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NEWS RELEASE

CO-OPERATIVE MOVEMENT LAUNCHES NEW US\$50m INTERNATIONAL INVESTMENT SCHEME TO SUPPORT CO-OPERATIVES IN DEVELOPING COUNTRIES

To mark the United Nations' (UN) International Year of Co-operatives 2012, the worldwide co-operative movement today (1 November) launched a new initiative designed to provide much needed finance to co-operatives in developing countries.

The Global Development Co-operative (GDC) aims to support co-operative businesses in developing countries by raising US\$50m to provide access to low cost loans for capital and infrastructure projects*. It will target investors with an interest in international development and extending the reach and benefits of the co-operative model.

The GDC was unveiled at a special ceremony in New York last night for leaders from many of the largest 300 co-operatives in the world. The meeting - organised by the International Co-operative Alliance (ICA) which represents the global movement - was the first time these individuals have been brought together and marked the launch the International Year by the UN General Assembly.

The Year will recognise the role the co-operative business model has played in improving social and economic development in communities across the world by creating and sustaining jobs and reducing poverty.

However, funding for such businesses is often scarce because traditional lenders are either not active in this market, do not sufficiently understand the co-operative business model, or because businesses have limited collateral to put forward.

The new investment concept has been developed by the UK's The Co-operative Bank – part of the world's largest consumer co-operative - and the ICA.

Amongst the early investors committed to the initiative are the All China Federation of Supply and Marketing Co-operatives, Credit Cooperatif of France, SOK Corporation from Finland and IFFCO of India. Mid-Counties Co-operative as well as The Co-operative Bank from the UK have also pledged their support.

Paul Flowers, Chairman of the Global Development Co-operative**, said: "Against a backdrop of a financial crisis exacerbated by corporate greed and speculation, the co-operative model has proved to be one of the most enduring and successful ways of running a business for the last 150 years.

“Despite the tough economic times, co-operative members across the world want the movement to maintain support for international development. It’s important we use our influence to support communities across the developing world.

“The launch of the GDC symbolises everything that is great about the movement as the International Year approaches. With the UK being the birthplace of co-operation I am extremely proud to be involved.”

Dame Pauline Green, President of the ICA, said: “This initiative is a clear illustration of one of the founding principles of the movement - self help among co-operatives.

“It will ensure that a positive and long-lasting legacy will remain from the International Year, helping thousands of co-operators in the developing world. It will also continue our work to develop sustainable member-owned enterprises, and embed civil society across the globe.

“We urge those with an interest in furthering social and economic development in developing countries to support the GDC.”

The Co-operative Bank has developed the initiative as part of its parent’s – The Co-operative Group - pioneering Ethical Plan, a three year rolling programme that sets out goals and targets to drive its ethical and co-operative aspirations. It will provide administrative support to the GDC.

International Years are declared by the United Nations to draw attention to major issues and encourage action. The International Year of Co-operatives will aim to raise awareness of co-operatives and seek ways to leverage their contribution to socio-economic development and foster more supportive regulatory frameworks.

The sector is estimated to have around 800 million members in over 100 countries and account for more than 100 million jobs around the world.

Notes to editors

- *The GDC will make loans available primarily to experienced intermediaries, with the following indicative spread across borrower categories:
 - Wholesale to established co-operative lenders (c50%)
 - Wholesale to existing secondary co-operatives / apex organisations, well-established but not necessarily currently lenders (c20%)
 - Direct to co-operative microfinance institutions and credit unions (c15%)
 - Direct to large, established co-operative businesses (c15%)

It will focus, not exclusively, on large co-operative sectors: agriculture, where co-operatives represent 50% of the world's agricultural produce, and finance, where co-operatives serve 13% of the world's population.

Target lending is US\$50m at between 2% and 5% interest pa, with terms up to seven years. The interest will cover administration costs and a bad debt reserve. The key performance targets are social returns.

- **Paul Flowers is also chairman of The Co-operative Bank
- A co-operative is defined as an autonomous voluntary association of people who unite to meet common economic, social and cultural needs and aspirations, through a jointly owned and democratically controlled enterprise. The top 300 global co-operatives have a combined turnover of \$1.6 trillion.

About the International Co-operative Alliance (ICA)

1. The International Co-operative Alliance is the global voice for the values-based business model of the co-operative, uniting co-operatives worldwide and providing a forum for knowledge and concerted action.

ICA was established by co-operatives around the world in 1895, and is probably the oldest and largest NGO in the world. With members in almost 100 countries representing one billion people worldwide.

2. Co-operatives are successful values based businesses owned by their members. Whether they are customers, employees or residents, the members get an equal say in the business and a share of the profits.

Employing around 100 million people around the world, co-operatives are significant economic actors in many different sectors: agriculture and fisheries, retail, banking and financial services, housing, health, production, transport and tourism.

3. The United Nations has declared 2012 the International Year of Co-operatives. With its theme of 'co-operative enterprises build a better world', the Year is an opportunity to raise awareness of how co-operatives are successful values based businesses.
4. Further information is available at www.2012.coop

About The Co-operative Group

The Co-operative Group is the UK's largest mutual business, owned not by private shareholders but by almost six million consumers. It is the UK's fifth biggest food retailer, the leading convenience store operator and a major financial services provider, operating The Co-operative Bank, Britannia and The Co-operative Insurance. Among its other businesses are the number one funeral services provider and Britain's largest farming operation. As well as having clear financial and

operational objectives, the Group has also set out its social and sustainability goals in its ground-breaking Ethical Plan, which specifies almost 50 commitments in these areas.

The Group operates over 5,000 retail trading outlets, employs more than 110,000 people and has an annual turnover of £13.7bn. Further information is available at www.co-operative.coop

For more information or interviews in New York contact:

Kirsten Plonner

Weber Shandwick

Telephone: 001 212-445-8381

Cellphone: 908-247-1939

Email: kplonner@webershandwick.com

For enquiries in the UK contact:

Andy Hammerton

The Co-operative Group Press Office

Telephone : 00 44 161 903 3835

Email: Andy.Hammerton@cfs.coop

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