

Post 2012 Carbon Credit Fund reaches a new milestone in international climate protection

The Fund's investment mandate is confirmed as the Fund enters into contracts to buy emission reduction certificates issued after the end of the first commitment period of the Kyoto Protocol.

Zurich / Bad Vilbel – Frankfurt / Hartford, January 29, 2009 – The EUR 125 million **Post 2012 Carbon Credit Fund** today announced the purchase of certificates for reduction in post-2012 greenhouse gas emissions from a Chinese wind farm and a Mexican waste-to-energy project. The Fund was established by five leading European public financing institutions – the European Investment Bank (EIB), Caisse des Dépôts, Instituto de Crédito Oficial, KfW Bankengruppe (KfW) and the Nordic Investment Bank – and is managed by Conning Asset Management Limited as investment manager and First Climate as investment advisor.

The emission reductions achieved by both projects will be calculated and certified in accordance with the rules of the Clean Development Mechanism (CDM) under the Kyoto Protocol. The transactions comprise a volume of approximately 1.15 million carbon credits.

Starting in 2010, the wind farm in China will save greenhouse gas emissions by displacing electricity produced in fossil fuel-fired power stations. The project in Mexico will reduce emissions by capturing methane gas at a landfill, which would otherwise be emitted to the atmosphere. The gas will be used for generation of clean electricity, thereby saving further emissions in the power grid. Both projects together will achieve an emission reduction of approximately 180,000 tonnes per year.

Both projects rely on the revenue from the sale of greenhouse gas certificates to finance their projects. The Fund has agreed to buy the certificates generated after 2012, thereby giving the projects certainty about the level of these revenues.

Under the Kyoto Protocol, the industrialized countries have committed to reduce their greenhouse gas emissions in the period 2008 – 2012. Uncertainty over the level of international emission reduction efforts after 2012 is making it difficult for environmentally worthwhile projects to monetise fully their emission reductions achieved after 2012.

The Post 2012 Carbon Credit Fund exclusively purchases and trades carbon credits generated in the post-Kyoto period, potentially up to 2020. By assuming the inherent regulatory risk, the Fund gives a clear signal to the market of the EIB and its partners' confidence in the development of a post-Kyoto regime while directly supporting environmental projects.

Urs Brodmann, Member of the Executive Board of the carbon asset manager First Climate, who advises the Fund regarding its investment decisions, is certain that the Fund's recent purchase of certificates is an important signal to the international carbon market. "The fact that the Fund is now contracted as a buyer of post-2012 certificates is proof of the Fund's viability in these difficult markets. Other project developers should be encouraged to initiate further emission reduction projects, as they can sell certificates to the Fund at a guaranteed price and use the proceeds for the financing of their projects – regardless of the outcome of the United Nation's ongoing negotiations concerning the post-Kyoto regime."

Brodmann also highlights another important aspect of the Fund: "In times of a global financial crisis, sellers of post-2012 certificates are increasingly aware of the creditworthiness of carbon

buyers. This makes the Fund a very attractive counterparty, given that all investors in the Fund are government-owned development banks with the highest credit ratings.”

While the UN Climate Change Conference (COP 14) in the Polish town of Poznań has not achieved a breakthrough regarding the future of the global emission reduction and emissions trading scheme after 2012, and while politicians and diplomats continue to negotiate, the Fund’s partners already have taken significant steps to open up vital climate protection potential.

***First Climate** is one of Europe’s leading carbon asset management companies. With offices on five continents and more than ten years of 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.*

Conning Asset Management (Europe) Limited (conning.com) is part of Conning & Company, which has assets under contract in excess of USD104 billion as of 31 December 2008). Conning has been active in renewable and sustainable investments since 2003 and, along with its parent Swiss Re, has a commitment to developing a portfolio in sustainable or alternative energy investments. In 2006, Conning took part in structuring and placing 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, a fully-owned subsidiary of Swiss Re, is headquartered in Hartford, Connecticut with offices in London, Dublin and New York.

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