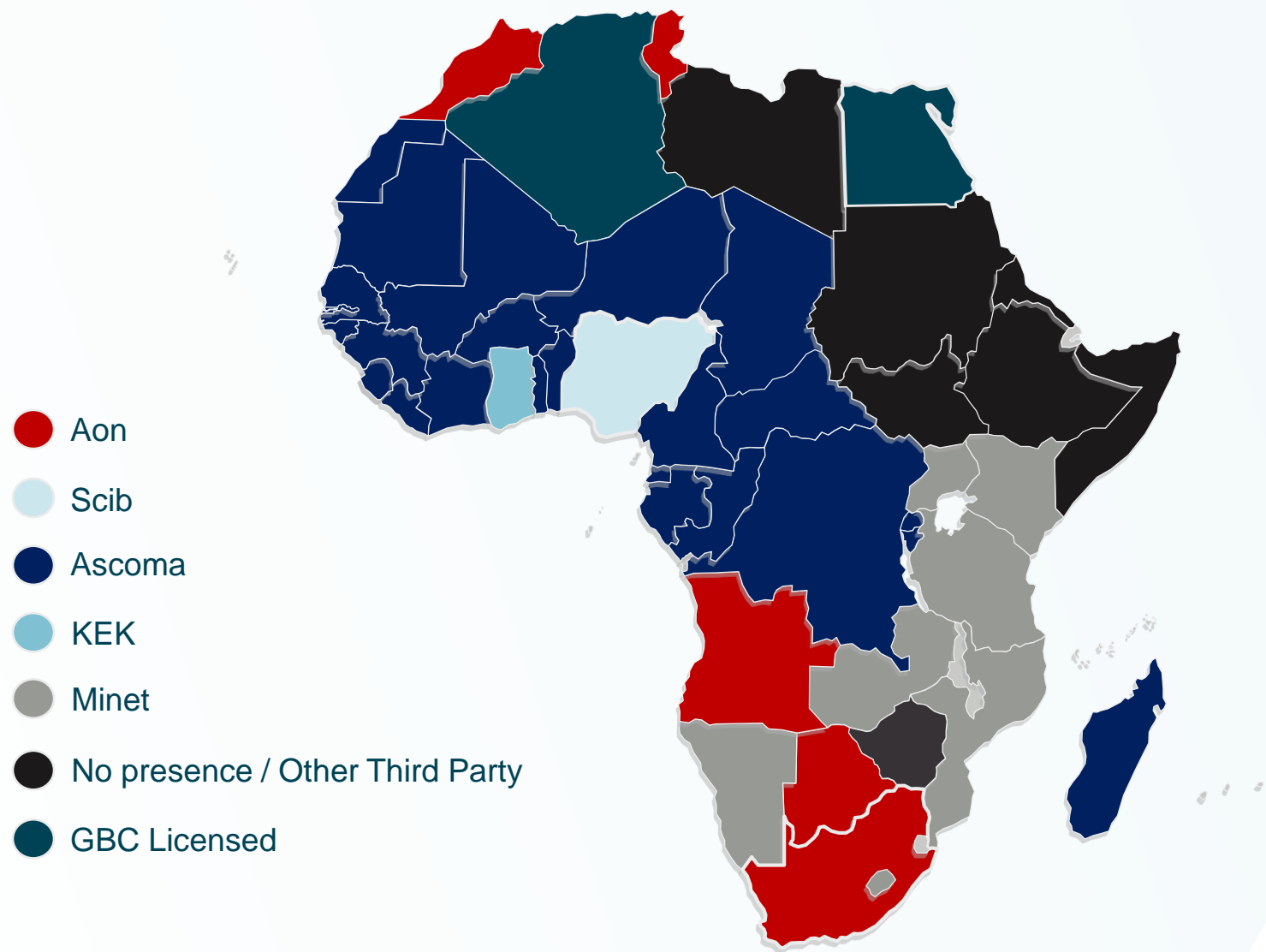
Tax
Litigation
Title
Political risk

Surety bonds:
• Decommissioning
• Pension
• Contract performance
• Deferred consideration
C/party non-payment & default protection

