

## **Minutes of a meeting of the Board of CDC Group plc**

Held by videoconference on Friday 3 April 2020 from 11.00 am.

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**Present:** Graham Wrigley (Chair)  
Andrew Alli  
Dolika Banda  
Sam Fankhauser  
Michele Giddens  
Keki Mistry  
Nick O'Donohoe  
Laurie Spengler

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**Apologies:** Wim Borgdorff (due to ill health)

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**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  
Matt Robinson  
Mike Corcoran (interim CFO)

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### **1. Chairman's introduction**

The Chairman welcomed the Board and ExCo to the virtual meeting commenting that, in its 70+ year history, he couldn't imagine CDC had ever experienced anything like the Covid-19 crisis. The purpose of the meeting was to start to address how CDC could respond to the Covid-19 crisis in the very best way it could while at the same time recognising that, as stewards of CDC, the Board should also have an eye on steering CDC out of the crisis at the correct pace while ensuring that normal day today operations and objectives continued.

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## **2. Minutes**

The draft minutes of the meetings held on 4 February 2020 and 16 March 2020 were approved by email circulation.

The summary minutes for the meetings held on 4 February 2020 and 16 March 2020 were also reviewed and approved for publication by email circulation.

## **3. Matters arising**

Two corrections had been proposed and the revised outstanding action points would be circulated by email for noting.

## **4. CEO and management report**

The CEO report was presented advising that significant management time in recent weeks had been focussed on addressing the Covid-19 issues. A Safeguarding issue in one portfolio company was discussed and Dolika Banda, Board Safeguarding Champion, explained that, once the allegations had been made known, CDC employees had reacted swiftly.

## **5. Covid-19 update**

Nick O'Donohoe introduced the discussion around the impact of the Covid-19 crisis on CDC and its operations. Given the current circumstances, he advised that the corporate objectives for 2020 were being significantly revised and would be circulated to the Board approval.

### *(i) Incident Management Team update*

An update on recent activities of the Incident Management Team ("IMT") was presented. In addition to managing the incident itself, the team had focussed on employee welfare, internal communication as well as monitoring potential Covid-19 cases amongst employees. The Board expressed appreciation for all that had been accomplished by the IMT and signified that they were content with all actions which had been taken.

### *(ii) Central scenario planning*

The 3 scenarios for the evolution of the Covid-19 crisis (mild, severe and critical) and its impact on CDC, based on best available information at the time of compilation, was reviewed and discussed.

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The Board thanked the management team for the helpful analysis suggesting that there should be more of a focus on the implications for the Asia and Africa regions and greater clarity about how a ‘critical scenario’ would impact CDC.

*(iii) Liquidity projections*

The Chairman explained that the severe market and economic dislocation that had ensued from Covid-19 would create significant changes to CDC’s own liquidity position. As a result, a number of different scenarios had been explored to ensure that CDC continued to operate within its financial parameters while providing any short-term funding which may be required in response to the Covid-19 crisis. The key assumptions underpinning the projections were also discussed.

In this context, it was recognised that in order to be able to establish the liquidity position and re-direct capital towards Covid-related commitments, further information was needed on planned commitments. The Board noted the work done to date and requested further analysis of CDC’s liquidity needs which should be presented to the Board in due course.

*(iv) Portfolio implications*

The watch-list which had been produced and identified those investments considered to be most at risk was discussed. Additional funding requirements were also discussed together with the introduction of an Express IC process to expedite the approval of emergency funding.

*(v) Next steps*

The Chairman thanked the management team for their analysis of the Covid-19 implications. In his summary he recognised that determining capital allocation priorities should be addressed in the context of the liquidity and financial risk while also responding to the Covid-19 needs and the practicalities of investments.

*(vi) Reflections*

The CEO assured the Board that CDC recognised the importance of an active response to the Covid crisis and would do everything prudent to provide support in CDC’s geographies.

As noted above, the Chairman would meet with the CEO and members of his team to prepare a presentation for the meeting with DFID the following week.

