

A summary of the minutes of a meeting of the Board of CDC Group plc

Held at 123 Victoria Street, London SW1E 6DE on Friday 5 April 2019 from 11.00 am.

Present: Graham Wrigley (Chair)
Andrew Alli
Dolika Banda
Valentine Chitalu
Sam Fankhauser
Michele Giddens
Clive MacTavish
Keki Mistry
Nick O'Donohoe
Laurie Spengler

Apologies: Wim Borgdorff

In attendance: Jane Earl (Company Secretary)
Colin Buckley*
Chris Coles*
Srini Nagarajan* (CDC India Advisers Private Ltd)
Stephen Priestley*
Holger Rothenbusch*
Matt Robinson*

**Non-Board members joined the meeting from item 3 and left at item 11*

1. Private meeting of the non-executive directors

A private meeting was held with the non-executive directors.

2. Conflicts of interest

There were no other conflicts of interest to register other than those previously reported.

3. Minutes

The draft minutes of the meeting held on 8 February 2019 were approved.

The summary minutes for the meeting were also reviewed and approved for publication.

4. Matters arising

The schedule of matters arising was reviewed and noted.

5. Chief Executive's report

Nick O'Donohoe introduced his report which included a review of performance against each of the 2019 corporate objectives.

Each business area was reviewed from a portfolio and pipeline perspective highlighting key deals and market trends and with particular attention paid to those investments which were underperforming or were facing particularly difficult issues.

The Chairman thanked the Chief Executive and his team for their updates.

6. 2018 Portfolio review

The review of the 2018 portfolio was presented. The data had demonstrated that US dollar returns were a more relevant guide to the underlying long-term performance of the business than UK sterling.

Following a discussion, it was agreed that further analysis should be done on portfolio risk and return as well as overall portfolio construction from both a sectoral and developmental basis.

7. Catalyst Portfolio review

A paper had been circulated which explained the performance of each of the approved strategies within the Catalyst portfolio (formerly IP2). It was recognised that impact management was at varying stages of maturity in each of the strategies.

The assessment of performance against 2018 objectives was discussed in the context of the discussions which had taken place at both the Development Impact committee and the People Development and Remuneration committee (PremCo).

The proposed objectives for 2019 were also discussed and the Chair of the PremCo advised that the draft objectives would be revised to reflect comments made and recirculated for approval.

8. Funds and capital partnerships strategy

Stephen Priestley, MD Funds and Capital Partnerships, introduced the presentation covering mobilisation, credit intermediation and corporate partnerships. The immediate priorities, focussing on the organisational build-out, including the partnership programme and recruitment plans were discussed and endorsed.

9. Investment policy and process

Chris Coles, Chief Investment Officer (CIO), explained the proposals for restructuring CDC Investment Committees (ICs) to reflect the volume of investments being submitted for review and approval. Specific membership and voting provisions had been proposed for each of the Debt, Infrastructure and Funds and Capital Partnerships ICs.

The Board endorsed the new structure and agreed it should be implemented once the relevant Financial Conduct Approval (FCA) approvals had been received.

10. External speaker: Independent Commission for Aid Impact (ICAI)

The Chairman welcomed Richard Gledhill (former part-time Commissioner of ICAI) and Jonathan France (Team Leader for the review) who provided some background and context in connection with the recent ICAI report and the recommendations contained therein. Specific questions from the Board focussed on the scoring and what steps CDC could take to improve performance in the future. The Board agreed with most of the recommendations but felt that the scoring did not reflect fairly the changes which have been executed since the beginning of the new strategy period. The Board also welcomed the scrutiny and the recommendations will make CDC a more impactful organisation.

The Chairman thanked Messrs Gledhill and France for attending the meeting and sharing their reflections.

11. Governance

(i) Update on the Board evaluation recommendations

Following the discussion at the February Board on the report issued by an independent Board evaluator, a paper had been produced which collated the responses of individual Board members together with proposed actions and responsibilities.

Whilst acknowledging that the final report had been very positive, the directors recognised that there were positive ways to enhance and improve Board

performance. The Board was also pleased that the report had recognised the strong governance framework which had been established over the past five years which had been a contributing factor to the strong support CDC had received from its shareholder, the Department for International Development (DFID).

The Board approved the proposed actions and responsibilities.

(ii) Reports from the Board committees

a. Development impact committee

With reference to the agenda contained in the Board pack, Sam Fankhauser, Chair, reported on the committee's recent meeting.

b. Risk committee

The Chairman highlighted the items which had been discussed at the risk committee.

c. People development and remuneration committee (PremCo)

Laurie Spengler, Chair, highlighted the issues discussed at the PremCo including the approval of the Long Term Development Performance Plan (LTDPP) – see below.

(iii) Audit and compliance committee deep-dive

Andrew Alli, Chair, commented on the meeting of the Audit and compliance committee and the committee's plan of activities during the year.

(iv) Annual approvals

a. Annual accounts

The draft annual accounts were presented.

The accounts were approved subject to minor edits and the Chairman and CEO were authorised to sign the Consolidated Statement of Financial Position and the Company Statement of Financial Position for and on behalf of the Board.

In addition, the Letter of Representation addressed to the auditor, KPMG, which had been reviewed by the Audit and compliance committee was also approved and the Chairman was authorised to sign the letter for and on behalf of the Board.

b. PwC Grid assurance letter

The Grid assurance letter produced by PwC to reflect the results of the audit they had undertaken of CDC's scoring against the development impact grid (the Grid),

had been reviewed by the Development impact committee. The letter also provided assurance over the Grid scoring for the purposes of the LTDPP - see c below.

c. LTDPP

Laurie Spengler, Chair of PremCo, explained that PremCo had discussed in some detail the recommendations from management in respect of the discretionary element of the LTDPP and made a recommendation to the Board in respect of the overall percentage calculated in accordance with the provisions of CDC's Remuneration Framework.

The Board approved the recommended percentage outcome.

d. Modern Slavery statement

The Board approved the Modern Slavery statement and authorised one of either the Chief Executive or the Chief Financial Officer to sign the statement for and on behalf of the Board.

(v) Company Secretary's report

The Company Secretary's report was presented and noted. The notice of AGM was approved which included the appointment of Deloitte as auditor in succession to KPMG. The Company Secretary was authorised to send to the notice to DFID, the company's sole shareholder.

(vi) Executive Committee reorganisation

An oral report had been received on the plans to reorganise the CDC Executive committee the contents of which were noted.

12. Termination

There being no further business the meeting closed at 17.00 hrs and was followed by a private meeting of the Non-executive directors.

Approved by the Board on 5 July 2019