

Modern Slavery Act statement

5 April 2019

CDC Group plc, the UK's development finance institution, is wholly owned by the UK Government. Our mission is to support the building of businesses throughout Africa and South Asia, to create jobs and to make a lasting difference to people's lives in some of the world's poorest places.

We aim to invest where our job creation focus can have the greatest impact: in countries where the private sector is weak, and jobs are scarce, and in sectors where growth leads to jobs – directly and indirectly – such as infrastructure, food and agriculture, construction, education, health, financial institutions and manufacturing.

Our portfolio of investments is valued at £4.3 billion and includes 1,229 investee companies. Our current strategy means that we will invest only in Africa and South Asia (where over 70 per cent of the world's poorest people live), although we also have a declining portfolio of legacy investments in China, South East Asia, and Latin America.

We invest directly (through equity, debt and other instruments) and indirectly through fund managers who are aligned with us and invest our capital in businesses for us. Central to our ethos is a firm commitment to responsible investment. The businesses we support are required to adhere to [The CDC Code of Responsible Investing](#) (The Code), which stipulates environmental, social, labour and governance standards that often exceed those required by local law. The Code includes requirements on working conditions, labour rights and access to remedy, and was updated in 2017 to include specific reference to the Modern Slavery Act 2015 (the MSA).

Assessing risks of Modern Slavery

We recognise that there are risks of linkage to Modern Slavery in our own operations and via the investments we make. Evidence from our markets suggests that we need to pay particular attention to these risks where our investees rely on third party contractors and supply chains in

a range of industry sectors and geographies where there is evidence of elevated risks from Modern Slavery.

Our investments

Policies relating to Modern Slavery in our investments

The Code applies to every investment we make, and it sets out our labour practice requirements for the businesses we support. These requirements include commitments to comply with the International Labour Organization's Core Labour Conventions 29 (Forced Labour) and 105 (Abolition of Forced Labour) as well as applicable labour laws and regulations in the countries where we invest.

Assessing risks of Modern Slavery in our investments

We undertake environmental and social due diligence (ESDD) on all our investments using The Code as our reference framework. When we invest directly (i.e. through debt or equity) in industry sectors or geographies where there are elevated risks of forced labour or other forms of Modern Slavery we focus specifically on these issues during ESDD. We often visit prospective investee businesses during our ESDD and conduct interviews with management and employees to understand the working practices of the businesses. The depth and focus of ESDD efforts (including specifically what focus will be given to assess the risk of Modern Slavery) as well as need to visit a prospective investee is decided at an early stage of our investment process (screening). For indirect investments (i.e. via funds), our ongoing programme of E&S Workshops for Fund Managers continues to focus on labour and employment practices (including Modern Slavery risks) and CDC's [ESG Toolkit for Fund Managers](#) also provides online advice and guidance on Modern Slavery risks and management (particularly through the [labour standards](#) and [human rights](#) briefing notes). To provide further guidance to companies and investors operating in emerging markets CDC worked with [DFID](#), [IFC](#) and [EBRD](#) to develop a [Good Practice Note for the Private Sector on Managing Risks Associated with Modern Slavery](#) which is also available on CDC's [ESG Toolkit for Fund Managers](#).

Actively managing risks of Modern Slavery in our investments

Because of the nature of CDC's investments and the geographies where our capital is deployed, we may identify circumstances that indicate the occurrence of Modern Slavery (e.g. the retention of travel and identification documents). In some sectors (e.g. textiles, agribusiness and construction work) where investee businesses rely on complex supply chains, there are elevated risks of Modern Slavery (including indentured labour). If we identify or become aware of these risks, we require investee businesses to develop legally binding environmental and

social action plans (ESAP) with specific commitments to address deficiencies over an agreed period, or where this cannot be assured (e.g. supply chains with limited leverage) work with the investee business to identify alternative sources of products. Our approach in such situations is to seek improvement.

If concerns arise during ESDD, CDC's Environmental and Social (E&S) team assesses and monitors them via site visits, engagement with the management of prospective investee businesses and the review of ESDD documents, ESAPs and annual reports provided to CDC. In the event of Modern Slavery risks or deficiencies identified after the investment is made (as part of E&S monitoring), we address these through Corrective Action Plans (CAP) and active engagement with investees.

To enhance implementation practice, in March 2018, the CDC E&S team undertook training on labour standards and ILO core conventions, with a focus on implementation during ESDD and E&S monitoring.

Broader engagement on Modern Slavery

CDC has presented and talked about its approach to Modern Slavery at a range of national and international meetings including the IFC Community of Learning (Sept 2018) and is involved in the Financial Sector Commission on Modern Slavery and Human Trafficking.

