

Summary minutes of a meeting of the Board of CDC Group plc

Held at 123 Victoria Street, London SW1E 6DE and by videoconference on Friday 4 December 2020 from 09.00 hrs.

Present: Sir Graham Wrigley (Chair)
Andrew Alli*
Dolika Banda*
Wim Borgdorff*
Sam Fankhauser
Michele Giddens
Krishnakumar Natarajan*
Nick O'Donohoe
Carolyn Sims
Laurie Spengler

In attendance: Jane Earl (Company Secretary)
Colin Buckley
Chris Coles*
Tenbite Ermias*
Liz Lloyd
Srini Nagarajan* (CDC India Advisers Pte Ltd)
Stephen Priestley*
Holger Rothenbusch*
**by videoconference; ExCo members left at item 4.*

1. Conflicts of interest

There were no conflicts of interest to record other than those contained within the Company Secretary's report.

2. Strategy feedback and reflections

The Chairman asked the non-executive directors to share their reflections on the strategy discussions which demonstrated consistent support for the strategy presented and consensus on the direction of travel including prioritisation of the big strategic issues.

3. Chief Executive Officer's report ('CEO report')

Nick O'Donohoe presented the CEO report. The ensuing discussion was focussed on the performance of the portfolio, the cost base, origination, the challenges of the Covid pandemic and staff morale.

Each of the Managing Directors was invited to speak about their business area with reference to the pipeline and portfolio and, where appropriate, underperforming assets.

Nick O'Donohoe also paid tribute to all the staff at CDC who had continued working through trying circumstances and asked that the Minutes formally record his thanks to everyone. The Chair and the Board echoed these views given the extraordinary year.

2021 Corporate objectives

The corporate objectives for 2021 were presented and discussed. The Chairman agreed to collate comments from the non-executive directors and forward them to management.

4. Budget 2021

The Chairman introduced the discussion on the proposed 2021 budget. A discussion followed in which operating expenditure, headcount growth, deal costs and the run rate were all considered in some detail with concerns being expressed about the increase in operating costs when compared to the forecasted pipeline.

It was agreed that a committee of the Board be established to work with the Chief Executive Officer and the Chief Financial Officer (CFO) to refine the budget and seek offline approval from the Board as appropriate.

5. Metrics for monitoring CDC's cultural health

The Board received an update on how CDC had responded against the indicators proposed in 2019 for monitoring cultural health which included identification of areas for improvement or maintenance and linking them to the identities. The Board thanked the team for the depth and quality of the analysis but asked that a dashboard be prepared which would allow for performance to be benchmarked and monitored.

The Chairman also paid tribute to Clive MacTavish (former CFO) who had initially championed the introduction of the culture review.

6. **Diversity and inclusion**

(i) Gender strategy: 2018 -2020 results and looking ahead

An update on CDC's 2018 Gender Strategy was presented focussing on progress made during the current 5-year strategy period, portfolio performance against gender diversity metrics and recommendations for action. It was agreed to promote more international gender-smart investing in 2021, including setting targets and allocating capital and promoting women in leadership.

The Board commended the team on the work done and during the conversation it was proposed that a 2X target could be included within the corporate objectives. It was also agreed that CDC would seek to adopt the 2X Board Diversity Charter for its CDC subsidiary and portfolio company boards. In this context, the Chairman was commended for his leadership in promoting diversity amongst the CDC Group plc Board directors recognising that in January 2021 there would be an equal number of men and women on the CDC Group Board.

(ii) Ethnicity at CDC

A presentation was received on the progress which had been made in respect of ethnicity at CDC and four priority areas which had been identified as well as the impact of "Black Lives Matter" and the resultant PwC report on Inclusive Leadership. In this context, CDC's response during 2020 and plans for 2021 were considered.

Both Andrew Alli and Laurie Spengler, the Board champions for diversity, confirmed that they were pleased with the direction of travel and the Chairman thanked Nick O'Donohoe and his Executive team for their leadership and commitment.

7. **Triennial review update**

An update was presented by the Chair of the People Development and Remuneration committee on the Triennial review outlining each of the constituent parts under consideration.

It was recognised that discussions were taking place within the context of the merger of the Department for International Development and the Foreign and Commonwealth Office, a time of intense pressure on government spending and growing concern over public entity pay levels. As a result, it was recognised that there was significant uncertainty as to the outcome of the negotiations and achieving an aligned outcome would be challenging. It was anticipated that a final

decision on the outstanding items should be taken at the Board meeting scheduled for 16 April 2021.

It was further agreed that a Board committee should be established to review the fees of the CDC Group Board Chair with a view to making a recommendation to the shareholder for approval. The Board further delegated authority to the Chairman and the CEO to make a recommendation on NED fees.

