

# Investment Policy

*for the period from 1 January 2022  
to 31 December 2026*

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## Part A – Introduction

### A1. *CDC Group plc*

- A1.1 CDC is a bilateral development finance institution which is wholly owned by Her Britannic Majesty's Secretary of State for Foreign, Commonwealth and Development Affairs acting through the Foreign, Commonwealth and Development Office (“**FCDO**”).
- A1.2 The Commonwealth Development Corporation Act 1999 transformed CDC from a statutory corporation into a public limited company “**plc**”). As a plc, CDC is governed by a separate board of directors (the “**Board**”) answerable to FCDO through normal corporate governance processes. FCDO's shareholder interest in CDC is represented via the whole Board. FCDO also appoints the Chair and two of CDC's non-executive directors (“**NEDs**”), and annually reapproves all NEDs. FCDO is not otherwise involved in CDC's operations or its investment decision-making. CDC's Articles include a set of core defining principles for the company. CDC is regulated by the Financial Conduct Authority.
- A1.3 CDC, the UK's development finance institution, is FCDO's principal mechanism for investing in business and for leveraging private sector investment to support economic development in accordance with the UK's geostrategic priorities.

### A2. *CDC's Mission and Objectives*

- A2.1 CDC's mission is to help solve the biggest global development challenges by investing patient, flexible capital to support private sector growth and innovation.
- A2.2 During the Policy Period, CDC's strategic objectives, as outlined in the CDC 2022-26 Strategy, are to contribute to development that is:
- (i) *Productive* – by making investments that help to raise the productivity of an economy so that it can support a decent standard of living for all ;
  - (ii) *Sustainable* – by making investments that help to transform the economy to reduce emissions, protect the environment and adapt to the changing climate; and
  - (iii) *Inclusive* – by making investments that do more to share the benefits of higher productivity and greater sustainability with poor and marginalised sections of society.

### A3. *FCDO and CDC Collaboration*

- A3.1 FCDO and CDC share a common understanding that both organisations benefit from close collaboration where this increases the effectiveness of their organisations and/or advances shared development objectives. CDC and FCDO will continue to build mutual understanding and share information.

#### *A4. Purpose of this Investment Policy*

- A4.1 This Investment Policy sets out the parameters and guidelines within which CDC will conduct its investment business. It also sets out the means by which its performance will be measured by the Government.
- A4.2 As required by the Articles, this Investment Policy was adopted by CDC on [●] 2021 with the prior approval of FCDO; it is one of the principal tools by which FCDO seeks to ensure that CDC is achieving the objectives set out in paragraph A2 above.
- A4.3 This Investment Policy relates to the period 1 January 2022 to 31 December 2026. Towards the end of the Policy Period, FCDO, in consultation with CDC, will review the extent to which this Investment Policy has achieved the objectives set in order to inform the next investment policy.

#### *A5. Application of this Investment Policy*

- A5.1 Subject to paragraph A5.2 below, New Commitments will be invested in accordance with the provisions of this Investment Policy and, after 31 March 2022, in accordance with the provisions of the Policy on Responsible Investing agreed between CDC and FCDO, which is available on CDC's website (the "**Policy on Responsible Investing**").
- A5.2 Commitments entered into by CDC prior to the Commencement Date will be invested in accordance with the provisions of the relevant Historic Investment Policy and, for commitments entered into by CDC between the Commencement Date and 31 March 2022, in accordance with the provisions of this Investment Policy and the Historic Code of Responsible Investing. Part C, the Performance Framework, sets out the manner in which commitments entered into prior to the Commencement Date will be taken into account for the purposes of measuring and monitoring CDC's performance against the Performance Measures. Nevertheless, CDC shall use its reasonable endeavours to ensure that any such Commitments shall be invested in a manner which does not conflict with the provisions of the Policy on Responsible Investing.
- A5.3 Notwithstanding A5.2 above, CDC may elect to apply Section B2 (Eligible Countries) and Appendix 2 (Eligible Countries, States and Territories) of this Investment Policy, and not Section B3 (Eligible Countries) and Appendix 2 (Eligible Countries, States and Territories) of the 2017-2021 Investment Policy, to commitments entered into by CDC during the period of the 2017-2021 Investment Policy.
- A5.4 CDC will ensure that its Investment Holding Subsidiaries will, at all times, conduct their new investment business in accordance with the provisions of this Investment Policy as if they were expressly named throughout this Investment Policy in place of CDC.

