

CDC GROUP PLC (THE “COMPANY”)

**TERMS OF REFERENCE OF THE AUDIT AND COMPLIANCE COMMITTEE
OF THE BOARD**

(1) NAME

Audit and Compliance Committee (“Committee”).

(2) MEMBERSHIP

(a) The Committee will consist of no less than three non-executive director members (“Members”) appointed by the Board.

(b) The Members are:

Wim Borgdorff
Valentine Chitalu
Keki Mistry
Graham Wrigley

(c) The Board shall appoint the chair of the Committee (“Chair”).

The Chair is:

Valentine Chitalu

(3) QUORUM

Two Members.

(4) SECRETARY

The secretary of the Committee shall be CDC’s Company Secretary (“Secretary”).

(5) VOTING

Decisions shall be made by a majority of those voting with the Chair of the Committee holding the carrying vote in the event that there is a tie.

(6) RESOLUTIONS IN WRITING

A resolution in writing signed by all the Members entitled to receive notice of a meeting shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened.

(7) FREQUENCY AND NOTICE OF MEETINGS

- (a) Meetings of the Committee shall be held as required, but not less than two times each year.
- (b) The Secretary shall give notice of meetings to the Members and the Chief Executive Officer.

(8) ATTENDANCE AT MEETINGS AND ACCESS TO THE COMMITTEE

- (a) Only Members and the Secretary shall be entitled to attend meetings of the Committee.
- (b) Any other person may attend with agreement of the Chair. The Secretary shall maintain a list, which shall be reviewed and agreed from time to time, of the staff who may attend the meetings.
- (c) The Committee shall maintain an open door policy allowing all employees of the Company to bring any matters relevant to the Committee's work to the attention of the Committee and its Chair.
- (d) As a matter of good practice the external auditors attend each Committee meeting.

(9) AUTHORITY

The Committee is authorised by the Board:

- (a) to investigate any matters relevant to the fulfilment of its duties
- (b) to seek any information it requires from any employee of the Company and any subsidiary of the Company and all such employees are directed to co-operate with any such request made by the Committee
- (c) to obtain external legal or other independent professional advice and to secure the attendance of external advisors at its meetings (if it considers this necessary).

10) GUIDING PRINCIPLE

The Committee shall be guided in all its decisions by:

- (a) the purpose of assisting the Board in its oversight of the integrity of CDC's financial statements, legal and regulatory compliance, the independent auditor's qualifications and independence, and the performance of CDC's internal audit function and of the independent auditors; and
- (b) the goal of continuous strengthening of governance and enhancement of Audit and Compliance Committee oversight.

(11) DUTIES

The duties of the Committee shall be:

Public Reporting

- (a) to review Annual Accounts together with any letters in respect thereof to the external auditors, prior to their submission to the Board for approval, focusing particularly, in relation thereto, on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental issues;
 - (iii) significant adjustments resulting from the work of the external auditors;
 - (iv) the going concern assumption;
 - (v) internal control policies and compliance therewith;
 - (vi) compliance with accounting standards; and
 - (vii) compliance with legal and any other requirements.
- (b) to review and discuss the draft interim accounts
- (c) to review the Company's investment valuation policy and to monitor the application thereof to the Company's investments
- (d) to review the accounting policies and the consistency of their application both on a year to year basis and across the CDC group of companies

Internal Control

- (e) to review the strategy, resources and work programme of the Company's internal audit function; to consider the major findings of the work undertaken by the Company's internal audit function and management's response thereto; and to ensure co-ordination between the work done by the internal and external auditors
- (f) to review the strategy, resources and work programme of the Company's Compliance function; to consider the major findings of the work undertaken by the Company's Compliance function and management's response thereto; and to ensure co-ordination between the work done by the internal and external auditors
- (g) to assess the effectiveness of the internal control systems of the Company and any portfolio managers appointed by reference to the adequacy of those systems in relation to the risks (both financial and

non-financial) faced by the Company and to ensure periodic review of such risks

- (h) to review the Company's statements on internal control systems and compliance with the reports referred to in paragraph 10(a) above prior to their endorsement by the Board and, in particular, to review the external auditors' management letter and management's response thereto
- (i) to discuss and consider any matters the external auditors wish to raise
- (j) to review regular reports from the Compliance and Money Laundering Reporting Officers on the adequacy and effectiveness of the Company's compliance and anti-money laundering systems and controls.

