

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

Held by videoconference on Friday 1 May 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 explaining the context for the various discussions.

### **2. Trade and Supply Chain Finance teach-in**

The Board received training on trade and supply chain finance particularly in the context of CDC's operations.

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### **3. Strategy process discussion**

Nick O'Donohoe explained that the presentation had been prepared in response to the questions raised by the Board during the strategy session in November 2019.

Each of the Board Directors shared their thoughts as to whether they agreed with the assumptions, what areas were missing or they thought should be developed as part of the strategy development, and early thoughts on how the Covid-19 pandemic might impact the long-term strategic direction.

Overall, the Board was very appreciative of the excellent work done by the strategy team and was supportive of the direction of travel while recognising that it would not be possible to do everything and, as a result, some difficult decisions would need to be taken which would be hard.

### **4. Covid-19 update**

The Chairman introduced the session on Covid-19 advising that DFID was fully supportive of CDC's countercyclical response but was facing its own funding challenges in respect to all its activities, which CDC fully recognised. The Board and Management reaffirmed their commitment to make the best possible response to the Covid-19 pandemic whilst managing CDC's financial needs within the agreed funding position and to keep within those parameters. The Board was also appreciative of the support it was receiving in these difficult conditions

#### *(i) Latest funding situation with agreed DFID funding*

An updated view of the short-term liquidity position and a longer-term liquidity position through 2026 using assumptions developed from CDC's prior experience and for early guidance was presented. It was recognised that the analysis included assumptions which would be subject to further review and monitoring.

The Chairman reminded the Board that the figures presented were an estimate based on current circumstances but with the existing agreed support from DFID there was sufficient liquidity to satisfy the current needs of the organisation. The Board also noted that the Chairman, the CEO and CFO would continue to monitor the liquidity position during the crisis and were authorised by the Board to discuss future funding needs with DFID as they arose and the spending discussions across HMG developed.

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(ii) *Covid response:*

(a) *Strategic response*

The revised investment priorities which had been set to meet the Covid-19 challenge were presented. The Board was supportive of the proposals.

(b) *Potential changes to financial risk appetite in the light of Covid-19*

It was recognised that, even before the Covid-19 crisis, returns had been trending downwards as the desired focus on Africa and South Asia had increased financial risk in the portfolio as CDC had been communicating to stakeholders over several years. The financial implications of Covid-19 would significantly increase this risk of achievement of the return target. It was recognised that there was systemic risk in financial markets and, in particular, in the markets in which CDC invests, which meant that many commercial investors have left the market. Given this backdrop, combined with the desire to act in a counter cyclical fashion for developmental reasons, there was a discussion about whether it might be necessary to amend the investment policy or to get a risk sharing facility. But, for several reasons, it was agreed that CDC would adapt its investment approach to the new market conditions but carry on making new investments in accordance with the current return targets.

The Board endorsed this course of action, agreed that the Chairman should write to update the shareholder on this and the funding position, and agreed that management would continue to monitor the situation recognising that further discussions may be required if the situation changed.

(iii) *2020 Revised objectives*

The revised 2020 corporate objectives which had been revised in the context of the Covid-19 crisis were presented. Following a discussion, it was agreed the finalised revised 2020 objectives should be presented to the Board in July.

## **5. Annual Accounts update**

It was reported that the financial audit was in progress in line with the previously advised timing.

The Board was also advised that the auditors were revising the sensitive judgments and estimates made, as would be disclosed in the financial statements particularly in the light of the Covid pandemic. The Chair of the DFID Audit committee would also be briefed.

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**6. Board succession**

The Chairman gave an update on the recruitment of a new non-executive director.

**7. Termination**

The Board thanked the CEO and ExCo for all their efforts during this extraordinary period and complimented them on the way the business was being managed.

The meeting closed at 14.30 hrs and was followed by a private meeting of the non-executive directors.

Approved by the Board on 17 July 2020.