#### *A6. Definitions and Interpretation*

- A6.1 Words and expressions used in this Investment Policy will have the meaning, and will be subject to the interpretation, set out in Appendix 1.

- A6.2 For the purposes of this Investment Policy, capital invested by CDC in New Commitments shall be deemed to be “invested in, and for the immediate or prospective benefit of” an Eligible Country (and similar expressions), if, at the date of the Investment, the relevant Investment:
- (i) is in a company or other entity which has its principal business or headquarters located or organised in an Eligible Country; or
  - (ii) in the reasonable judgement of CDC, the investment (either solely or in combination with projected future CDC investments) is expected to result in significant developmental impact in an Eligible Country.
- A6.3 In determining for the purposes of paragraph A6.2 above whether a company or other entity (currently, or as a result of the investment): (i) has (or will have) its principal business headquartered, located or organised, or (ii) generates (or will generate) significant developmental impact in an Eligible Country, all reasonable relevant factors shall be considered including (without limitation): (i) the location of the premises, employees and senior management of each of its businesses; (ii) the source of revenue of each of its businesses; and (iii) backward and forward linkages (including the source of raw materials), and such factors shall be weighted as appropriate in all the circumstances.

## Part B – Investment Criteria

CDC will invest its capital in businesses and financial instruments in order to create development impact in Eligible Countries, subject to the criteria set out below.

### *B1. Eligible Sectors*

- B1.1 Except as provided below, all sectors of the economy of each Eligible Country are eligible for the investment of CDC's capital.
- B1.2 None of CDC's capital will be invested, directly or, as set out in the Policy on Responsible Investing, via intermediaries, in any activity prohibited by Annex E of the Policy on Responsible Investing.
- B1.3 CDC will not invest its capital in fossil fuel sub-sectors that CDC has classified as misaligned with the Paris Agreement. CDC's policies on fossil fuels are set out in the Fossil Fuel Policy, the Guidance on Natural Gas Power Plants and such other climate policies as CDC's Board may adopt (the "**Climate Policies**"). Any New Commitments in a portion of the fossil fuel value chain classified by CDC as conditionally aligned with the Paris Agreement will only be made in accordance with the Climate Policies. CDC has adopted the recommendations of the Task Force on Climate-related Financial Disclosures as its framework for managing climate-related opportunities and risks.

### *B2. Eligible Countries*

- B2.1 Except as provided below, capital invested by CDC in New Commitments will only be invested in, and for the immediate or prospective benefit of, any of the countries, states or territories listed in Appendix 2 (the "**Eligible Countries**").
- B2.2 A country, state or territory may be added to or removed from Appendix 2 with the agreement of CDC and FCDO.
- B2.3 This Investment Policy will not prevent CDC from investing its capital in, and for the immediate or prospective benefit of, a country which is not an Eligible Country to the extent that such investment is: (i) made in accordance with the provisions of a legally binding commitment entered into by or on behalf of CDC prior to the Commencement Date and consistent with the provisions of the relevant Historic Investment Policy; or (ii) is necessary, in the view of CDC's Investment Committee, to protect an existing economic interest. In the latter case, CDC will notify FCDO of such a decision and the reasons for it.
- B2.4 CDC may invest through one or more investment vehicles, which may be domiciled in a country which is not an Eligible Country, if CDC considers that it is appropriate to do so for fiscal, legal, regulatory, development or other *bona fide* reasons and it is consistent with CDC's Policy on Tax and Offshore Financial Centres as agreed with FCDO from time to time.
- B2.5 Where CDC invests in a specialised multi-region fund, this Investment Policy will not prevent CDC's capital from being invested in, and for the immediate or prospective benefit of, Eligible Countries

and other ODA countries, states and territories not listed in Appendix 2. CDC will endeavour to maintain its exposure, via such specialised multi-region funds, to such other ODA countries to not more than 2% of NAV.

