

# Outcomes of DFI Survey on Board Nomination

## 1. Identity

### Question 8: Are you the CGDF contact person in your institution?

87% of respondents stated they were the CGDF contact person in their institution.

### Question 10: How many employees are currently working for your organization?

Out of the 23 respondents; 5 institutions had up to 49 employees, 4 had 50-99, 100-499 or 500-1999, respectively, and 5 institutions employed between 2000-5000 employees. No organisation had more than 5000 employees.

Answer Options	Up to 49	50 - 99	100 - 499	500 - 1999	2000 - 5000	more than 5000	Response Count
	5	4	5	4	5	0	23
	<i>answered question</i>						23
	<i>skipped question</i>						1

### Question 11: How many employees have Corporate Governance matters as the focus of their primary job role?

Out of 21 respondents; 47% employed 1 person with Corporate Governance (CG) matters as the focus of their primary job role, 38% employed 2-5 people, one institution employed 6-10 people and two institutions employed over 10 people with CG as the focus of their primary job role.

Answer Options	1	2 - 5	6 - 10	more than 10	Response Count
	10	8	1	2	21
	<i>answered question</i>				21
	<i>skipped question</i>				3

### Question 12: How many employees devote most of their time to direct equity investment matters?

Out of 23 respondents; 47% of institutions employ up to 10 people, who devote most of their time to direct equity investment matters, 26% employ between 11 and 50 employees, 13% had 51 to 100 employees in this field. One institution employed 101 to 500 people and two others employed more than 500 who devote most of their time to direct equity investment matters.

Answer Options	0 - 10	11 - 50	51 - 100	101 - 500	more than 500	Response Count
	11	6	3	1	2	23
	<i>answered question</i>					23
	<i>skipped question</i>					1

## 2. Nomination

### 2.1. General questions

#### Question 13: Has your institution adopted a formally documented process for selecting someone (i.e. among potential candidates) prior nomination to an investee company/fund?

Out of 21 respondents; 33% responded that their institution had implemented a formally documented process for selecting someone prior nomination to an investee company/fund, 38% responded that they have not implemented a process and 28% responded that a formally documented process is under discussion.

Answer Options	Response Percent	Response Count
Yes, a documented process has been implemented	33.3%	7
No, but it is under implementation	0.0%	0
No, but it is under discussion	28.6%	6
No	38.1%	8
<b>answered question</b>		<b>21</b>
<b>skipped question</b>		<b>3</b>

#### Question 14: Has your institution adopted a formally documented process for nominating someone (i.e. putting the name forward) to an investee company/fund?

Out of 21 respondents; 47% responded that they have implemented a formally documented process for nominating someone to an investee company/fund, 19% responded that they have not implemented a process and 33% stated the implementation of a process was under discussion.

Answer Options	Response Percent	Response Count
Yes, a documented process has been implemented	47.6%	10
No, but it is under implementation	0.0%	0
No, but it is under discussion	33.3%	7
No	19.0%	4
<b>answered question</b>		<b>21</b>
<b>skipped question</b>		<b>3</b>

#### Question 15: Does your institution nominate someone in an investee company/fund on a systematic basis?

When their shareholding gives them the right to nominate someone in an investee company/fund, 76% of 21 respondents do so on a systematic basis. Among the respondents, 2 remarked that their decision is based on the value they can add in the investee company. 2 respondents considered the size of their holding, as well as the size of the investee company, as important in making their decision.

Answer Options	Response Percent	Response Count
Yes, when having such a right as a shareholder	76.2%	16
No, in some cases only (please specify when)	23.8%	5
<b>answered question</b>		<b>21</b>
<b>skipped question</b>		<b>3</b>

#### Question 16: The policy of your institution is to nominate:

Out of 21 respondents; 14 responded that their policy was to nominate an *active member of staff with financial/industry expertise*, 11 responded that they would nominate an *active member of staff who has participated in the design and appraisal of the investment operation*, 3 responded that they would nominate an *active staff member without such involvement*, and 7 responded that they would nominate a *retired member of staff*.

Concerning the nomination of service providers/consultants; 5 would nominate a provider with experience in participating in Board meetings and 9 would nominate a provider with financial/industry experience.

4 institutions responded that their policy was to have a joint nominee with one or more co-investing DFI(s).

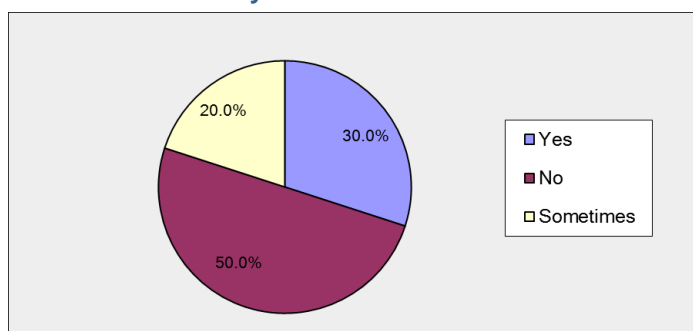
In comments, 2 institutions specified that in limited cases, they would nominate staff who participated in the transaction. One specified that an *“Investment Officer who has been involved at pre-signing stage would only be permitted to undertake the Nominee role on signing on the understanding that they entirely relinquish the Investment Officer role to its new incumbent in letter and spirit”*.

Answer Options	Response Percent	Response Count
An active member of staff with financial/industry expertise	66.7%	14
An active member of staff who has participated in the design and appraisal of the investment operation (e.g. investment officer)	52.4%	11
A service provider/consultant with financial/industry	42.9%	9
A retired member of staff	33.3%	7
A service provider/consultant with experience in participating in board meetings	23.8%	5
A joint nominee with one or more co-investing DFI(s)	19.0%	4
An active member of staff who has not participated in the design and appraisal of the investment operation	14.3%	3
Other (please specify)	28.6%	6
<b>answered question</b>		<b>21</b>
<b>skipped question</b>		<b>3</b>

#### Question 17: Regardless of any applicable nomination policy, a nominee may be:

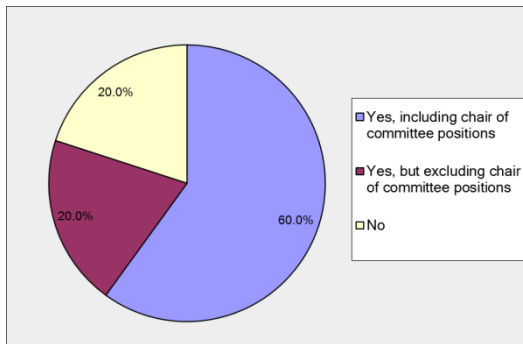
Answer Options	Answer Options	Response Percent	Response Count
An active member of staff with financial/industry expertise		88.9%	16
An active member of staff who has participated in the design and appraisal of the investment operation (e.g. investment officer)		61.1%	11
An active member of staff who has not participated in the design and appraisal of the investment operation		61.1%	11
A service provider/consultant with financial/industry expertise		61.1%	11
A retired member of staff		50.0%	9
A joint nominee with one or more co-investing DFI(s)		44.4%	8
A service provider/consultant with experience in participating in board meetings		27.8%	5
Other (please specify)		22.2%	4
<b>answered question</b>			<b>18</b>
<b>skipped question</b>			<b>6</b>

#### Question 18: Does your institution allow for a nominee to become the chairman of the board?



Out of 20 respondents; 10 responded that their institution does not allow for a nominee to become the chairman of the board; 6 responded that they allow it, and another 4 responded that they sometimes allow it. In comments, 4 stated that such practice would only rarely occur.