## **6. 2019 Performance Deep-dive**

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The annual performance deep-dive was presented and, in particular, it was noted that it was the second successive year of losses in terms of US\$. It was reported that portfolio returns remained broadly in line with commercial Emerging Markets benchmarks and in line with DFI peers. Development impact performance appeared to be in line with forecast although some risks remained.

**7. Direct Equity Deep-dive**

Tony Morgan introduced the Direct Equity deep-dive noting that this was a work in progress. The Board was appreciative of the diagnosis and supported the direction of travel.

**8. Catalyst portfolio review**

*(i) 2019 Catalyst Review*

The Catalyst Review of 2019 was presented and noted. It was recognised that the Covid crisis could provide opportunities for Catalyst investments but funding would be dependent on the capital allocation and risk decisions as set out above. In addition, the ability to partner with other organisations was being actively explored.

*(ii) Catalyst sub-committee terms of reference*

The terms of reference for the Catalyst sub-committee were ratified.

**9. CDC in 2026**

Given the focus of the meeting had been to focus on the Covid-19 impact it was agreed to defer the discussion on the strategy process to later in the month when an extra Board meeting would be convened.

**10. Governance and policy**

*(i) Annual accounts and annual review*

Mike Corcoran explained that the completion of the audit of the CDC Group plc annual financial statements (Annual Accounts) had been delayed and the process for approving the Annual Accounts was discussed. In addition, it was noted that the process for approving the Annual Review had not been impacted by Covid-19 crisis and the proposed themes were discussed.

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*(ii) Modern Slavery Act*

It was noted that the Modern Slavery Act Statement had been reviewed by the Audit & Compliance committee and some small amendments had been proposed. The Board approved the statement and authorised the Chief Executive to execute it on behalf of the Board and further authorised publication on the company's website.

*(iii) Express IC Process*

Chris Coles explained the rationale for establishing an Express IC process to consider urgent decisions for existing investments that arose due to Covid-19. It was recognised that approval would run until July 2020 when it would be reviewed.

*(v) Company Secretary's report*

The Company Secretary's report was presented and noted.

The Board authorised the Company Secretary to issue the notice of meeting for the statutory annual general meeting once the Annual Accounts had been approved.

## **11. Board committee reports**

*(i) Audit and Compliance committee*

Andrew Alli reported on the meeting of the Audit and Compliance committee which included reviewing the Deloitte audit report and other issues related to the Annual report and accounts together with a report from the Director of Compliance.

*(ii) People Development and Remuneration committee*

Laurie Spengler advised that the focus of the People Development and Remuneration committee (PremCo) had been the impact of the Covid-19 crisis on people issues and the key remuneration decisions.

A proposal had been made that all the non-executive Directors should take a 25% cut in fees with effect from 1 May 2020 which was endorsed by the Board.

*(iii) Development Impact committee*

Sam Fankhauser, Chair of the Development Impact committee ('DevCo'), reported that, in addition to the usual management report, DevCo had focussed on an E&S Risk Framework, the Grid assurance process, whereby PwC had confirmed that the threshold had been calculated correctly, and the annual Serious Incidents report which included fatalities and a discussion on Safeguarding.

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(iv) *Risk committee*

Andrew Alli, acting Chair of the Risk committee, advised that the committee had spent a significant period discussing the Covid-19 implications from a risk and business continuity perspective. In addition to the regular risk management report, the committee had also received an update on the Risk Limits Framework, the Risk rating scales and the Risk policy.

(v) *Nominations committee*

The Nominations committee had confirmed the annual re-election of the CDC Group plc Board directors at the 2020 annual general meeting. Michele Giddens, acting SID, confirmed the Nominations Committee decision to seek an extension to the Chairman's tenure and expressed her thanks to the Chairman on behalf of all the Board for agreeing to remain in post for a further period.

## **12. Termination**

The meeting closed at 17.15 hrs and was followed by a private meeting of the non-executive directors.

Approved by the Board on 17 July 2020.