### *B3. Available instruments*

- B3.1 Given the wide range of business needs across the spectrum of Eligible Countries, CDC may utilise any instrument which enables it to achieve the objectives set out in this Investment Policy. The instruments in which CDC may participate include (without limitation) the following:
- (i) equity and quasi-equity instruments (including partnership interests, ordinary shares, preference shares, debentures, income notes, redeemable preference shares, listed or unlisted securities, underwriting of share issues by public or privately owned enterprises, subordinated loan notes and financing the transfer of shares in existing enterprises);
  - (ii) debt instruments (including senior, subordinated, mezzanine, secured, unsecured, convertible, bonds and debentures);
  - (iii) guarantees (ranging from all-risk guarantees to partial risk-specific contingent guarantees);
  - (iv) grants, including capital grants;
  - (v) project preparation companies, funds or facilities; and
  - (vi) technical assistance or advice to companies, funds or facilities.
- B3.2 The terms and conditions of any Investment will be subject to CDC's assessment of the risks, the prospective returns associated with, and the financial and ownership structure of, the relevant Investment and will be discussed and agreed with the relevant counterparty.
- B3.3 CDC's Board shall approve, maintain, and monitor CDC's liquidity policy. CDC shall notify FCDO of any material change to the liquidity policy. This Investment Policy does not restrict CDC as to the proportion of its assets which may be retained in cash, cash equivalents or in other short-term financial instruments.

### *B4. Additionality/Contribution*

- B4.1 When making decisions on potential Investments, CDC will consider, in each Investment decision, its additionality/contribution. This will include considering the financial benefit of CDC's capital, but also the benefit of CDC's value added, which could encompass environmental, social and governance, business integrity or any input particular to that Investment which brings value to the investee company or the wider economy of a country. CDC will also consider the mobilisation of additional funding, utilising appropriate investment structures and vehicles, in particular seeking co-investment from aligned global partners such as sovereign wealth funds and UK investors, where it is a lead or important capital provider and therefore in a position to mobilise such additional funds.

Both additionality/contribution and mobilisation are important issues which shall be considered by CDC alongside other investment considerations.

*B5. Anti-Corruption, Modern Slavery and Compliance with Law*

- B5.1 When conducting its activities, CDC will at all times ensure that it complies with all applicable law, relevant sanctions, including UK sanctions, and relevant regulation including, without limitation, the Bribery Act 2010 and the Modern Slavery Act 2015.
- B5.2 CDC will use its reasonable endeavours to prevent corruption, including bribery and fraud, in its operations and those of its Investee Businesses. CDC will at all times have an anti-corruption policy which is available on its website; and will ensure that it records, and retains, a consolidated register (in addition to portfolio management systems) of all incidents, or allegations of incidents, of (a) fraud or corruption against CDC or (b) fraud or corruption by CDC or an Investee Business. CDC will notify FCDO of the number of new such incidents or allegations, the number closed and the number remaining open at quarterly shareholder meetings. CDC will also notify FCDO of notifiable Significant Risk Events as required by paragraph E3.2.

*B6. Approach to Portfolio Management and Exits from Investments*

- B6.1 When managing its portfolio of Investments CDC will ensure that the portfolio remains appropriately diversified against risk (including by maintaining a balance of financial instruments used) and will drive the management of environmental and social risks, corporate governance and integrity in its Investments.
- B6.2 CDC will at all times manage its portfolio of Investments with integrity and, in so doing, will seek to ensure that its participation adds value and avoids reputational damage.
- B6.3 In any exit from or disposal of an Investment, CDC shall seek, where it has discretion to do so, to ensure that such an exit or disposal is consistent with the achievement of its mission and objectives (both financial and developmental, including its capital mobilisation objective) and within the spirit of the Policy on Responsible Investing.

*B7. Official Development Assistance*

- B7.1 CDC shall take such actions as shall be required in order to remain qualified as ODA-eligible entity, as defined by the OECD Development Assistance Committee.

*B8. The Catalyst Portfolio*

- B8.1 CDC will continue to invest a portion of its capital in highly developmental investment opportunities with challenging risk-return profiles, pursuant to strategies that seek to unlock specific markets that can have significant development impact (the “**Catalyst Portfolio**”). While the parameters of the Catalyst Portfolio will be set by the Board from time to time, CDC’s intent is for loss tolerances for the Catalyst Portfolio to be set at 30% of the Catalyst Portfolio’s aggregate investment value during

the Policy Period and for any losses in the Catalyst Portfolio to be fully funded over time by returns on CDC's other Investments. Further, CDC will aim to grow the Catalyst Portfolio during the Policy Period such that it reaches 10-15% of the NAV of CDC's Total Portfolio. Investments made under the Catalyst Portfolio must be made, held and disposed of, in accordance with this Investment Policy.

