

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

Held at 123 Victoria Street, London SW1E 6DE on Friday 20 April 2018 from 11.00 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\*  
Chris Coles\*  
Tenbite Ermias\*  
Murray Grant\*  
Srini Nagarajan\*  
Mark Pay\*  
Holger Rothenbusch\*

*\*Non-Board members joined the meeting from item 8*

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

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

### **2. Introduction**

The meeting started with a video which showed how a loan from CDC and Standard Chartered supported a Sierra Leonean company, Shankerdas, through the Ebola crisis. The Board appreciated seeing real examples of CDC's impact and it was agreed to start each Board meeting with a video where possible.

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**3. Conflicts of interest**

Conflicts of interest were disclosed and there were no other conflicts of interest to register (other than those previously reported).

**4. Minutes**

The draft minutes of the meetings held on 2 February 2018 were approved as an accurate record of proceedings. The summary minutes for the meeting were also discussed. The Company Secretary would consult with members of the Board prior to publication of the summary minutes.

**5. Matters arising**

The schedule of matters arising was reviewed and noted.

**6. Reports from the Board committees**

*Audit and compliance committee*

The main item for discussion had been the review and approval of the Annual Financial Statements which had included enhanced remuneration reporting for the first time. KPMG (external auditors) presented their audit report and there were not significant issues report. Timing of the publication of the Annual Financial Statements and the Annual Review was also discussed. A review of the effectiveness of the internal audit function would be undertaken in 2018 and an external audit tender process was also underway.

*Risk committee*

The committee had received an update the project to ensure a robust Information Security framework was in place. Other points of discussion included the planned review of the methodology for measuring job creation and the hedging of the Indian Rupee.

*Development impact committee (DevCo)*

The committee had received an update on the CDC-DFID evaluation programme and the impact framework. The job methodology process was undergoing a review and the results would be presented later in the year. Environmental and social risks were reviewed and there were no significant issues to highlight. Standing items of gender, climate and job quality were also reviewed. The annual fatal incidents report had also been received. As part of the commitment to background and

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learning, the committee had received a presentation on how environmental and social issues had been managed in one of CDC's portfolio companies.

*People development and remuneration committee*

The people development and remuneration committee discussed hiring and attrition, gender and diversity, reward and culture. An action plan was being put together with regard to gender and diversity. The rationale for agreeing the discretionary element of the Long-Term Development Performance Plan (LTDPP) had been agreed and the outcome communicated to Department for International Development (DFID).

**7. Annual approvals**

*Grid assurance letter*

PricewaterhouseCoopers (PwC) had attended the Development Impact committee meeting to present its audit of CDC's development impact scores (grid scores). PwC's assurance letter was approved. The grid score also impacts the LTDPP (annual bonus plan).

*Long-Term Development Performance Plan (LTDPP)*

The three items which constituted the percentage for LTDPP purposes were reviewed. The Board approved the recommendation and approved the overall LTDPP percentage in accordance with the provisions of the CDC Remuneration Framework.

The non-executive directors congratulated management on another successful year and expressed their appreciation for the work undertaken.

*Modern Slavery Act*

The annual statement was approved.

*Annual Financial Statements*

The Annual Financial Statements were presented. The Board delegated authority to the Chairman, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) in consultation with the Chair of the audit & compliance committee to approve the Annual Financial Statements.

[The final draft of Annual Financial Statements was approved by the Chairman, CEO and CFO on 23 April 2018.]

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### *Letter of representation*

The draft of the management letter of representation to the auditors, KPMG was reviewed. In addition, an identical letter of representation signed by the CEO, on behalf of the management team, had been tabled. The Chairman was authorised to execute the letter of representation to KPMG for and on behalf of the Board.

[The executed letter of representation was dated 23 April 2018 to correspond with the approval of the financial statements.]

### *Notice of AGM*

A draft of the notice of AGM and form of proxy had been circulated within the Company Secretary's report. The Board approved the notice of meeting and authorised the Company Secretary to issue the notice and accompanying documentation to the company's sole shareholder, DFID.

## **8. CEO report**

Performance against the 2018 corporate objectives was reviewed and discussed. Certain investments continued to be the focus of attention from a developmental and financial perspective. Specific thanks were expressed to Daudi Lelijveld for his contribution to the success of the Impact Accelerator which was now a core part of the business model.