**Question 19: Does your institution allow for board committee seats (such as audit, remuneration or nomination) including chair of committee positions?**

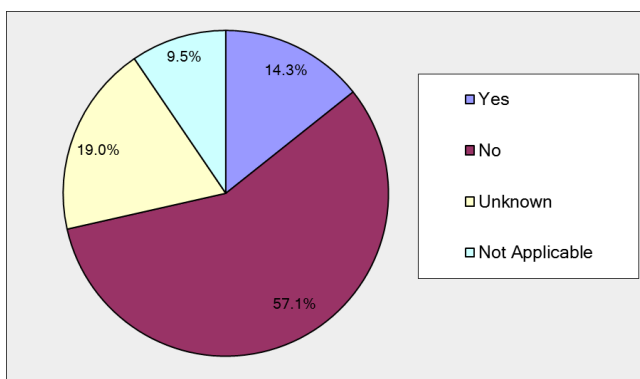


Out of 20 respondents; 16 allow their nominees to assume board committee seats, 4 of them exclude the chair position, 4 institutions do not allow for board committee seats.

In comments, 2 institutions referred to their institution's policy to allow nominees to be members of non-executive committees and one of these two stated that the nominee may not be the chair of these committees.

## 2.2. Nomination – Executive role

**Question 20: Does your institution allow for nomination of executive roles in the governance structure of Banks, Corporates, Funds?**



Of the 21 respondents; 12 responded that they do not allow the nomination of executive roles in the governance structure of Banks, Corporates or Funds, 3 institutions responded that they allow this practice, 4 institutions specified they did not know the answer to this question and another 2 stated this was not applicable to them.

### Questions for institutions, which allow for nomination to an executive role

**Question 21: The final approval of a nomination to an "Executive" role is made in your own institution by:**

Answer Options	Response Percent	Response Count
Executive Committee/Management Board	66.7%	2
CEO/President	66.7%	2
Resident Board	0.0%	0
Non-resident Board	0.0%	0
Another body (please specify)	33.3%	1
<b>answered question</b>		<b>3</b>
<b>skipped question</b>		<b>21</b>

**Question 22: What is/are the primary role(s) of your executive nominee in a governing body?**

Answer Options	Response Percent	Response Count
To act and vote independently, according to his/her own good	100.0%	3
To bring personal skills and expertise to the benefit of the investee	100.0%	3
To ensure fair representation of the shareholders	66.7%	2
To represent the views of your institution within the investee	33.3%	1
To support the monitoring of the management of the investee	33.3%	1
To monitor	33.3%	1
Other (please specify)	0.0%	0
<b>answered question</b>		<b>3</b>
<b>skipped question</b>		<b>21</b>

**Question 23: What is/are the main driver(s) for nominating someone for an "executive" position in an investee company/fund?**

Answer Options	Response Percent	Response Count
To monitor	0.0%	0
To protect and enhance shareholder value	100.0%	3
To maintain corporate governance and business ethics standards	66.7%	2
To exercise your voting right	33.3%	1
To exercise your shareholder responsibilities	33.3%	1
Other (please specify)	33.3%	1
<b><i>answered question</i></b>		<b>3</b>
<b><i>skipped question</i></b>		<b>21</b>

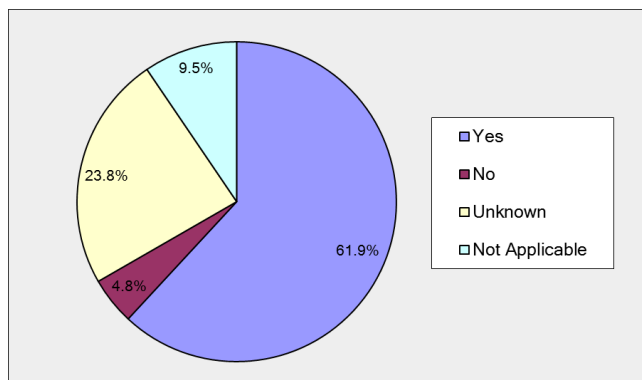
In comments, one institution stated that the main driver for nominating someone for an executive position is “to contribute to the company's value creation and to diligently exercise the fiduciary obligations”.

**Question 24: What is/are the main purpose(s) of monitoring in an executive role?**

Answer Options	Response Percent	Response Count
Not applicable	66.7%	2
For information purposes	33.3%	1
For identifying new business	0.0%	0
To monitor financial performance (return to financiers)	33.3%	1
To monitor economic performance (returns to society)	33.3%	1
To monitor environmental and social performance	33.3%	1
To monitor private sector development impact	0.0%	0
To monitor whether intended investment objectives are delivered	0.0%	0
To monitor whether investment implementation is on track	0.0%	0
Other (please specify)	0.0%	0
<b><i>answered question</i></b>		<b>3</b>
<b><i>skipped question</i></b>		<b>21</b>

### 2.3. Nomination – Non-Executive role

**Question 25: Does your institution allow for nomination of non-executive roles in the governance structure of Banks, corporates, funds?**



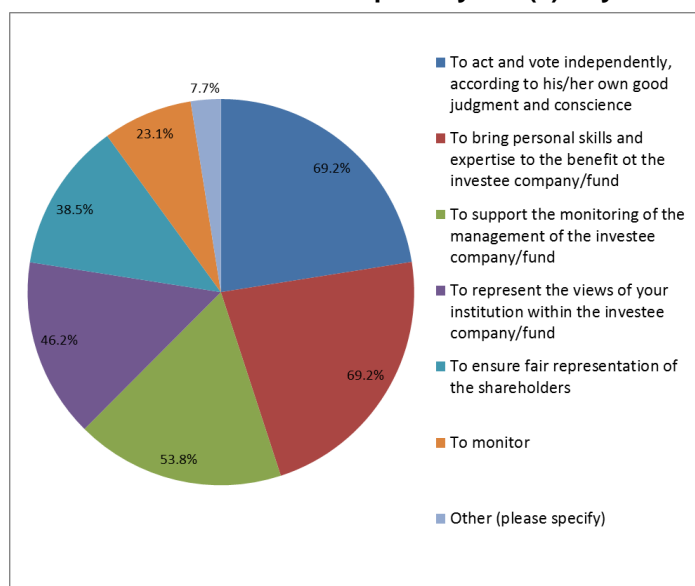
Out 21 respondents; 13 responded that they allow the nomination of non-executive roles in the governance structure of investee companies, 1 responded that they do not allow such nomination, 5 institutions specified they did not know the answer to this question and another 2 stated that this was not applicable to them.