Compliance

- (k) to review the Company's compliance with the UK Corporate Governance Code and in particular matters relating to internal controls and public statements with regard to the existence of internal controls and the effectiveness thereof, prior to their endorsement by the Board
- (l) to receive and review reports prepared by the Compliance Officer relating to the Company's compliance with:
 - (i) its business integrity policy (forming part of its Statement of Business Principles (as amended)) and following approval thereof, recommend acceptance by the Development Committee;
 - (ii) Financial Conduct Authority obligations and annual review; and
 - (iii) other regulatory requirements.

Whistleblowing and Complaints

- (m) to keep under review, and oversee implementation of and compliance with, the Company's Whistleblowing Policy relating to employees and contractors, including ensuring that arrangements exist for the proportionate and independent investigation of any concerns raised about possible wrongdoing in financial reporting or other matters and for the taking of appropriate follow-up action
- (n) to keep under review, and oversee implementation of and compliance with, the Company's Complaints/Whistleblowing Procedure relating to members of the public and other external stakeholders, including ensuring that arrangements exist for the proportionate and investigation of any concerns raised and for the taking of appropriate follow-up action.

Audit Programme

- (o) to review the management of financial matters and focus upon the independence and objectivity of the external auditors as well as the freedom allowed to the internal auditors
- (p) to discuss with the external auditors, the Chief Operating Officer, the Chief Financial Officer and the Internal Audit Manager before the external audit commences, the nature and scope of the external audit and to review the arrangements which have been made to ensure co-ordination where more than one audit firm is involved
- (q) to consider the appointment of the external auditors of the Company (including rotation of the partners assigned to the audit), the fees for the group audit and for non-audit work undertaken by the external auditors and any questions of resignation or dismissal of the external auditors
- (r) to review and assess the annual internal audit work plan and progress against this plan on a year to year basis and across the CDC group of companies and review the results of audits undertaken.

Operational

- (s) to inspect the records maintained by the Company of gifts and benefits received from third parties
- (t) to inspect registers and records required to be maintained by the Company pursuant to regulatory requirements and, in particular, those required by the Financial Conduct Authority
- (u) to receive, and if it so determines, rely upon reports received from the Development Committee with respect to the Company's compliance with its Business Principles (as amended)
- (v) to receive, when it so requests, reports from the Chief Executive Officer, the Chief Operating Officer, the Compliance Officer and/or the Chief Financial Officer with respect to any matters within the Committee's duties as contained herein
- (w) to operate a system of self-assessment in relation to its duties hereunder
- (x) to ensure the provision of adequate training for its members (and those report to it) in relation to its duties hereunder
- (y) to approve treasury and banking policies.

General

- (z) to fulfil such other functions of an audit and compliance committee as are required by the UK Corporate Governance Code published by the

Financial Reporting Council and associated guidance, so far as applicable to the Company

- (aa) to consider such other topics as are either referred to the Committee by the Board or may be defined by the Committee and notified to the Board, which topics shall not be restricted to matters relating to internal financial controls but may include any matter constituting a material risk exposure for the Company
- (bb) to make, where appropriate, recommendations to the Board on matters arising from the Committee's discussions

(12) REPORTING

- (a) The Secretary shall circulate copies of the minutes of meetings of the Committee to all directors, following the preliminary approval of such minutes by the Chair; formal approval of such minutes shall be sought at the next meeting of the Committee.
- (b) The Chair may report on decisions of, or matters coming before, the Committee to any other person or body the Committee considers appropriate.

These terms of reference are to be reviewed at least at each renewal of the Company's Investment Policy.

JULY 2015

CDC GROUP PLC (THE “COMPANY”)

**ATTENDANCE LIST FOR
THE AUDIT AND COMPLIANCE COMMITTEE OF THE BOARD**

In accordance with Article 8 of the Terms of Reference of the Audit and Compliance Committee (Committee), in addition to the Committee members, the following persons should also attend the Committee meetings at the discretion of the Chairperson:

- External Auditors
- Chief Executive Officer
- Chief Operating Officer
- Chief Financial Officer
- Internal Audit Manager*
- Compliance Officer*
- General Counsel*

July 2015

*- *where appropriate*