It was anticipated that CDC would continue to face external scrutiny in the second half of 2018. In addition to the ongoing review by the Independent Commission for Aid Impact (ICAI), the Chairman and CEO would be appearing before the International Development Committee of the House of Commons on 12 June 2018.

## **9. Investment policy, process and performance**

### *a) Globeleq*

The Chair of the risk committee had asked the Board to consider what risk limits should be established for CDC's investment in Globeleq. It was agreed to create a Board committee to formulate a proposed methodology for managing the Globeleq investment.

### *b) Delegated authority update: ultra vires*

It was reported that the ultra vires ("out of policy") section of the Delegated Authorities was being reviewed to ensure it reflected CDC's current portfolio performance and strategic planning. A committee was established as a sounding

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board for management. It was agreed to present a more holistic approach to the Board for approval later in the year.

*c) Borrowing facility*

The Board agreed to review the need for and the size of the borrowing facility in the light of the revised business case. The Board delegated authority to a committee to consider the options.

*d) Process for 2018 Promissory Notes*

The process for reviewing the 2020 Promissory Note was explained. An update would be provided in July 2018 with a full assessment and recommendation at the Board in November 2018.

**10. Annual portfolio deep dive**

The Portfolio Deep Dive was presented with a focus on both performing and non-performing investments. Portfolio returns were examined in detail with a review of commitment pace, drawdowns and receipts. Each of the MDs was also asked to comment on the performance of their product lines. The Chairman thanked the team for their analysis and it was agreed to have a discussion about specific IP2 investments later in the year.

**11. External perspective: Elroy Dimson**

The Chairman welcomed Elroy Dimson, Emeritus Professor of Finance at the London Business School, who is a world-renowned global expert on long term investment returns. In a wide-ranging presentation, Professor Dimson advised that, historically emerging markets had failed to deliver a premium compared to developed markets, and the Board should expect, in future, to receive lower returns than those enjoyed in the past.

The Chairman thanked Professor Dimson for his presentation.

**12. Strategic projects**

*i) Capital mobilisation*

A number of consistent themes had emerged from the work carried out to date on capital mobilisation. The Board was supportive of the initiatives planned. CDC was considered to be in a strong position to act as a champion of investment in developing markets.

An update on progress would be presented at July meeting.

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*ii) Grant Funding*

It was noted that, following discussions with DFID, it had been agreed that the Grant Facility's funding should come from a reprogramming of a portion of the existing Impact Programme.

Following a discussion, the Board formally approved the expansion of the remit of DevCo to include oversight of the Grant Facility. Mirroring the Investment Committee process, it was also agreed to establish a Technical Assistance committee with a combination of CDC-internal and independent members tasked with managing decision making on issuing grants. DFID would also have observer representation on the committee and a Memorandum of Understanding would be agreed with DFID.

*iii) CDC and UK companies*

A project had commenced, led by two independent consultants, to evaluate the opportunities for CDC to increase its development impact by encouraging UK based companies to invest or expand their operations in Africa and South Asia. It was noted that the consultants were due to report back at the end of May/early June and a full update would be provided to the Board in July.

**13. Governance**

*(i) Safeguarding*

Following recent events uncovered in Haiti whereby instances of sexual exploitation and abuse involving employees within the UK aid sector had been uncovered, the Secretary of State had written to the Chairman asking for assurance with regard to CDC's approach to safeguarding. In addition, the Secretary of State had asked for confirmation of the referral of cases to the relevant authorities where appropriate.

CDC takes safeguarding extremely seriously. The Board was advised that a thorough internal investigation had been undertaken to review historic processes and culture. A copy of the Chairman's letter to the Secretary of State confirming CDC's assurance in respect of the points raised was noted. Work would also be undertaken on investee companies and the Board would receive a proposal later in the year.

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(ii) *Company secretary's report*

The company secretary's report was presented.

1. *Powers of attorney*

The execution of one power attorney was ratified.

2. *Signing authorities*

The Board ratified the updates to the Authorised Signatory Lists for Investment matters.

3. *Policy on Directorships*

One change had been proposed to the Policy on Directorships. The amended Policy was approved.

**14. 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.