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PRESS RELEASE

'Growth for Development'

CDC launches its first annual development impact report

CDC Group plc ("CDC"), the UK's development finance institution, today launched its first report on the development impact of its investments in poor countries. The report, *Growth for Development*, provides a broad overview of CDC's work and how responsible investments contribute to economic growth and private sector development.

Richard Laing, Chief Executive, CDC Group plc, said:

"No country in the world has been able to sustain poverty reduction without economic growth. This report analyses the contribution that CDC's capital makes to economic growth and development in some of the world's poorest countries."

Growth for Development explains how CDC attracts private investment to poor countries, promotes strong standards for environmental, social and governance (ESG) matters and the broad benefits of growing businesses and private sector development for local populations and markets. The report covers CDC's investments at a regional level, as well as at an industry sector level.

Richard Laing added:

"I have seen first hand how CDC's capital benefits businesses, local economies and the livelihoods of people in poor countries. We estimate that CDC's 681 portfolio companies directly support over 3 million people – a major contribution to long-term, sustainable development. From our evaluation work in 2008, we found that over three quarters of the companies surveyed showed an increase in employment, with 30,000 new jobs created."

"CDC's fund managers are helping companies build value by improving labour and working conditions and corporate governance. CDC and the fund managers that invest our capital have helped companies across Africa introduce HIV/AIDS programmes for their employees, improve environmental safeguards and health and safety standards, enforce minimum wage payments, and meet international safety standards."

Highlights from the report include:

- CDC has £928 million in portfolio value invested by 59 fund managers in 681 portfolio companies located in 74 developing countries. In 2008, CDC made a record of £436 million in new investments.
- A fundamental part of CDC's remit is to invest where other investors are reluctant to do so. 50% of CDC's capital is invested in sub-Saharan Africa, where there is a larger proportion of poor people than anywhere else in the world and which receives a fraction of foreign direct investments. CDC's investments are more focused on sub-Saharan Africa than any other development finance institution.
- CDC brings in external, third party investment and promotes local investment know-how and infrastructure. CDC invests with 59 fund managers with offices in 34 developing countries. 42% are first-time fund managers. Alongside CDC's commitments, other investors have committed US\$21.1 billion.
- In 2008, CDC updated its standards for responsible investment and business practices with a new Investment Code on ESG.
- CDC also strengthened its monitoring and evaluation system and conducted 12 evaluations in sub-Saharan Africa and Asia, covering 1/6th of its portfolio companies.
- CDC's new monitoring and evaluation framework is similar to that used by the International Finance Corporation (IFC) and has four parameters – financial performance, economic performance, ESG performance and private sector development.
- 676,000 people were employed in the 514 portfolio companies that reported employment data to CDC in 2008.
- US\$2.2 billion of tax revenues were generated by the 390 companies that reported tax data.
- From the 12 evaluations, 82% of the portfolio companies increased turnover, 58% increased profitability, and 76% showed an increase in jobs, amounting to 30,000 new jobs
- CDC works with its fund managers to promote responsible business operations in line with international good practice. According to CDC's evaluation work in 2008, 86% of the 99 portfolio companies assessed made improvements on ESG practices. Specific examples can be found in the report.

To download a copy of the *Growth for Development* report, visit www.cdcgroup.com

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Notes to Editors

CDC Group plc

- CDC is a government-owned development finance institution with net assets of £2.3bn.
- It uses its own balance sheet to make investments focused on the emerging markets of south Asia and sub-Saharan Africa.
- CDC's mission is to stimulate economic growth by providing capital for investment in sustainable and responsibly managed private sector businesses.