### Questions for institutions, which allow for nomination to a non-executive role

**Question 26: The final approval on a nomination to a "non-executive" role is made in your own institution by:**

Answer Options	Response Percent	Response Count
Executive Committee/Management Board	46.2%	6
CEO/President	30.8%	4
Resident Board	0.0%	0
Non-resident Board	0.0%	0
Another body (please specify)	38.5%	5
<b>answered question</b>		<b>13</b>
<b>skipped question</b>		<b>11</b>

**Question 27: What is/are the primary role(s) of your non-executive appointee in a governing body?**



Out of 13 respondents; 9 responded that the primary roles of a non-executive appointee are to *act and vote independently, according to his/her own good judgement and conscience* and to *bring personal skills and expertise to the benefit of the investee company/fund*, 7 responded that the role of such appointee is to *support the monitoring of the management of the investee company/fund*, 6 responded that the role is to *represent the views of their institution within the investee company/fund*, and 5 responded that the role is to *ensure fair representation of the shareholders*. In comments, 1 institutions stated that the role differs between funds and corporate/bank.

**Question 28: What is/are the main driver(s) for nominating someone for a "non-executive" position in an investee company/fund?**

Answer Options	Response Percent	Response Count
To protect and enhance shareholder value	92.3%	12
To maintain corporate governance and business	84.6%	11
To monitor	53.8%	7
To exercise your shareholder responsibilities	38.5%	5
To exercise your voting right	30.8%	4
Other (please specify)	15.4%	2
<b><i>answered question</i></b>		<b>13</b>
<b><i>skipped question</i></b>		<b>11</b>

In comments, one institution stated that the main driver is "to support the monitoring of the management of the investee company/fund" and another institution stated that "the motivation of monitoring cannot be excluded".

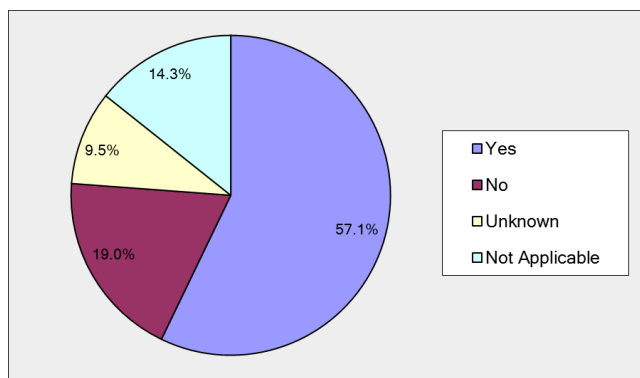
**Question 29: What is/are the main purpose(s) of monitoring in a non-executive role?**

Answer Options	Response Percent	Response Count
Not applicable	15.4%	2
To monitor financial performance (return to financiers)	76.9%	10
To monitor whether intended investment objectives are delivered	76.9%	10
To monitor whether investment implementation is on track	69.2%	9
To monitor environmental and social performance	61.5%	8
For information purposes	46.2%	6
To monitor economic performance (returns to society)	46.2%	6
To monitor private sector development impact	23.1%	3
For identifying new business	7.7%	1
Other (please specify)	0.0%	0
<b><i>answered question</i></b>		<b>13</b>
<b><i>skipped question</i></b>		<b>11</b>



## 2.4. Nomination – Observer role

**Question 30: Does your institution allow for nomination of observer roles in the governance structure of Banks, corporates, funds?**



Out of 21 respondents; 12 responded that they allow for nomination of observer roles, 4 responded that they don't allow such practice, 2 specified that they do not know, and 3 stated this was not applicable to them.

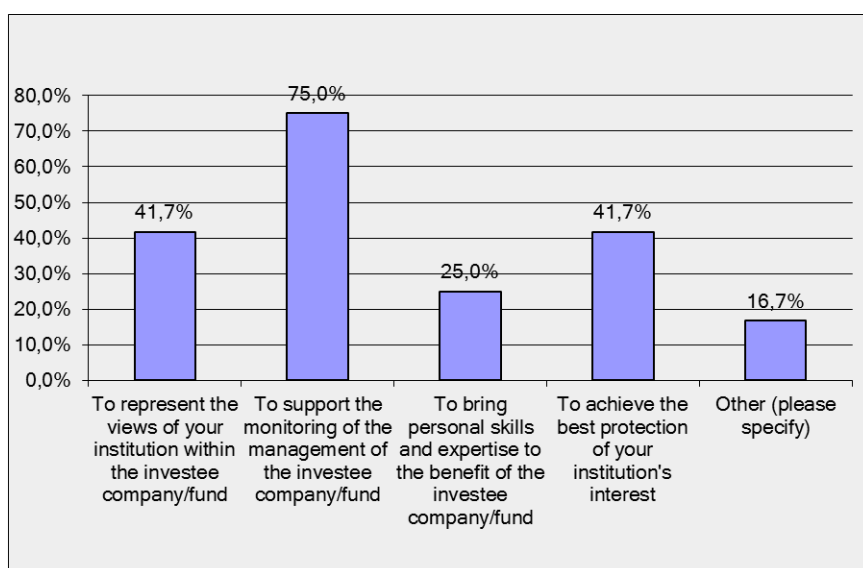
### Questions for institutions, which allow for nomination to an observer role:

**Question 31: The final approval of a nomination to an "Observer" role is made in your own institution by:**

Answer Options	Response Percent	Response Count
Executive Committee/Management Board	50.0%	6
CEO/President	41.7%	5
Resident Board	0.0%	0
Non-resident Board	0.0%	0
Another body (please specify)	41.7%	5
<b>answered question</b>		<b>12</b>
<b>skipped question</b>		<b>12</b>

5 institutions responded that the final approval is made by another body and made the following comments: "No formal process - in practice it is a Banking team decision communicated to OCCO", "Director General or Division Head in Private Sector Operations", "Head of Operations", "2nd level management", and "with regard to a nomination of a member of the management board as a representative of another company, a supervisory board approval is required".

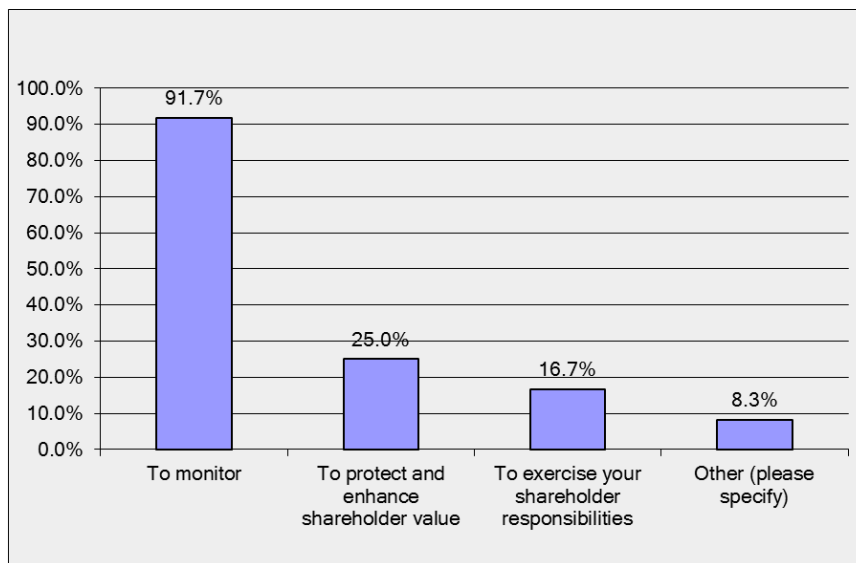
**Question 32: What is/are the primary role(s) of your observer appointee in a governing body?**



Out of 24 participants; 12 institutions responded to this question.

