

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

Held at 123 Victoria Street, London SW1E 6DE on Friday 2 February 2018 from 11.30 am.

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**Present:** Graham Wrigley (Chair)  
Wim Borgdorff  
Valentine Chitalu  
Sam Fankhauser  
Michele Giddens  
Clive MacTavish  
Keki Mistry  
Nick O'Donohoe  
Laurie Spengler

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**In attendance:** Jane Earl (Company Secretary)  
Colin Buckley\*  
Murray Grant\*  
Srini Nagarajan\*  
Mark Pay\*  
Holger Rothenbusch  
Jane Earl (Company Secretary)

*\*Non-Board members joined the meeting from item 6*

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### **1. Private meeting of the non-executive directors**

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

### **2. Conflicts of interest**

At the start of the meeting potential conflicts of interest were disclosed.

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

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### **3. Minutes**

The draft minutes of the meetings held on 23 and 24 November 2017 were approved as an accurate record of proceedings.

### **4. Matters arising**

The schedule of matters arising was reviewed. In particular, it was noted that the committee established to review transparency proposals had recommended that summary Board minutes be published on the CDC website.

### **5. Reports from the Board committees**

#### *Risk committee*

The risk committee had been reminded of the purpose of the risk reviews now that the Risk Management Framework had been established. In this context, the first risk review related to information security and the importance of compliance with the new General Data Protection Regime. The second risk topic related to tax and Offshore Financial Centres (OFCs) where the committee recognised that there was a residual risk relating to reputation. The importance of CDC working to reduce its use of OFCs was also acknowledged.

#### *People Development and remuneration committee (PremCo)*

The agenda for PremCo had been structured to focus on the five themes of hiring and attrition; gender and diversity; culture and learning; reward; and governance.

PremCo had discussed the gender pay gap and proposals to improve gender and diversity within CDC. PremCo had endorsed the recommendation to publish CDC's gender pay gap one year earlier than was required by the legislation. There was a general disappointment with the level of the gender pay gap but a recognition that levers were in place to improve the position over time.

Remuneration reporting within the annual financial statements was also considered and the Chairman reported on the Chief Executive Officer's performance review.

#### *Audit and compliance committee*

The audit and compliance committee had received a compliance update from the Director of Compliance & BI. KPMG had provided a report on their interim audit process and an update had been provided on the valuation process. Revised terms of reference had been approved by the committee.

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### *Development impact committee (Devco)*

Updates had been received on gender, climate and job quality. The appointment of Pricewaterhouse Coopers (PwC) as the new assurance provider had been approved and the process for agreeing measurement of job creation had been discussed and agreed. It was recognised that the work undertaken on measuring jobs was important for CDC and whilst CDC had been a pioneer in this area, further work was required to ensure that the methodology was robust. In this context two academics had been engaged to undertake a review. The revised Department For International Development (DFID) - CDC evaluation plan had also been approved.

### *Nominations committee*

All the Board directors had attended the nominations committee the previous day which had received the results of the Board evaluation and agreed the recommendations. In addition, the committee had approved the process and job descriptions for the recruitment of two new non-executive directors and three external members of the Investment Committees.

## **6. Chief Executive Officer's report**

The Chief Executive Officer's report (CEO report) was introduced. The format of the 2018 objectives had been agreed with the Chairman and would now form the basis for performance discussions at each Board meeting in 2018.

A review of business performance was undertaken in the light of the seven corporate goals articulated in the Operational Plan and the Strategic Framework.

Performance indicators were considered. Estimated portfolio return for 2017 had been driven by foreign exchange losses as the US\$ to sterling had moved from 1.23 to 1.35. Estimated 2017 portfolio value was based on Q3 valuations adjusted for Q4 cashflows, year-end currency revaluations and listed direct equity valuation movements.

Investment performance was reviewed from a financial and developmental perspective. Each of the Managing Directors was asked to comment on the performing and non-performing assets in their portfolio.

The CEO report was noted.

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**7. Investment policy, process and performance**

Investment performance had been reviewed as part of the CEO's report. A paper setting out the Investment Committee composition for 2018 had been circulated and the revised composition was approved by the Board.

**8. Grant funding opportunities and recommendations**

The Board explored how CDC could use additional funding to add value to the portfolio; how to structure the governance and management; and whether this was an appropriate route to follow.

During the ensuing discussion, the Board wanted to be assured that CDC was not being distracted from its main strategic aims and focus.

A committee of the Board was established to work with the management team to refine the final proposal which was due to be brought back to the Board in three months. Members of the Board were asked to feed in any additional comments to the management team.

**9. Introduction to the mobilisation project**

Members of the Board expressed their support for the capital mobilisation initiative. It was recognised that whilst mobilisation was not new to CDC this would be a significant project and to take it to the next level could take time to achieve. A report was due to be presented to the Board in April.

**10. CDC and Development Finance Institutions (DFIs) – engagement and collaboration**

The discussion around collaboration with other DFIs was introduced. The Board was supportive of the proposed outline for engagement and asked that a set of development impact topics be included to enable CDC to identify where it sits in relation to other DFIs, specifically in two or three areas where CDC has an existing leadership role.

**11. Learning from Overseas Private Investment Corporation (OPIC)**

Elizabeth Littlefield joined the meeting by videoconference and shared her experience as President of OPIC and, in particular, how OPIC worked with the United States government and American businesses.

Following the videoconference, there was a discussion as to whether there were ways that CDC could increase its development impact by encouraging United

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Kingdom based companies to invest or expand their operations in Africa and South Asia.

**12. Governance**

**(i) Policy on directorships**

The policy on directorships, as circulated to the Board, was approved.

**(ii) Company secretary's report**

The company secretary's report was presented.

*1. Powers of attorney*

The execution of two powers of attorney was ratified.

*2. Signing authorities*

The Board ratified the update to the Authorised Signatory List for Investment Matters.

*3. Committee terms of reference*

It was reported that each of the Board committees had reviewed their terms of reference and recommended their adoption to the Board. Accordingly, the Board endorsed the terms of reference for the audit & compliance, development impact, nominations, people development & remuneration and risk committees as recommended by those committees.

**13. 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.