8. IC Process and policy

(i) Abraaj lessons learned

The key lessons learned from the second phase of the review of the Abraaj relationship from 2018 until early 2020 were discussed. A status update was also provided on the recommendations arising from the phase 1 of the review. All of the recommendations made would be actioned and would be monitored by the CIO's office. The Board noted the recommendations and thanked the team for the work done.

(ii) Express IC update

The Express IC process had been established earlier in the year and was due for review at the December Board meeting. The Express IC process had operated effectively but no further extension of the mandate was required beyond the December Board meeting. The Board noted the position.

(iii) NEDs and investment decision making

A proposal on investment decision making would be brought to the Board at the meeting in February 2021 for approval.

(iv) IC recruitment update

The Board confirmed the appointment of Tim Krause, Anne Glover, Nikunj Jinsi and Shiru Mwangi as IC members.

9. Legal Proceedings

The Board received a legally privileged update on a legal issue.

10. Governance

(i) CDC's Future complaint handling arrangements

The high-level proposal for handling complaints at CDC was approved in principle. The Board authorised the Working Group to continue negotiations with the

Independent Complaint Mechanism (“ICM”) Scheme and to instruct a suitably qualified law firm to draft appropriate scheme rules/terms of reference. In addition, a job specification would be created for the Independent Commissioner to address business integrity complaints and further thought would be given to the budget required for the role.

(ii) CDC’s Tax Policy

It was noted that the objective of the review of CDC’s Tax Policy was to ensure that the policy reflected developments in the international tax arena and remained consistent with international standards and the approaches of various development finance institutions.

The Board approved the revised Tax Policy and Tax Strategy and asked for data to be shared on the tax status of the Cayman Islands.

(iii) Health and Safety Policy statement

It was noted that CDC’s Health and Safety Policy (the ‘Policy’) was due for review in line with UK legislation and CDC’s policy review process. The Policy had been revised to include procedures to ensure compliance with local legislation in international offices and to enable the environmental impact of health and safety measures to be managed.

The Board approved the revised Health and Safety Policy Statement and authorised its implementation.

(iv) Company Secretary’s report

The Company Secretary’s report was presented. In particular, the Board approved the appointment of Laurie Spengler as the Designated Non-executive Director in accordance with the requirements of the UK Corporate Governance Code.

The Board further approved the appointment of Kathryn Matthews as a non-executive Director with effect from 1 January 2021 and as the Chair-designate of the Risk committee (Andrew Alli would Chair the February Risk committee meeting to ensure an orderly handover). The Company Secretary was authorised to make the necessary filings with the Registrar of Companies.

The Board authorised one Director and the Company Secretary to execute the annual General Power of Attorney for and on behalf of the Board.

11. Board committee reports

(i) People Development and Remuneration committee (PremCo)

An update on the annual activities of PremCo was presented. Establishing the Employee Forum would be a key objective for 2021 and alongside the results of the annual employee staff survey would assist with ensuring that the employee voice was heard at the Board table.

(ii) Audit & Compliance committee

The Audit and Compliance committee had reviewed the Deloitte external audit plan and updates had also been received on compliance, GDPR and internal audit. The internal audit plan had also been approved.

(iii) Development Impact committee

The Development Impact committee had received an update on climate change and the implementation of the new strategy. The FCDO-CDC evaluation plan had been received along with a report on Financial Institutions.

(iv) Nominations committee

The Nominations committee had reviewed Board succession, both for the Chair and the Chair of the Development Impact committee. Committee membership had also been considered and it was agreed to review the membership of the Board committees at the February meeting following the Board evaluation.

(v) Risk committee

The Risk committee had discussed a number of risks which were outside appetite including portfolio return risk, travel and security and invoicing fraud risk. An update had also been received from the Chief Risk Officer on risk management and a paper had been presented on cyber risk.

12. Minutes

The minutes of the meeting held on 23 September 2020 were approved as a correct record of the proceedings. In addition, the summary minutes of the meetings held on 23 September 2020 were approved for publication.

13. Termination

During the meeting, the Chairman paid tribute to Wim Borgdorff who would be retiring from the Board on 31 December 2020. As Chair of the Risk committee, Wim

had championed Risk not only at the Board table but also within CDC more widely, but his contribution had been much wider than his Risk remit. In response, Wim Borgdorff thanked the Chairman, the Board and the wider Management team for their support and for their friendship.

The Chairman paid tribute to Chris Coles for his work as Chief Investment Officer as he would be leaving CDC in early 2021 to pursue new opportunities. In particular, the Chairman referred to the dedication, rigour and enthusiasm shown by Chris during his time as CIO and thanked him for championing the Umoja works network and the work on diversity.

The Chairman also thanked the Executive team and all CDC staff for all that they had achieved in 2020 which, he suggested, history would record as having been one of the hardest years in CDC's history.

There being no further business the meeting closed at 17.15 hrs and was followed by a private meeting of the non-executive directors.

Approved by the Board on [4 February 2021]