In comments, one institution specified that the primary role of an observer in Funds is to "represent the views of your institution" and to "bring personal skills and expertise", another institution stated "for Funds with consent of the GP and/or other Fund members and Not applicable for financial institutions".

**Question 33: What is/are the main driver(s) for nominating someone for an "observer" position in an investee company/fund?**



Out of 24 participants; 12 institutions responded to this question.

In comments, one institution specified that the main driver for nominating someone for such role in funds was also to exercise their shareholder responsibilities.

**Question 34: What is/are the main purpose(s) of monitoring in an observer role?**

Answer Options	Response Percent	Response Count
Not applicable	8.3%	1
For information purposes	83.3%	10
To monitor financial performance (return to financiers)	66.7%	8
To monitor whether intended investment objectives	66.7%	8
To monitor whether investment implementation is on	66.7%	8
To monitor economic performance (returns to society)	50.0%	6
To monitor environmental and social performance	50.0%	6
To monitor private sector development impact	25.0%	3
For identifying new business	8.3%	1
Other (please specify)	0.0%	0
<b>answered question</b>		<b>12</b>
<b>skipped question</b>		<b>12</b>

## 2.5. General Question (next)

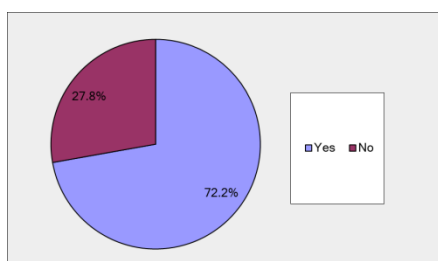
**Question 35: As of 30 June 2013, what is the percentage of equity (fund) deals with an active staff nominee in place at your institution?**

Answer Options	Up to 10 %	11 - 25 %	26 - 50 %	51 - 75 %	76 - 100 %	Not known	Response Count
	2	0	3	7	5	2	19
<i>answered question</i>							19
<i>skipped question</i>							5

**Question 36: As of 30 June 2013, what is the percentage of equity (fund) deals with a non-staff nominee (including retired staff) in place at your institution?**

Answer Options	Up to 10 %	11 - 25 %	26 - 50 %	51 - 75 %	76 - 100 %	Not known	Response Count
	7	2	4	0	1	4	18
<i>answered question</i>							18
<i>skipped question</i>							6

**Question 37: Does your institution limit the number of external appointments that a staff member can hold?**



Out of 18 respondents, 13 responded that their institution limits the number of external appointments that a staff member can hold, 5 responded that their institution does not apply such limit.

Answer Options	Response Percent	Response Count
Yes, based on the number of appointments already held by the staff member	44.4%	8
Yes, based on the number of appointments already granted by your institution	11.1%	2
Yes, based on the number of appointments already granted by your or other institutions	11.1%	2
Yes, based on the number of appointments already granted in the same country	0.0%	0
Yes, based on the number of appointments already granted in the same business sector	0.0%	0
Yes, but restrictions only concern executive nominees	5.6%	1
No, irrespective of whether he/she was appointed by your institution or not	27.8%	5
<i>answered question</i>		18
<i>skipped question</i>		6

**Question 38: What is the maximum number of appointments allowed for staff on executive positions?**

Out of 3 institutions that allow for nomination on executive positions, one institution limits the number of external appointments for staff on executive position to three (3) and another institution to five (5).

Answer Options	1	2	3	4	5	6-10	Not applicable	Response Count
	0	0	1	0	1	0	16	18
<i>answered question</i>								18
<i>skipped question</i>								6

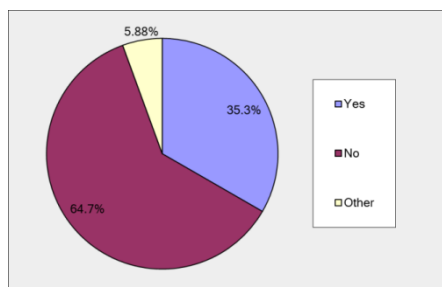
**Question 39: What is the maximum number of appointments allowed for staff on non-executive positions?**

Answer Options	1	2	3	4	5	6-10	Not applicable	Response Count
	1	2	3	1	0	2	9	18
<i>answered question</i>								18
<i>skipped question</i>								6

**Question 40: What is the maximum number of appointments allowed for staff on observer positions?**

Answer Options	1	2	3	4	5	6-10	Not applicable	Response Count
	0	2	0	0	0	2	14	18
<i>answered question</i>								<b>18</b>
<i>skipped question</i>								<b>6</b>

**Question 41: Does your institution limit the number of external appointments that a non-staff member can hold?**



Out of 17 respondents, 5 responded that their institution limits the number of external appointments that a non-staff member can hold, 11 responded that their institution does not apply such limit. In other comments, one institution stated “not yet - difference is made for Advisory Boards at Funds”.

Answer Options	Response Percent	Response Count
Yes, based on the number of appointments already held by the non-staff member	17,6%	3
Yes, based on the number of appointments already granted by your institution	5,9%	1
Yes, based on the number of appointments already granted by your or other institutions	11,8%	2
Yes, based on the number of appointments already granted in the same country	0,0%	0
Yes, based on the number of appointments already granted in the same business sector	0,0%	0
Yes, but restrictions only concern executive nominees	0,0%	0
No, irrespective of whether he/she was appointed by your institution or not	64,7%	11
Other	5,88%	1
<i>answered question</i>		<b>17</b>
<i>skipped question</i>		<b>7</b>

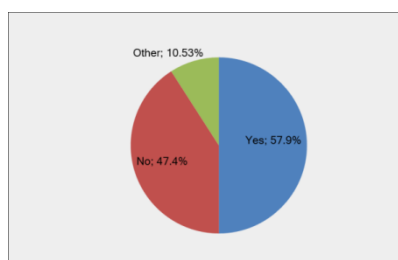
**Question 42: What is the maximum number of appointments allowed for non-staff members on executive positions?**

Answer Options	1	2	3	4	5	6-10	Not applicable	Response Count
	0	0	0	0	0	0	18	18
<i>answered question</i>								<b>18</b>
<i>skipped question</i>								<b>6</b>

**Question 43: What is the maximum number of appointments allowed for non-staff on non-executive positions?**

Answer Options	1	2	3	4	5	6-10	Not applicable	Response Count
	0	1	2	0	2	0	13	18
<i>answered question</i>								<b>18</b>
<i>skipped question</i>								<b>6</b>

**Question 44: Does your institution seek to get nominees appointed for a defined period of time (rather than for an indefinite period)?**



Answer Options	Response Percent	Response Count
Yes, in every case	26.3%	5
Yes, in most cases	31.6%	6
Yes, but for "executive" positions only	0.0%	0
Yes, but for "non-executive" positions only	0.0%	0
No	47.4%	9
Other	10.53%	2
<i>answered question</i>		<b>19</b>
<i>skipped question</i>		<b>5</b>

In comments, an institution stated that “For funds, individuals are appointed for an indefinite time (and reviewed regularly); for directs, note that externals are always appointed on a 10 year renewable basis and internals usually for an indefinite period (all reviewed annually for performance and relevance) - though rarely for longer than 6 years”.