## Part C – The Performance Framework

### C1. *The Performance Measures*

- C1.1 CDC operates on the enduring and long-term principle of financial sustainability in pursuit of impact. This principle is given practical application every 5 years by the performance measures that are set in CDC’s Investment Policy. For this 2022-26 Investment Policy there are two proposed performance measures: the Aggregate Impact Score (set out in paragraphs C1.2 and C2) and the Financial Performance Measure (set out in paragraphs C1.3 and C3)
- C1.2 CDC will seek to maximise, subject to its Financial Performance Measure, strategic direction and other considerations, the development impact of its portfolio, as measured by an Aggregate Impact Score, aiming to achieve an Aggregate Impact Score of between 4 and 8 (following the methodology for determination summarised in paragraph C2 below).
- C1.3 CDC will seek to exceed the following financial performance measure (the “Financial Performance Measure”) as to the financial return on its Total Portfolio:
- ✦ a Weighted Cumulative Investment Return of at least 2% (following the methodology for determination summarised in paragraph C3 below).

### C2. *Determination of Aggregate Impact Score*

- C2.1 CDC’s Aggregate Impact Score for a given financial year (the “**Aggregate Impact Score**”) is the sum of the most recent Impact Score given to each Relevant Investment in accordance with C2.2 below. The Aggregate Impact Score will be weighted by size and date of Relevant Investment. A Relevant Investment (“**Relevant Investment**”) is an Investment Committed to or renewed during the relevant Impact Period but excluding any Investment which did not receive final approval to invest or to renew from the appropriate decision-making committee or individual on or after the Commencement Date. An Impact Score (“**Impact Score**”) in relation to an Investment means a score between -1 and 10 assigned to that Investment by CDC’s Development Impact Team in accordance with internal CDC protocols, relevant provisions of which are summarised below
- C2.2 CDC’s Development Impact Team will assign each Investment within the scope of C2.1 above an Impact Score at the time such Investment is committed or renewed by CDC, every two years thereafter and at exit. CDC’s Development Impact Team may, however, elect to assign Investments an Impact Score more frequently than set out above.
- C2.3 CDC will seek to focus its Investments where there is the most potential for development impact, consistent with its three strategic development impact priorities for the Policy Period – “Productive”, “Sustainable” and “Inclusive”.
- C2.4 The Aggregate Impact Score focuses on how “Productive”, “Sustainable” and “Inclusive” an investment is. CDC and FCDO have agreed the framework, summarised below, to assess how aligned investments are to its strategic priorities.

C2.5 The Impact Score of an Investment will be determined by the sum of the following three scores:

- (i) **Productive** score: measures the extent to which the Investment addresses the biggest developmental needs and constraints to economic growth.
- (ii) **Sustainable** score: measures the extent to which the Investment contributes to a greener planet.
- (iii) **Inclusive** score: measures the extent to which the Investment reaches poor and marginalised people.

Each Investment will be assigned a score between 0 and 4 for each of these dimensions, with the possibility of a -1 “S score”, as set out below. The total Impact Score for any Investment is capped at 10.

C2.6 Productive Score (“**P score**”) is scored from 0 to 4 based on four dimensions:

- (i) The relative degree of need within the country. For each need/sector, a score is assigned to countries based on their relative gap assessment: countries where the need is greater will have a higher score.
- (ii) The intensity at which the investment delivers the impact: This captures how efficient the Investment or company is in delivering impact compared to relevant benchmarks. Default “medium” intensity scores will be used where no benchmarks are available.
- (iii) Economic enablers: An additional score will be allocated to Investments producing inputs required by other firms and where there is evidence that this has significant impact on their growth, and the impact case and intentionality rests on the downstream effects of enabled impact.
- (iv) Potential to catalyse markets: Additional scores will be allocated to Investments that have the potential to change market structures and behaviours of other actors by increasing competition, spearheading new models that can lead to replication or reinforce demonstration, building skills and human capital, or improving the enabling environment.

C2.7 Sustainable Score (“**S score**”) is scored from -1 to 4 based on two dimensions:

- (i) Non-climate finance Investments are always scored on emissions (mitigation) and may be further awarded points for adaptation and resilience (“**A&R**”) and circular economy (“**CE**”) solutions where these are a material part of the Investment. The mitigation score is based on the absolute emissions profile and sectoral performance criteria. The score is differentiated by emissive and non-emissive sectors.

There is a negative score of -1 for Sustainable to reflect the negative externalities of large emitters.