Solutions which positively influence operational cashflows, the capital structure & cost of capital

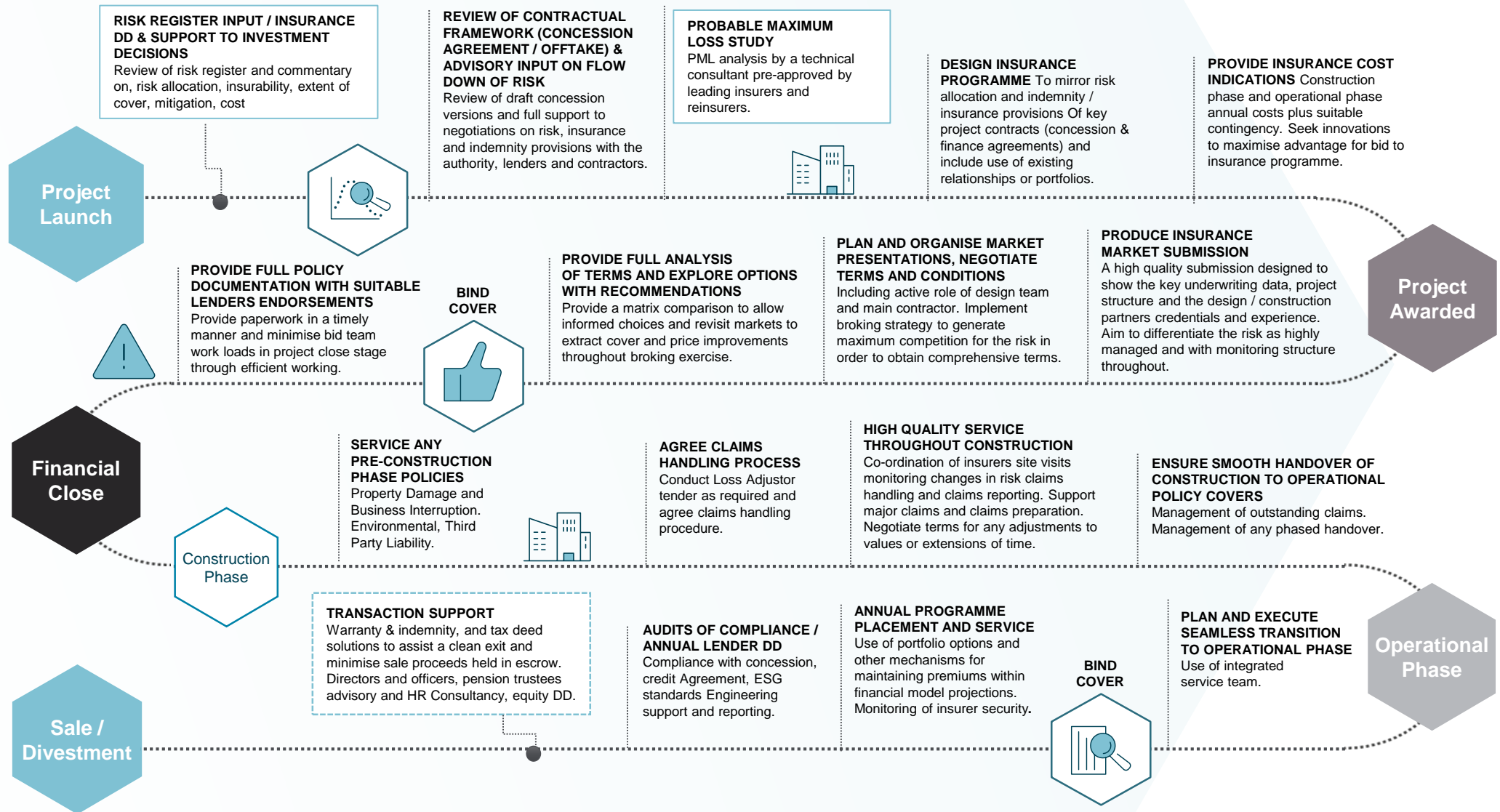
AON AFRICA NETWORK

Overview of Aon Africa Network



INFRASTRUCTURE | PROJECT SUPPORT

Advisory, risk transfer & transactional solutions along a project lifecycle



RISK MANAGEMENT – FOR BUSINESS OPTIMISATION



SUPPLY CHAIN RISK MANAGEMENT

In the complex and dynamic global risk environment, risk managers play an increasingly vital role in helping their organizations understand, prioritize and manage critical exposures affecting their operations and supply chains. Today, along with catastrophic property risks, expanding cyber threats, terrorism, supplier insolvency, product integrity and reputational issues, businesses relying on global supply chains must navigate widening geopolitical challenges brought by rising nationalism. As business leaders, planning, finance and operations executives strive to anticipate how these developments might affect their cross-border trade relationships, effective and forward-looking supply chain risk management is critical to sound decision-making.

Key Issues Affecting Today's Supply Chains

Across Aon Risk Solutions' industry surveys, clients have identified the following supply chain issues affecting their organization's operations:

- Outsourcing,
- Offshoring and insourcing of production
- Greater demand for rapid delivery (JIT inventories, on demand business models)
- Complex products requiring multi-tier suppliers, increasing interdependencies and need for coordination
- Natural disasters and geopolitical events affecting suppliers and supply chains
- Demand shortfalls and key customer losses
- Increasing cyber risk
- Logistics and port delays
- Manufacturing defects and recalls
- Supplier solvency
- Theft and cargo loss

While many of these issues are covered by traditional risk controls and insurance, often gaps exist within a company's risk control and risk transfer program.

Supply Chain Risk Management

					
Property	Marine	Cyber	Political Risk/ Trade Credit	Casualty	Crisis Management