**Question 45: In the Letter of Appointment, does your institution specify:**

Answer Options	Response Percent	Response Count
Not applicable	22,2%	4
The duties of the appointee	66,7%	12
The starting date of the appointment	66,7%	12
Status of Director Liability insurance/Personal Liability Insurance and/or Indemnity granted	44,4%	8
The end date of the appointment	33,3%	6
Pre-defined client-specific or generic performance criteria	33,3%	6
Circumstances when the the appointee should resign	22,2%	4
Other (please specify)	11,11%	2
<b>answered question</b>		<b>18</b>
<b>skipped question</b>		<b>6</b>

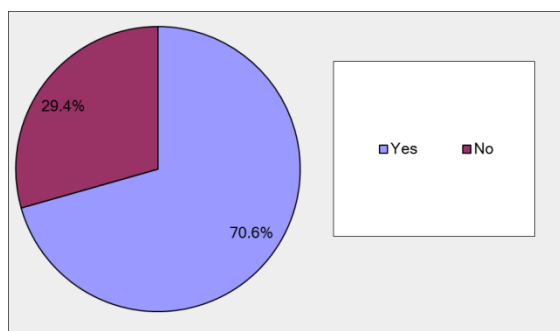
In comments, one institution specified that “(1) In some case 'informal' objectives are agreed with externals on corporates; (2) for funds no end date is given”, and another institution specified that “It depends on the limited partnership agreement of funds we invest in”.

**Question 46: Do the ethical behaviours/expectations result from:**

Answer Options	Response Percent	Response Count
The code of conduct for the employees of the	52.9%	9
The Letter of Appointment	47.1%	8
A specific code of conduct for nominees	35.3%	6
The employees' hiring contract	35.3%	6
Other (please specify)	17.65%	3
<b>answered question</b>		<b>17</b>
<b>skipped question</b>		<b>7</b>

In comments, one institution specified that “for funds a specific code of conduct is issued”, another that it results from “law of the country where the entity is located”, and another that it results from the “code of ethics which applies to employees”.

**Question 47: Does your institution provide Directors Liability Insurance/Personal Liability Insurance coverage to its nominees in investee companies/funds?**

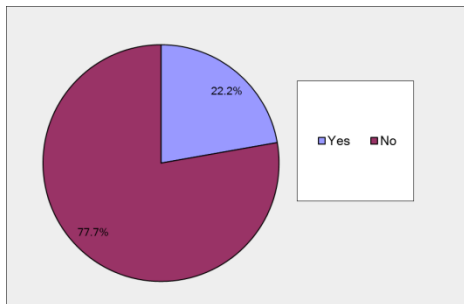


Answer Options	Response Percent	Response Count
Yes, in every case	58.8%	10
Yes, in most cases	5.9%	1
Yes, but for nominees from within the institution only	5.9%	1
No	29.4%	5
<b>answered question</b>		<b>17</b>
<b>skipped question</b>		<b>7</b>

### III. Exercise of Mandate

#### Question 48: Has your institution got a documented policy on how the nominees exercise shareholder responsibilities?

Out of 18 respondents; 4 have a documented policy, 14 do not have a documentation policy on how the nominees should exercise shareholder responsibilities. Such policy is under discussion in 6 institutions. In comments, one institution stated “*the nominees do not exercise shareholder rights*”, another stated “*responsibility is assigned in regard of the company, shareholder representation indirectly but ESG standards*”, and another stated “*not applicable*”.



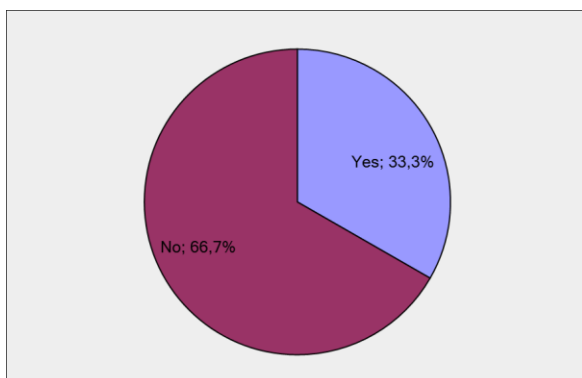
Answer Options	Response Percent	Response Count
Yes	22.2%	4
No	44.4%	8
Not yet, but it is under discussion	33.3%	6
Unknown	0.0%	0
Other (please specify)	16.67%	3
<b>answered question</b>		<b>18</b>
<b>skipped question</b>		<b>6</b>

#### Question 49: What are the reporting obligations of your nominee(s) in an investee company/fund?

Answer Options	Response Percent	Response Count
To report back on decisions of the Board/Committee	50.0%	9
To provide agendas & minutes of meetings	50.0%	9
To share documents	44.4%	8
To report back on discussions within the	38.9%	7
To report back on voting behaviour	22.2%	4
To report on new business opportunities	11.1%	2
None	22.2%	4
Other (please specify)	27.8%	5
<b>answered question</b>		<b>18</b>
<b>skipped question</b>		<b>6</b>

5 institutions made the following comments: (a) “*all Nominees are expected to report back but, as per guidance from our legal department, this is always subject to the limitations and restrictions under applicable law; for funds, answers 1, 2,3 and 6 apply - when documents are shared, this would always be within a limited circulation*”; (b) “*for companies no reporting, for Funds Advisory Committees, reporting on discussions and decisions*”; (c) “*as allowed under applicable law*”; (d) “*sharing documentation from time to time*”; and (e) “*Not applicable*”.

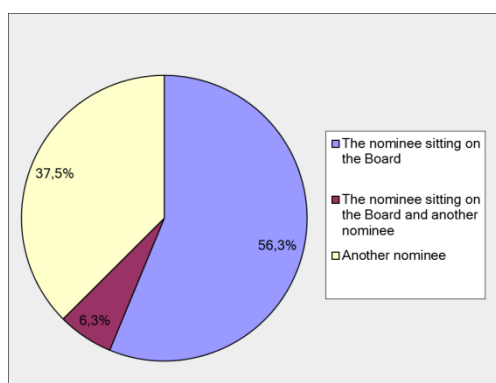
#### Question 50: Does the exercise of the mandate differ if your institution is dealing with listed versus not listed companies?