- (ii) Climate finance is scored 3 or 4 on emissions avoided (renewables), reduced (energy efficiency), or sequestered (forestry), other climate finance eligible sub-sectors as well as a substantial contribution to A&R or CE. Investments with high intensity of avoided /reduced/sequestered emissions, highly innovative solutions or particularly high contribution to adaptation finance or circular economy solutions or nature-based solutions get the higher score of 4.

C2.8 Inclusive Score (“**I score**”) is scored from 0 to 4 based on three dimensions:

- (i) Reach to low-income populations, defined as populations living below \$5.50/day. Scores are determined by % of the population reached by the Investment who are living below \$5.5/day. This is based on a single stakeholder group (e.g. employees, suppliers, customers).
- (ii) Alternately, based on a default Inclusive country score. The default country score is calculated for each country based on the poverty and income levels of the country, as well as the fragility of the country, as follows:

Inclusive country score = Rank (% Poverty gap at \$5.50/day) + Rank (GDP per capita) (equally weighted) + Fragility Adjustment.

Each country within CDC’s geography is ranked according to this assessment into four categories (Alpha, Beta, Gamma and Delta with Alpha as the poorest and Delta as the least poor). Fragility adjustment is based on the OECD States of Fragility and moves all extremely fragile countries to “Alpha” category and all fragile countries to “Beta” countries, if already not included.

- (iii) Reaching otherwise excluded groups, with an additional score for investments that reach diverse groups, including 2X qualified investments for gender and African black-owned businesses.

C2.9 Scores will be independently assured to ensure accuracy, pursuant to a process agreed by the Board or a committee thereof.

C3. *Determination of Financial Performance Measure*

C3.1 CDC’s Weighted Cumulative Investment Return for a given financial year is the sum of the Weighted Investment Return for each financial year in the relevant Calculation Period.

where:

“**Annual Investment Return**” for a financial year means:

- (i) for financial years 2016-2020, 5.1%; and
- (ii) for each financial year after 2020, the aggregate amount of profits (realised and unrealised) derived from the Total Portfolio in that year *divided by* the NAV of the Total Portfolio as of 31 December in the prior year. Aggregate profits will be gross (before any deduction of taxes paid by CDC on capital gains, interest or dividends received within its investment portfolio).

“**Calculation Period**” in relation to a financial year means the period of seven financial years ending with that financial year;

“**NAV Weight**” in relation to a financial year means:

- (i) the NAV for that financial year, divided by
- (ii) the sum of the NAV for each financial year in the relevant Calculation Period

**“Weighted Investment Return”** means, in a given financial year, (a) the Annual Investment Return for that financial year multiplied by (b) the NAV Weight for that financial year.

C3.2 In determining its Financial Performance Measure, CDC shall employ the same accounting policies and procedures as shall be applied in the preparation of its annual report and accounts. CDC will, further, monitor its adherence to the operating cost framework adopted by the Board (in consultation with FCDO).

*C4. Monitoring the Performance Measures*

C4.1 CDC performance will be measured and monitored as per Section E. – Reporting, Monitoring and Transparency.

**Part D – Portfolio Limits**

*D1. Risk Limit Framework*

D1.1 The Board will approve, maintain and monitor a risk limit framework which is designed to maximise the probability of CDC meeting its strategic objectives while maintaining risk levels that are consistent with the risk appetite statement approved by the Board.

## Part E – Reporting, Monitoring and Transparency

### *E1. Quarterly Reporting Core Strategy Metrics*

- E1.1 During the Policy Period, CDC will report to FCDO on a quarterly basis, at Quarterly Shareholder Meetings, in accordance with a pre-agreed set of both quarterly and annual core strategy metrics, across three strategic business monitoring categories: Investment performance; Operational excellence, culture and innovation; and Thought leadership and reputation. The framework for such reporting, as agreed between FCDO and CDC from time to time, is referred to as the Reporting Framework.
- E1.2 Changes to the Reporting Framework may be mutually agreed between FCDO and CDC during the Policy Period, so long as they adhere to the principle that the overall number of metrics should remain limited and can be generated from CDC's routine management information systems.

