

Post 2012 Carbon Credit Fund:

Fund's support of the post-2012 carbon credit market certain even before COP15 got under way

Copenhagen, December 07, 2009 – Since its inception in 2008, the Post 2012 Carbon Credit Fund has signed 13 ERPAs and several more term sheets in Asia, Africa and Latin America, allowing the projects involved to secure all or part of their carbon revenue stream as a crucial element of their overall financing package. The ERPAs signed by the Fund cover a broad range of technologies including different types of renewable energy, waste management, and energy efficiency. Some of the projects have already been registered under the Kyoto Protocol's Clean Development Mechanism, while others are at earlier stages.

The Fund is backed by five Aaa-rated European public finance institutions, the European Investment Bank, Caisse des Dépôts, Instituto de Crédito Oficial, KfW Bankengruppe and the Nordic Investment Bank. As a result, the Fund is uniquely positioned to provide optimum security to financiers of climate protection projects beyond the year 2012, when the current emission reduction commitments under the Kyoto Protocol are set to expire.

Simon Brooks, European Investment Bank Vice President responsible for environmental issues, said "EIB, which initiated the Post 2012 Fund and is the largest participant, is very pleased with its development to date. It has shown how European financial institutions committed to the climate change agenda can work together in a truly innovative way. By assuming regulatory risk which the market is not ready for, the fund generated a positive signal to the carbon markets at a difficult time. Lastly, and perhaps most importantly, as the testimonies below demonstrate it is providing a powerful tool for financing low carbon projects."

"As a shareholder, Caisse des Dépôts, through its CDC Climat department, is pleased with the commitment of the Post 2012 Carbon Credit Fund in numerous and various projects that are at early stages, according to its purpose", said Augustin de Romanet, Chairman and CEO of Caisse des Dépôts. Thus, long-term public investors play an essential role in favour of climate."

"This initiative strengthens our institution's commitment in the fight against climate change, backing carbon projects through assuming Post 2012 regulatory risk" stated Antonio Bandrés, ICO's Head of International Finance.

"With the participation in the Post 2012 Carbon Credit Fund, KfW wants to give an important signal of trust to the initiating post-2012 carbon market: The steady implementation of carbon emission reducing projects has to be continued also in the current phase of uncertainty", stressed Dr. Norbert Kloppenburg, member of the managing board of KfW Bankengruppe. "This fund illustrates the long-term view of its founding investors in respect of climate protection."

Johnny Åkerholm, President and CEO of the Nordic Investment Bank, commented on the relevance of the Fund: "In the continued uncertainty about the future regulatory framework for carbon trading, the Post 2012 Carbon Fund is a clear signal to all stakeholders that there is a basis to go forward, and the positive development of the activities of the Fund shows that this signal is being received. NIB is very pleased to be a partner in this joint undertaking by leading European financing institutions."

Among the new projects benefitting from signing with the Fund are two recent solar cooker projects in north-western China with an aggregate emission reduction volume of some 450,000 tCO₂ post-



2012. The project developer there is planning to use the ERPA's signed with the Fund to obtain financing for subsequent projects of the same kind. Urs Brodmann, Member of the Executive Board at First Climate, Investment Advisor to the Post 2012 Carbon Credit Fund, comments: "We are excited about concluding ERPA's with these projects. Not only do they contribute to the sustainable supply of power from renewable energy sources, but they will improve living conditions in the project area substantially. They will reduce the use of fossil fuels, namely coal, which is highly carbon-intensive and a considerable financial burden to the average household in this area. It will also improve sanitary conditions by providing an easy facility to boil drinking water and increase overall health by reducing kitchen fumes. It is a pleasure to support projects that so clearly benefit both our climate and the local community."

Ju Ning, Managing Director of Clean Air Trade Inc, which co-developed the project, stressed the additional security which has been added to their project planning by signing ERPA's with the Fund: "Both projects are located in Ningxia Hui Autonomous Region, one of the poorest provinces in China. By signing with the Fund, we can now show potential financiers of future activities that projects here are not only desirable from an environmental and socio-developmental perspective, but also economically viable. We can now plan our next steps with more certainty."

The Fund has further concluded an ERPA to purchase CERs from a methane recovery project at a major liquor manufacturer in Maharashtra state in India. Thanks to the project activity, the company will stop composting waste water in open lagoons, instead a zero effluent system will be constructed which will produce heat and energy for use in the production. The project will reduce emissions by approximately 30,000 tCO₂e per year. Deb Mukherjee, Managing Director of EAGA India, advisor to the project developer in this case, commented on the additional benefits he sees in signing with the Fund: "This ERPA offers more than one advantage. Of course we are glad about the security the project now has in terms of future income, but here and now we benefitted from adding the immense experience and knowledge regarding the complexities in the CDM registration process and the willingness and ability of the Fund to help the project with transaction and registration costs."