Out of 15 respondents; the exercise of the mandate differs in 5 institutions when dealing with listed versus not listed companies, it does not differ in 10 institutions.

In comments, 2 institutions specified that they do not invest in listed companies, 1 institution specified that they try to abstain from investments or nominations in listed companies, and another stated “*not applicable*”.

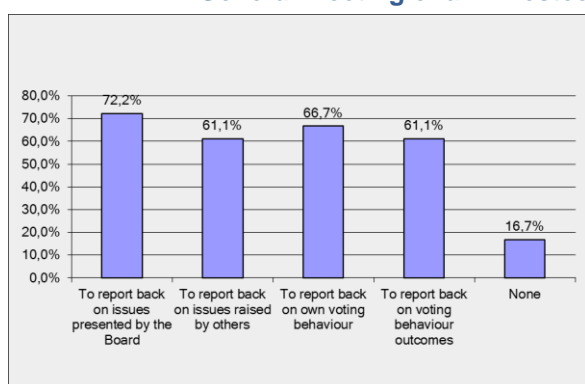
**Question 51: In general, who is your nominee(s) at the Annual General Meeting of the investee company/fund?**



Out of 16 respondents; 9 responded that the nominee sitting at the Board if the nominee at the AGM, 1 responded that it is the nominee sitting on the Board and another nominee, and 6 responded that it is another nominee.

In comments, 5 institutions specified that another nominee is likely to be a staff-member such as the operation leader, the dealing officer, the portfolio officer or the project manager, 1 specified that *“for fund, the attended would be the nominee sitting on the Board”*, and another 1 specified *“an external proxy, typically not the nominee director”*.

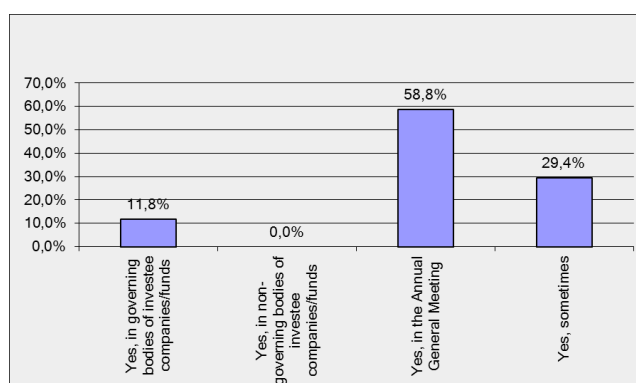
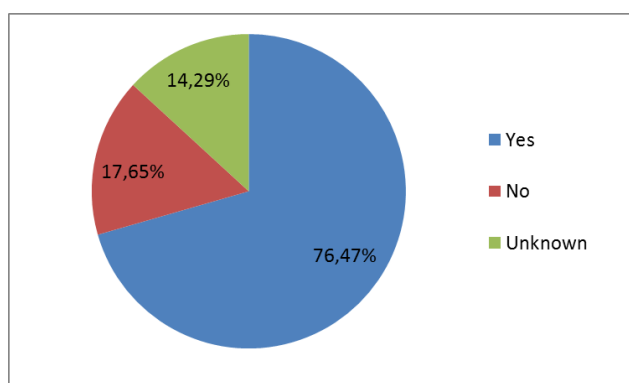
**Question 52: In general, what are the reporting obligations of your nominee(s) at the Annual General Meeting of an investee company/fund?**



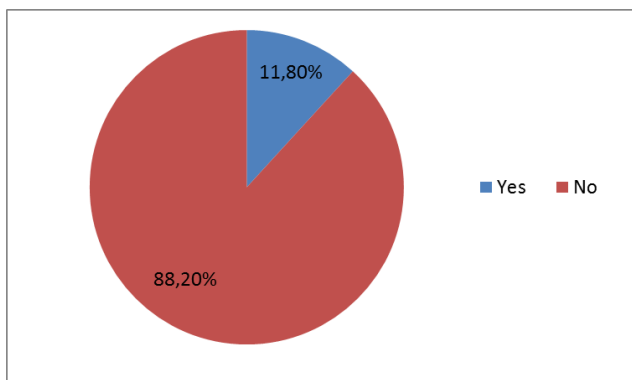
Out of 18 respondents; 3 responded that their nominee(s) at the AGM has(have) no reporting obligations, and 3 institutions made the following comments: *“For directs, our Nominee Director does not attend the AGM and has no reporting obligation”*, *“full disclosure on shareholder matters and shareholder communication”*, and *“Not applicable”*.

**Question 53: Does your institution provide voting instructions to its nominees?**

Out of 17 respondents; 13 institutions provides voting instructions to their nominees, 3 don't provide instructions, and 1 stated “Unknown”.



**Question 54: Has your institution got a documented voting policy applicable to its nominees?**



Out of 17 respondents; 15 institutions responded that they don't have a documented voting policy applicable to their nominees, 2 responded that they have a voting policy applicable to their nominee in the Annual General Meeting (AGM).

**Question 55: Does your institution dialogue with other investors/shareholders when appropriate (with due regard to the applicable rules on acting in concert)?**

Answer Options	Response Percent	Response Count
Yes, with other DFI's	63,2%	12
Yes, with public sector institutions	26,3%	5
Yes, with private sector companies	42,1%	8
In any case	15,8%	3
Never	5,3%	1
Other (please specify)	21,1%	4
<b>answered question</b>		<b>19</b>
<b>skipped question</b>		<b>5</b>

Out of 19 respondents; most institutions responded that they have dialogue with other investors/shareholders when appropriate, 1 institution stated "Never".

In comments, 1 institution specified that "there might be some consultations on a case by case basis but no formal policy", another institution specified that such dialogue might occur "in case of PE Fund co-investments as applicable under the shareholders agreement and allowed by applicable laws", another institution specified that such dialogue was "depending on the project", and another stated "Not applicable".

**Question 56: Your institution monitors the performance of an investee company based on:**

Answer Options	Response Percent	Response Count
The financial performance of the investee company/fund (returns to financiers)	90,0%	18
The economic performance of the investee company/fund (return to society)	65,0%	13
The environmental and social performance of the investee company/fund	75,0%	15
The private sector development impact of the investee company/fund	75,0%	15
Whether intended investment objectives are delivered	70,0%	14
Whether investment implementation is on track	70,0%	14
None of the above	0,0%	0
Not Applicable	5,0%	1
Other (please specify)	5,0%	1
<b>answered question</b>		<b>20</b>
<b>skipped question</b>		<b>4</b>

In comments, one institution specified that "in some cases for directs, informal objectives are discussed and agreed, to the extent appropriate".