### *E2. Annual Assurance of Performance Measures and Other Attestations or Reports*

- E2.1 The Performance Measures will be measured (over appropriate agreed periods) by CDC as at the end of each financial year (the accounting reference date for CDC is 31 December in each year).
- E2.2 By no later than 30 April in each year, the Board will confirm and deliver to FCDO:
- (i) written confirmation:
    - (a) of the Financial Performance Measure for the immediately preceding financial year (the “**Financial Confirmation**”); and
    - (b) in circumstances where the Financial Performance Measure for the immediately preceding financial year was less than 2%, the Financial Confirmation will set out in reasonable detail: (1) the reasons why the Financial Performance Measure was less than 2%; and (2) an action plan to achieve a 2% Financial Performance Measure in future; and
  - (ii) written assurances (the “**Assurances**”) from CDC's external evaluators, assurers and auditors (as applicable) that they agree with the Financial Confirmation with regard to the Financial Performance Measure.
- E2.3 By no later than 30 April in each year, the Board will confirm and deliver to FCDO:
- (i) written confirmation (of the Aggregate Impact Score for the immediately preceding financial year (the “**Impact Confirmation**”)); and
  - (ii) written assurance that CDC follows a detailed process for calculating Impact Scores pursuant to an approach approved by the development committee of the Board.
- E2.4 Once the Financial Confirmation, the Impact Confirmation and the Assurances are issued, they will promptly be disclosed to the public by CDC.

### *E3 Other Assurances and Reports*

E3.1 CDC will provide other written assurances and/or reports to FCDO annually, as follows:

- (i) An annual attestation on the implementation of the Policy on Responsible Investing, confirming that CDC continues to have appropriate due diligence and portfolio management processes in place, or where this is not the case, providing an explanation, and proposed solutions.
- (ii) An assurance on compliance with the Remuneration Framework of CDC
- (iii) An assurance that all notifiable Significant Risk Events in the period have been communicated to FCDO
- (iv) A report on financial and non-financial risk assessment and mitigation processes
- (v) A report on annual budget and investment projections (or ranges) as agreed with the Board

### *E4. Notifications and Data*

E4.1 A notification to FCDO will be made in a timely fashion and no later than 10 days of CDC becoming aware of each of:

- (i) a breach in the application of the Investment Policy; and
- (ii) the occurrence of a notifiable Significant Risk Event

A notification to FCDO will be made in a timely fashion and no later than 30 days of CDC becoming aware of the completion of a Board mandated audit of its implementation processes in relation to the Investment Policy.

E4.2 FCDO may, from time to time, request information from CDC outside the agreed schedule and format referred to in paragraphs E1, E2 and E3 above. FCDO may also request that CDC contributes to reviews, evaluations, or audits of FCDO or of FCDO-commissioned studies or evaluations related to CDC. Where FCDO requests information outside the agreed format referred to in paragraphs E1, E2 and E3 above, CDC will supply such information as it holds as soon as reasonably practicable. In relation to reviews, evaluations, and audits, FCDO shall give CDC as much notice as possible of any such exercise and where possible an opportunity to agree the scope of such exercise as it affects CDC. CDC shall make all reasonable efforts to contribute to such exercises.

### *E5. Public Reporting and Transparency*

#### *E5.1 CDC Annual Review*

E5.1.1 Measuring and communicating development impact is integral to CDC's mission and achieving value with taxpayers' money. Following each financial year, CDC will publish a public annual review that outlines its past year's development impact and financial performance.

## *E5.2 Impact Reporting*

- E5.2.1 As part of its annual review, CDC will publish a public annual impact scorecard, the metrics for which are agreed with FCDO and detailed in the Reporting Framework.
- E5.2.2 CDC will also regularly publish reviews and independent evaluations of important development impact themes within its portfolio, to answer strategic questions about CDC's impact and to guide its investment strategies. CDC will make the written product of all such independent reviews available to FCDO and, to the greatest extent possible, to the public by posting links to them on CDC's website.

## *E6. Transparency*

CDC is committed to openness and transparency and has published its approach on its website<sup>1</sup>. Such transparency is important for accountability and to enhance the demonstration effect of its Investments, by making information available to potential investors in its markets. Therefore, it will publish information relating to its Investments and operations, to the extent useful and relevant to interested third parties and as permitted by applicable law and the requirements of commercial confidentiality.

CDC will also work to ensure such information is fully and easily accessible to all third parties.

## *E7. Other Public Reporting*

CDC will make public certain other information or data as appropriate. These may be provided under obligations CDC has under HMG strategies, policies, or other commitments. They may also be provided under other reporting obligations.

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<sup>1</sup> <http://www.cdgroup.com/Documents/Transparency%20statement.pdf>

## **Part F - Amendment, Modification or Replacement of this Investment Policy and Prior Policies and Other Matters**

F1.1 Except as otherwise provided herein, this Investment Policy will not be altered, modified, or replaced without first:

- (i) CDC's ordinary shareholders approving the alteration, modification, or replacement by passing an ordinary resolution; and
- (ii) CDC's special shareholder giving its written consent to the alteration, modification, or replacement.