Own operations

Our contract administration policy sets out our approach to managing Modern Slavery risks in our supply chain. Where deemed necessary on a risk-based approach, we require our contractors to comply with applicable employment laws and regulations, and specifically the MSA. Where suppliers provide services outside of the UK they are required to agree to our standard Modern Slavery compliance provisions or where appropriate, standards equivalent under international or relevant local law.

Every year we contact suppliers assessed as posing a potential Modern Slavery risk and require them to confirm that they comply with UK legislation, including labour laws and the MSA, and for suppliers providing services outside of the UK, equivalent international and local laws. For this period, we received confirmation from all the suppliers contacted that they are aware of the requirements of the MSA and that their labour practices conform with ILO Core Labour Conventions 29 and 105, as well as applicable legislation, including the MSA. Since 2018, for new contracts, or when an existing contract renews, the legal team ensures that, where there is

the potential for a material risk of Modern Slavery, our standard Modern Slavery compliance provisions are included in the new contracts.

During the reporting year CDC provided refresher training to its internal legal team in assessing when to incorporate CDC’s standard modern slavery compliance provisions in its supplier contracts in cases where modern slavery risk may be foreseeable.

In 2019 CDC reviewed the definition of “contractor” in our contract administration policy to ensure it continues to fully address our risk-based approach to managing risks associated with modern slavery in our operations. We determined that our current definition captures our relevant suppliers and service providers across our business and across our locations.

Review of 2018 commitments

In our 2018 MSA Statement we made commitments to evolve our approaches and ability to manage Modern Slavery risks as follows:

Commitment	Progress
Continue to assess whether any existing or potential service providers and suppliers to our new offices in Africa and South Asia pose any additional risks related to Modern Slavery and, through a due diligence questionnaire and appropriate contracting terms, take appropriate steps to mitigate those risks, where applicable.	During this period, new contracts where we considered there was a potential for a material risk of Modern Slavery included the new standard Modern Slavery compliance provisions. All relevant suppliers were contacted to confirm their Modern Slavery declaration, all declarations were received for this period. As we continue to expand our offices internationally, a greater emphasis has been placed on implementation of our MSA commitments, and CDC’s facilities manager engages across offices around MSA commitments and monitors implementation.
Update the information we make available to our staff on our whistleblowing policies, so it is clear how this relates to reporting suspicions of Modern Slavery.	CDC’s whistleblowing policy was updated on 6th July 2018 to include specific mention of non-acceptance of exploitation or inappropriate treatment of third parties which includes persons who provide goods or services to CDC.

Commitment	Progress
Publish a good practice guide on assessing and managing risks of Modern Slavery with DFID and IFC.	The Good Practice Guide on Managing Risks Associated with Modern Slavery was developed in partnership with DFID, EBRD, and IFC, and published in December 2018. After launch, dissemination initiatives were conducted, including presenting the guidance at conferences and events and delivering a free external webinar as part of IFC Sustainability series attended by over 250 participants.
Provide refresher training to our internal legal team on CDC’s approach to addressing the risk of Modern Slavery in its supply chain through incorporating our standard MSA compliance provisions into our supplier contracts.	The standard compliance provisions were revised in 2018 to reflect compliance requirements wider than Modern Slavery. Refresher training to legal teams was provided in March 2019 covering CDC’s approach to ensure MSA compliance through the addition of such provisions into new and renewed supplier contracts.

2019 commitments

Over the next twelve months, we will:

- ✦ Continue to assess whether any existing or potential service providers and suppliers to our offices pose any additional risks related to Modern Slavery (through due diligence questionnaire, appropriate contracting terms, and direct engagement where needed) and take appropriate steps to mitigate those risks, where applicable.
- ✦ Disseminate internally CDCs policies, processes and approaches on Modern Slavery to support consistent implementation and awareness.
- ✦ Continue to raise awareness on the importance of managing Modern Slavery risks and provide practical guidance to investees and fund managers to support implementation.
- ✦ Provide internal training to operations and investment teams on CDC’s approach to addressing the risk of Modern Slavery throughout the investment process.

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- ✦ Continue to represent CDC in the [Financial Sector Commission on Modern Slavery and Human Trafficking](#) which will report at the UN General Assembly in September 2019.

Approval and disclosure

This Statement has been discussed and agreed by our Audit and Compliance Committee and approved by our Chief Executive Officer.

It is publicly available on our website at www.cdcgroup.com.

Nick O'Donohoe
Chief Executive