Today, the Fund continues to look at new investment opportunities. "By now we should have left any uncertainty regarding the second compliance period behind us, but as we can see, the outcome of this week's negotiations is still wide open," comments Walter Blasberg, Managing Director of Conning, Investment Manager of the Fund. "In this situation we are pleased to announce that the Fund continues to offer high quality ERPA's to project owners and developers thus providing certainty to the carbon revenues they can expect from their projects."

The Fund welcomes inquiries from owners or developers of projects that will generate CERs after 2012. Inquiries should be addressed to First Climate, Investment Advisor to the Fund or Conning Asset Management (Europe) Limited, Investment Manager of the Fund.



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Backgrounds

The **European Investment Bank** - EIB - (www.eib.org) is the European Union's financing institution. Protection and improvement of the environment, including tackling climate change, are key priorities for the EU and thus for the EIB. As part of its strategy to support the EU's Kyoto commitments, the EIB has been working closely with national and international financing institutions to establish market mechanisms that will encourage the production and trade of the project-based carbon credits foreseen by Kyoto and the "linking directive" admitting these credits to the EU ETS.

Caisse des Dépôts (www.caissedesdepots.fr) is a French long-term investor in the service of the public interest and economic development. Its CDC Climat department is anticipating and endeavoring to foster the creation of secure, transparent carbon markets. With CDC Climat, Caisse des Dépôts is contributing to the dynamic growth of the new low carbon economy in Europe and around the world, by relying on its engineering expertise, investment capacity and R&D resources.

Instituto de Crédito oficial -ICO- (www.ico.es) is a State-owned corporate entity attached to the Ministry of Economy and Finance of the Spanish Government. With its 30-year history, ICO has become a benchmark credit institution in the financing of both SME and large-scale infrastructure projects, not only in Spain but also abroad. The institute's purpose is to boost any economic activity which, on account of its social, cultural, innovative or ecological significance, merits promotion and development. Furthermore, by financing renewable energy projects and creating the first Spanish carbon fund with public-private capital, ICO shows its commitment to the fight against climate change and to the sustainability of the environment.



KfW Bankengruppe (www.kfw.de/carbonfund) KfW Bankengruppe gives impetus to economic, social and ecological development worldwide. A pro-motional bank under public law founded in 1948, its shareholders are the German federal government (80%) and the federal states (20%). KfW takes a strong stand for climate and environmental protection both within Germany and abroad. It supports, among others, SMEs and business start-ups, the private housing sector and the development of municipal infrastructure as well as education finance.

The **Nordic Investment Bank** –NIB– (www.nib.int) is the international financial institution of the Nordic and Baltic countries. NIB finances projects that strengthen competitiveness and enhance the environment. In addition to participating in the Post-2012 Carbon Credit Fund, NIB has in 2008 set up two environmental lending facilities totalling EUR 1.5 billion for projects mitigating climate change and cutting hazardous emissions in the Baltic Sea.

Conning Asset Management (Europe)Limited (<http://www.conning.com>) is an affiliate of Conning & Company, which has assets under contract in excess of USD114.5 billion as of 30 September 2009. Conning has been active in renewable and sustainable investments since 2003 and is committed to developing a portfolio of sustainable or alternative energy investment products. In 2004, Conning structured and placed a EUR354 million European Clean Energy Fund, one of the first pan-European, multi-technology clean energy, mezzanine and equity funds. The Post 2012 Carbon Credit Fund is the latest of successful carbon-related investments for Conning. Conning continues to pursue similar opportunities to expand the portfolio. Conning is headquartered in Hartford, Connecticut with offices in New York, London and Dublin.

First Climate is one of Europe's leading carbon asset management companies. With offices on five continents and more than ten years' experience in the market, it is one of the few intermediaries to cover the entire carbon credit value chain. First Climate develops, finances, and implements CDM, JI, and VER projects, purchases the resulting carbon credits, and customizes trading solutions for companies subject to the EU ETS. As investment advisor to several institutional investors, First Climate structures and develops carbon funds and related products. In the voluntary market, the company provides VERs verified according to the highest international standards. First Climate is one of the main sponsors of the Gold Standard Version 2.