<ul style="list-style-type: none">• Global Supply• Warehousing• Manufacturing• Global Customers	<ul style="list-style-type: none">• Logistics• Air• Ocean• Rail	<ul style="list-style-type: none">• Privacy Breach• Security Event• Sabotage/Theft• Compliance• System Denials	<ul style="list-style-type: none">• Government Action• Nationalization• Acts of War• Payment Default	<ul style="list-style-type: none">• Product Defect• Product Liability	<ul style="list-style-type: none">• Product Recall• Reputational Risk

QUESTIONS TO BE ADDRESSED

- Is your risk management framework optimised for today's challenges?
- Is your risk appetite and framework clearly defined and communicated across your organisation?
- How well does your risk management align with your strategic decision making?
- How effectively are risks managed and reported to the Board?
- Does the Board have the requisite skill sets to provide effective risk oversight?
- How mature is your risk culture and is the tone set from the top?
- Have you quantified the severity of the impact arising from extreme events?
- What response strategies do you have in place for when risk events occur?
- Do you have the full picture of your organisation's supply dependency?
- Are you aware of the importance of risk management within a due diligence process?

ENTERPRISE RISK – VALUE PROPOSITION

Aon's Enterprise Risk team deploys risk identification, assessment, quantification, modelling, governance and benchmarking tools to support you with key challenges around:







- Risk Maturity
- Risk Profiling
- Risk Resilience
- Risk Governance



GLOBAL INSURANCE MARKET CONDITIONS

The global insurance market is currently in a period of transition, over recent years we have seen an excess of capacity creating a race to the bottom however the last 12 months have seen a restriction in this capacity causing adverse affects on the terms available in the market. This has been driven by several key factors including the frequency and severity of

natural catastrophe events, insurer consolidation through mergers and acquisitions and rigorous performance reviews at major insurers tasked with returning portfolios to profitability. The onshore renewable energy market is a sub-set of the greater international market. COVID-19 is likely to accelerate rate increases.