**Question 57: Your institution monitors the performance of a fund based on:**

Answer Options	Response Percent	Response Count
The financial performance of the investee company/fund (returns to financiers)	94,7%	18
The economic performance of the investee company/fund (return to society)	57,9%	11
The environmental and social performance of the investee company/fund	73,7%	14
The private sector development impact of the investee company/fund	84,2%	16
Whether intended investment objectives are delivered	84,2%	16
Whether investment implementation is on track	84,2%	16
None of the above	0,0%	0
Not Applicable	5,3%	1
Other (please specify)	0,0%	0
<b>answered question</b>		<b>19</b>
<b>skipped question</b>		<b>5</b>

**Question 58: With regard to risk monitoring, the primary role expected from your appointee in an investee company is:**

Answer Options	Response Percent	Response Count
Selecting the correct risk appetite and monitor risk	29,4%	5
Preventing reputational issues	17,6%	3
Ensuring corporate responsibility	5,9%	1
Identifying needs of the company to supply technical	17,6%	3
Other (please specify)	29,4%	5
<b>answered question</b>		<b>17</b>
<b>skipped question</b>		<b>7</b>

In comments, one institution specified that the primary role expected from their appointee “as executive, selecting the correct risk appetite; as non-executive, monitoring credit/risk implications for the Bank as an investor”, another specified that the primary role expected is “acting in the best interest of the company (and long-term objective to create sustainable shareholder value)”, and another institution stated this was “not applicable” as they only provide loans.

**Question 59: Does your institution require to be consulted by the appointee in any of the following cases?**

Answer Options	Response Percent	Response Count
Proposal to extend the investment period	61,1%	11
Proposal to set a waiver of the single asset contraction limit	44,4%	8
Any other decision with implications for risk management	50,0%	9
If the appointee is put into an unresolvable position of actual or potential conflict of interest	61,1%	11
If the appointee receives reliable evidence of any illegal activity by the company/fund	72,2%	13
If the appointee is not satisfied that the auditing, accounting and the bookkeeping of the company/fund is being carried	61,1%	11
Never	5,6%	1
Other (please specify)	27,8%	5
<b>answered question</b>		<b>18</b>
<b>skipped question</b>		<b>6</b>

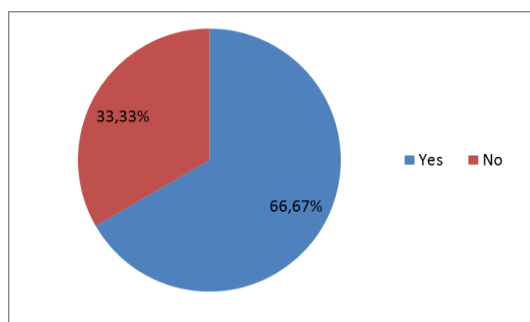
In comments, one institution specified that they do not require in general to be consulted for companies but in general they do require to be consulted for Funds as an LP, another institution specified that “non-executive role only needs to consult with the services of the Bank where appropriate (e.g. credit/risk implications for the Bank as an investor)”, another institution specified that they need to be consulted in case of “accidents”, another stated that “whistle blower rights apply, the nominee has the right to refer in the case of conflict, but no obligation, deviations to policies are allowed in case pre-defined and agreed in LPAs”, and another institution stated “not applicable”.

**Question 60: Does your institution require the appointee to resign from the governance structure of an investee company/fund in any of the following cases?**

Answer Options	Response Percent	Response Count
If the nominee is put into an unresolvable position of actual conflict of interest	50,0%	9
If the nominee is put into an unresolvable position of potential conflict of interest	22,2%	4
If the nominee receives reliable evidence of any illegal activity by the company/fund	50,0%	9
company/fund is being carried out according to commonly accepted international accounting standards and the applicable domestic rules	27,8%	5
If the nominating institution requests him/her to resign as stated in the appointment letter	55,6%	10
If the nominating institution started to implement its exit strategy	0,0%	0
As soon as the investment is classified as a (potential) distressed asset	5,6%	1
In case of failure of pre-defined client-specific performance criteria	0,0%	0
In case of failure of pre-defined generic performance criteria	0,0%	0
Never	5,6%	1
Other (please specify)	38,9%	7
<b>answered question</b>		<b>18</b>
<b>skipped question</b>		<b>6</b>

In comments, 3 institutions specified that they would handle such cases on a case-by-case basis, one institution specified that a policy regarding this question is being discussed, one institution specified that “Until investment period ends, the limited partnership agreement requires the appointee to be on board”, and another institution stated “not applicable”.

**Question 61: How does your institution provide for the absence of an appointee?**



Answer Options	Response Percent	Response Count
An alternate is systematically nominated and gets informed about the investee company/fund on a regular basis	22,2%	4
An alternate is systematically nominated, but gets informed about the investee company/fund in the absence of the appointee only	5,6%	1
An alternate is nominated, but on an ad hoc basis (when required)	44,4%	8
No replacement	33,3%	6
<b>answered question</b>		<b>18</b>
<b>skipped question</b>		<b>6</b>

## IV. Compensation - Remuneration

**Question 62: Your institution provides a specific financial compensation (in addition to travel/mission expenses reimbursement) to the following appointees:**

Out of 20 respondents; no institution responded that it provides a specific financial compensation (in addition to travel expenses) to active members of staff, 10 responded that they provide a specific financial compensation to retired members of staff, 12 to service providers/consultants, and 7 to industry experts.

Answer Options	Response Percent	Response Count
Active members of staff	0,0%	0
Retired members of staff	50,0%	10
Service providers/consultants	60,0%	12
Industry experts needed for the investee	35,0%	7
Not Applicable	30,0%	6
Other (please specify)	15,0%	3
<b>answered question</b>		<b>20</b>
<b>skipped question</b>		<b>4</b>

In comments, one institution specified that they provide a specific financial compensation for funds (travel expenses only) as “*they are generally internal nominees*”, another institution specified that they provide a specific compensation “*in case not provided by the company*”, and another institution specified this “*depends on project*”.

**Question 63: Your institution allows remuneration, cost recovery or allowance or any other payment from the investee company/fund to the following appointees:**

Answer Options	Response Percent	Response Count
Staff members, they just have to declare it	16,7%	3
Staff members, but they have to declare it immediately and pay it back directly to the institution	16,7%	3
Non-staff members, they just have to declare it	33,3%	6
Non-staff members, but they have to declare it immediately and pay it back directly to the institution	22,2%	4
Never	16,7%	3
Other (please specify)	27,8%	5
<b>answered question</b>		<b>18</b>
<b>skipped question</b>		<b>6</b>

In comments, one institution specified that “*if staff members are offered compensation, this situation would be very rare, all monies must revert to the institution (usually to offset expenses incurred)*”, another specified that cost recovery is allowed for both staff and non-staff appointees, another stated “*Nominees can be directly compensated by the client company*”, another specified that “*normally, costs are borne and reimbursement is sought by our institution*” and another that this was “*not applicable*”.

**Question 64: Has your institution adopted internal guidelines for determining the remuneration of the following appointees?**

Out of 19 respondents; 10 responded that they have not adopted internal guidelines for determining remuneration of their appointees, 2 responded that they have guidelines for active staff members, 2 responded that they have guidelines for retired members of staff, and 2 responded that they have guidelines for service providers/consultants.