Words and expressions used in this paragraph F1.1 will have the meaning given to them in the Articles.

F1.2 Save to the extent expressly provided to the contrary in this Investment Policy, this Investment Policy will supersede and replace each Historic Investment Policy with effect from the Commencement Date.

F1.3 This Investment Policy will only relate to capital invested by CDC on behalf of FCDO to achieve the objectives set out in this Investment Policy. For the avoidance of doubt, this Investment Policy will therefore not relate to:

- (i) capital managed and disbursed by CDC under the CDC Plus programme; or
- (ii) any management services CDC may provide, including services for which it receives a management fee; or
- (iii) any other investment, service provision or other arrangement between CDC and FCDO,

each of which will be managed in accordance with the objectives and requirements set out in separate agreements between CDC and FCDO.

F1.4 In the event that CDC manages third party capital (whether made available by FCDO to achieve other specific objectives or by another third party) it will, manage such capital in accordance with its regulatory permissions and such arrangements as shall be agreed by CDC and which shall be consistent with the Policy on Responsible Investing.

## Appendix 1

### *Definitions and interpretation*

#### *1. Definitions*

**“2009-2012 Investment Policy”** means the Investment Policy adopted by CDC on 17 December 2008 and which took effect from 1 January 2009 to 31 December 2012.

**“2012-2016 Investment Policy”** means the investment policy adopted by CDC on 26 September 2013 and deemed to have effect in respect of the period from 1 January 2012 to 25 May 2017.

**“2017-2021 Investment Policy”** means the investment policy adopted by CDC on 12 October 2017 and deemed to have effect in respect of the period of 26 May 2017 to 31 December 2021.

**“Act”** means the UK’s Commonwealth Development Corporation Act 1999.

**“Aggregate Impact Score”** has the meaning given to it in paragraph C2.1.

**“Annual Investment Return”** has the meaning given to it in paragraph C3.1.

**“Articles”** means the articles of association of CDC, as amended from time to time.

**“Assurances”** has the meaning given to it in paragraph E2.2.

**“Audited Accounts”** means the audited report and accounts of CDC for any financial year.

**“Board”** has the meaning given to it in A1.2

**“Calculation Period”** has the meaning given to it in paragraph C3.1.

**“Catalyst Portfolio”** has the meaning given in paragraph B8.1.

**“CDC”** means CDC Group plc.

**“Climate Policies”** has the meaning given to it in paragraph B1.3.

**“Commencement Date”** means 1 January 2022.

**“Commitment”** means a legally binding commitment to make an Investment and “Committed” shall be construed accordingly.

**“DFI”** means a development finance institution owned in whole, or in part, by the public sector.

**“Eligible Country”** has the meaning given to it in paragraph B2.1.

**“Financial Confirmation”** has the meaning given to it in paragraph E2.2.

**“Financial Performance Measure”** has the meaning given to it in paragraph C1.3.

**“FCDO”** has the meaning given to it in paragraph A1.1.

**“Government”** means Her Britannic Majesty’s Government.

**“Historic Code of Responsible Investing”** means CDC’s Code of Responsible Investing dated March 2017.

**“Historic Investment Policies”** means the 2009-2012 Investment Policy, the 2012-2016 Investment Policy and the 2017-2021 Investment Policy.

**“Impact Confirmation”** has the meaning given to it in paragraph E2.3.

**“Impact Period”**

(a) means, for each financial year before 2029, the period consisting of the financial years beginning with 2022 and ending with that financial year; and

(b) for each financial year beginning with 2029, the meaning given to the term Calculation Period in C3.1 above.

**“Impact Score”** has the meaning given to it in paragraph C2.1.

**“International Accounting Standards”** means standards for the preparation and presentation of financial statements created by the International Accounting Standards Committee (IASC).

**“Investee Business”** means any business in which CDC has an Investment.

**“Investment”** means the making available, by CDC or an Investment Holding Subsidiary, of a financial instrument, to a company or other entity (including, without limitation, a fund or a financial institution), consistent with the requirements of this Investment Policy. Financial instruments made available by that company or other entity, fund or financial institution are not Investments for purposes of this Investment Policy.

**“Investment Holding Subsidiary”** means any CDC subsidiary that is consolidated with CDC under International Accounting Standards in CDC’s consolidated financial statements.