Category	H2 2020 Outlook	Commentary
Pricing		<ul style="list-style-type: none"> Insurers pushing for rate increases after consecutive poor performance years Lloyd's performance review driving increased scrutiny on key Lloyd's leads
Limits		<ul style="list-style-type: none"> Overall no material change in purchase of limits or sub-limits Increased scrutiny on contingent business interruption & denial of access extensions
Deductibles		<ul style="list-style-type: none"> Pressure on out of warranty wind, UK solar theft & new larger wind turbines
Coverage		<ul style="list-style-type: none"> Coverage is expected to remain largely stable Exception are restrictions on obsolete technology clauses for older assets & cyber coverage
Capacity/ Appetite		<ul style="list-style-type: none"> New insurers moving into the sector driven by corporate social responsibility agendas Offset by reduced line sizes being deployed by key carriers mitigating this new capacity influx
Claims		<ul style="list-style-type: none"> 2018 & 2019 natural catastrophe events continue to influence underwriting climate Construction & out of warranty wind particularly unprofitable in 2019 Full impact of COVID yet unknown.

IMPACT OF COVID 19

Business Interruption

Business Interruption (BI) insurance is typically purchased as part of a commercial property or package/combined policy and is intended to protect businesses against income loss resulting from disruption to their operations.

It primarily provides cover for loss following physical damage (e.g. by fire) to insured tangible property. So, despite news stories to the contrary, the ability for a Coronavirus (COVID-19) related claim to succeed under a BI insurance is hampered from the outset. Whilst property may become physically contaminated and uninhabitable due to the presence of a contagious disease, this in itself nor the need to decontaminate property may meet the 'physical damage' requirement of the policy. In addition, BI insurance invariably contains a pollution and contamination exclusion that removes or limits any such coverage. Whilst Coronavirus (COVID-19) induced disruption neither immediately nor naturally falls within the traditional parameters of BI insurance, various policy extensions (where applicable) may improve this position. These extensions do vary significantly from one policy to another and almost all will be limited in terms of both monetary sum (sometimes aggregated in the period of insurance) and a shortened indemnity period.

Marine Cargo

A Marine cargo policy is a material damage cover first and foremost, that responds to physical loss or damage to insured property rather than frustrations of contract. There is no specific evidence of the Coronavirus (COVID-19) directly affecting goods so the main areas for concern are thought likely to be delay or rejection by government authorities or customers. Generally, a Marine cargo insurance excludes claims for delay and provides no cover for rejection of goods, nor for consequential loss. Policy extensions may apply (where agreed) that will provide limited coverage for additional costs and expenses that have been reasonably incurred following unplanned rejection, quarantine or simple deviation of the voyage to another port.

Effect of a Force Majeure Event

Typically a valid force majeure event will have one of two outcomes depending on the drafting of the contract:

Mutually suspend all obligations under the contract – obligations resume when the specified event ends; or

Be an event of termination – typically a notice must be served on the other party and thereafter liability for non-performance (other than for prior breaches) will ordinarily be extinguished because there is no longer a valid contract.

Practical considerations – getting it right

Check your contract carefully! Those wishing to invoke a force majeure clause must assess carefully whether the requirements are met. Where one party wrongfully seeks to terminate on the basis of a force majeure event, the other party may in turn rely upon such a wrongful termination as a repudiatory breach entitling it to terminate.

Both parties may be better served by opening a dialogue in order to find consensus on whether there has indeed been a force majeure event.

It is important, as ever, to follow the notification provisions of the contract, including requirements for written notice and specified time periods.

Parties notified of a counterpart's intention to invoke force majeure should consider checking their insurance arrangements and assessing any impacts that the force majeure event will have on fulfilling their own obligations under onward contracts. It may be worth checking the force majeure provisions of those agreements in case of any misalignment between the definitions of 'force majeure'.

About Aon

Aon plc (NYSE: AON) is the leading global provider of risk management, insurance and reinsurance brokerage and human resources solutions and outsourcing services.

Through its more than 50,000 colleagues worldwide, Aon unites to empower results for clients in over 120 countries via innovative and effective risk and people solutions and through industry-leading global resources and technical expertise.

Aon has been named repeatedly as the world's best broker, best insurance intermediary, reinsurance intermediary, captives manager and best employee benefits consulting firm by multiple industry sources.