In comments, one institution specified that “*benchmarks were used to determine remuneration*”, another specified that “*externals’ remuneration is based on a daily rate determined for each nominee predominantly based on experience*” and that “*in practice daily rate ‘ballparks’ have been established across parts of the portfolio*”, and another institution specified that guidelines were “*under development, reference to local consultants and time required for travel, preparation and subsequent documentation*”.

**Question 65: What kind of compensation can be granted to nominees from your institution?**

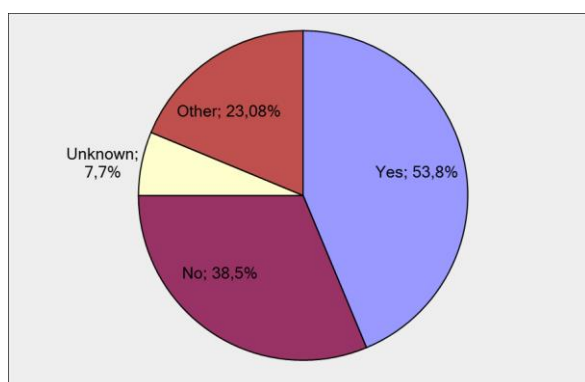
Of 17 respondents; 8 responded that they grant their nominees compensation in the form of direct remuneration (eg. Salary, allowances, bonuses), 8 responded that this was not applicable to them.

Answer Options	Response Percent	Response Count
Direct remuneration (e.g. salary, allowances, bonuses)	47,1%	8
Indirect remuneration (e.g. potential benefits)	0,0%	0
Stock options	0,0%	0
Other payment in kind	0,0%	0
Not Applicable	52,9%	9
<b>answered question</b>		<b>17</b>
<b>skipped question</b>		<b>7</b>

**Question 66: Has your institution adopted internal guidelines for reimbursing costs (e.g. travel expenses, hotel expenses, etc.) to the following appointees?**

Out of 19 respondents; 2 responded that they have not adopted internal guidelines for reimbursing costs to their appointees, 16 responded that they have guidelines for active staff members, 9 responded that they have guidelines for retired members of staff, and 8 responded that they have guidelines for service providers/consultants.

In comments, one institution specified that “*details for external nominees to be developed based on internal guidelines and stipulated in each nomination letter*”, and another stated “*not applicable*” to them.

**Question 67: When there is no compensation by the investee company/fund, does your institution estimate a maximum of working days per year for which non-staff appointees are entitled to remuneration?**

Answer Options	Response Percent	Response Count
Yes	53,8%	7
No	38,5%	5
Unknown	7,7%	1
Other (please specify)	23,08%	3
<b>answered question</b>		<b>13</b>
<b>skipped question</b>		<b>11</b>

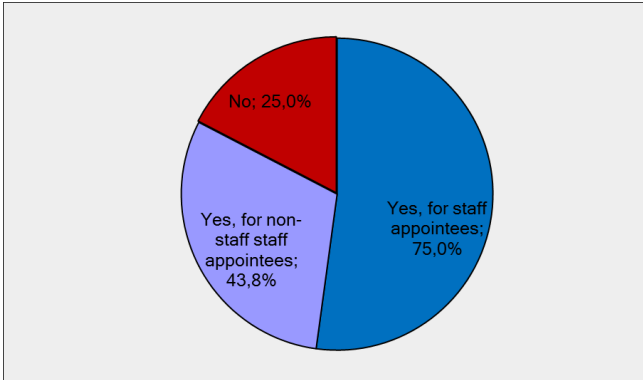
In comments, one institution specified that the compensation is “*based on actual accosts incurred and agreed remuneration*”, another specified that “*non-staff are paid daily rate for involvement*”, and another stated “*not applicable*” to them.

**Question 68: When there is no compensation by the investee company/fund, your institution provides compensation to non-staff appointees based on:**

Answer Options	Response Percent	Response Count
A pre-defined 'per diem' / daily remuneration	50,0%	8
A pre-defined amount not to be exceeded, covering remuneration, travel and accommodation expenses	18,8%	3
Pre-defined performance criteria	6,3%	1
Individual contract negotiation	43,8%	7
Not Applicable	18,8%	3
Unknown	6,3%	1
Other (please specify)		2
<b>answered question</b>		<b>16</b>
<b>skipped question</b>		<b>8</b>

In comments, one institution specified that compensation to non-staff appointees is “*set on a case-by-case basis. However, not linked to the individual, but rather to the nature of the appointment*”, another specified that compensation was for “*travel and accommodation only (no remuneration)*”.

Question 69: Does your institution provide corporate governance training to its appointees?



Answer Options	Response Percent	Response Count
Yes, for staff appointees	75,0%	12
Yes, for non-staff staff appointees	43,8%	7
No	25,0%	4
answered question		16
skipped question		8

## VI. Comments

1: These answers have been provided regarding our investments in subsidiaries (credit institutions, trust entities and insurance company) and our investments in private equity funds. Bancoldex can appoint some nominees in the Board of Directors of these financial institutions but we do not appoint any nominees in Investments Committees of private equity funds. Sometimes, we also participate in Advisory Committees in private equity funds.

2: Q 31: Number provided is for directs. Funds = 79-100%

3: Some of the questions were hard to answer because we only have a couple of examples of times when we have had nominee directors. In some cases I had to choose the answer that best matched the position the IIC 'would take' in a given situation, rather than what we are doing now. Thank you!

4: While the survey process was valuable, the questionnaire was VERY long and perhaps a bit too detailed. Some of the questions were difficult to understand (especially, Question 19). Otherwise, we look forward to receiving the results.

## VI. Survey Participants

19 institutions responded completely to the questionnaire, 5 responded partially. Among institutions that responded partially, 2 stated that they have no holdings in investee companies and consequently have not appointed any Nominee Directors. 8 institutions did not reply to the questionnaire.

1. Asian Development Bank (ADB)
2. African Development bank (AfDB)
3. Banco De Comercio Exterior de Colombia (BANCOLDEX)
4. Belgian Corporation for International Investment (SBI-BMI)
5. Belgian Investment Company for Developing Countries (BIO)
6. Brazilian Development Bank (BNDES)
7. Black Sea Trade and Development Bank (BSTDB)
8. CDC Group Plc (CDC)
9. Development Bank of Latin America (CAF)
10. Deutsche Investitions und Entwicklungsgesellschaft mbH (KFW-DEG)
11. European Bank for Reconstruction and Development (EBRD)
12. European Investment Bank (EIB)
13. Finnish Fund for Industrial Cooperation Ltd (FINNFUND)
14. Inter-American Development Bank (IADB)
15. International Finance Corporation (IFC)
16. Inter-American Investment Corporation (IIC)
17. Islamic Development Bank (IsDB)
18. Netherlands Development Finance Company (FMO)
19. Norwegian Investment Fund for Developing Countries (Norfund)
20. Obviam
21. Oesterreichische Entwicklungsbank AG (OeEB)
22. Sociedade para o Financiamento do Desenvolvimento (SOFID)
23. Société de Promotion et de Participation pour la Coopération Economique (PROPARCO)
24. Swedfund International AB (SWEDFUND)