**“Investment Policy”** means this document as from time to time amended, modified and/or replaced in accordance with the provisions of this Investment Policy and of the Articles.

**“NAV”** means the net asset value, in GBP, of CDC’s Total Portfolio as at 31 December of a given financial year.

**“NAV Weight”** has the meaning given to it in paragraph C3.1.

“**NEDs**” has the meaning given to it in paragraph A1.2.

“**New Commitment**” means any Commitment entered into by or on behalf of CDC after the Commencement Date (for the avoidance of doubt, a follow-on investment entered into by CDC in respect of any New Commitment shall also be considered to be a New Commitment for the purposes of this Investment Policy).

“**ODA**” means overseas development assistance.

“**Paris Agreement**” means the international treaty on climate change adopted at the 21<sup>st</sup> Conference of the Parties to the 1992 United Nations Framework Convention on Climate Change on 12 December 2015 and entered into on 4 November 2016.

“**Performance Measures**” has the meaning given to it in paragraph C1.

“**Policy on Responsible Investing**” has the meaning given to it in paragraph A5.1.

“**Policy Period**” means the period beginning on the “Commencement Date” and expiring on 31 December 2026.

“**Portfolio Limits**” means those limits described in paragraph D1.1.

“**Relevant Investment**” has the meaning given to it in paragraph C2.1.

“**Reporting Framework**” has the meaning given to it in paragraph E1.1.

“**Significant Risk Event**” has the meaning given to it in CDC’s Significant Risk Event Management Process.

“**Subsidiary**” has the meaning given to it in the UK’s Companies Act 2006.

“**Task Force on Climate-Related Financial Disclosures**” means the task force created in 2015 by the Financial Stability Board (an international body that monitors and makes recommendations about the global financial system whose members include G20 countries, key financial centres and other international bodies). The final recommendations of the task force, which were published in 2017, include adopting a framework to help public companies, banks, investors and other organisations more effectively disclose climate-related risks and opportunities through their existing reporting processes.

“**Total Portfolio**” means all Investments held by CDC. The Total Portfolio shall exclude assets held for persons other than CDC, investments made for Treasury purposes, cash and cash equivalents and undrawn commitments.

“**Weighted Investment Return**” has the meaning given to it in paragraph C3.1.

## Appendix 2

### 1. *Eligible countries, states and territories*

#### *Country*

Afghanistan  
Algeria  
Angola  
Bangladesh  
Belize  
Benin  
Bhutan  
Botswana  
Burkina Faso  
Burundi  
Cameroon  
Cambodia  
Cape Verde  
Central African Republic  
Chad  
Comoros  
Congo (Democratic Republic of)  
Congo (Republic of)  
Côte d'Ivoire  
Dominica  
Dominican Republic, the  
Djibouti  
Egypt, Arab Rep.  
Equatorial Guinea  
Eritrea  
Eswatini  
Ethiopia  
Fiji  
Gabon  
Gambia, The  
Ghana  
Grenada  
Guinea  
Guinea-Bissau  
Guyana  
Haiti  
India  
Indonesia  
Jamaica

Kenya  
Kiribati  
Lesotho  
Lao PDR  
Liberia  
Libya  
Madagascar  
Malawi  
Malaysia  
Maldives  
Mali  
Marshall Islands  
Mauritania  
Mauritius  
Micronesia  
Morocco  
Mozambique  
Myanmar  
Namibia  
Nauru  
Nepal  
Niger  
Nigeria  
Niue  
Pakistan  
Palau  
Papua New Guinea  
Philippines  
Rwanda  
Sao Tome and Principe  
Samoa  
Senegal  
Seychelles  
Sierra Leone  
Solomon Islands  
Somalia  
South Africa  
South Sudan  
Sri Lanka  
St Lucia  
St Vincent and the Grenadines  
Sudan  
Suriname  
Tanzania  
Thailand  
Timor-Leste  
Togo

Tokelau  
Tonga  
Tunisia  
Tuvalu  
Uganda  
Vanuatu  
Vietnam  
Wallis and Futuna  
Zambia  
Zimbabwe



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Investment

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CDC Group plc  
123 Victoria Street  
London SW1E 6DE  
United Kingdom  
+44 (0)20 7963 4700

[cdcgroup.com](http://cdcgroup.com)

 [linkedin.com/company/cdc-group-plc](https://www.linkedin.com/company/cdc-group-plc)

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