

PRESS RELEASE

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FIVE EUROPEAN PUBLIC FINANCE INSTITUTIONS START POST 2012 CARBON CREDIT FUND

The EUR 125 million **Post 2012 Carbon Credit Fund** established by five leading European public financing institutions; the European Investment Bank-EIB (initiator and principal investor with EUR 50 million), Caisse des Dépôts (EUR 25 million), Instituto de Crédito Oficial-ICO (EUR 10 million), KfW Bankengruppe (EUR 25 million) and the Nordic Investment Bank-NIB (EUR 15 million), is beginning its activities following the appointment of a consortium of Conning Asset Management (Europe) Limited and First Climate as fund manager.

Purpose of the Fund

This innovative Fund is the first of its kind and will exclusively purchase and trade carbon credits generated in the post Kyoto period, potentially up to 2022. By assuming the inherent regulatory risk, the Fund will give 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.

The Kyoto Protocol is set to expire in 2012. Uncertainty over the form of any post Kyoto carbon credit trading regime is currently making it difficult for environmentally worthwhile projects to monetise fully the economic benefits of the emission reductions (ER) they may make after 2012.

The fund will acquire the post 2012 carbon credit streams of projects already approved, or to be approved, by the UNFCCC's Clean Development (CDM) or Joint Implementation (JI) Mechanisms.

Comments from Participants

"The EU is at the forefront of international efforts to combat climate change", said EIB President **Philippe Maystadt**, "As the EU's financing arm, our role is to support these efforts by promoting environmental lending and developing carbon markets. This Fund, combined with other EIB carbon and climate change initiatives, positions the Bank as a significant contributor to global climate change efforts", he added.

Augustin de Romanet, Chairman and Chief Executive of Caisse des Dépôts, avers: "Caisse des Dépôts has been working for a long time to create and promote financial tools to fight climate change. The Post 2012 Carbon Fund is part of such innovative solutions. We are pleased to play a significant role in this initiative alongside our counterparts, European long term public investors."

"KfW as Germany's Environmental Bank Nr. 1 is proud to support this Europe-wide initiative. It is the fundamental task of promotional banks to mitigate market failures The Post 2012 Carbon Fund is an important complement to our own carbon market activities", KfW board member **Detlef Leinberger** added.

"We are pleased to form part of this European innovative initiative, which strengthens our institution's commitment in the fight against climate change," stated **Aurelio Martínez**, Chairman of Instituto de Crédito Oficial (ICO). He went on to stress "ICO's role over the last 10 years as a pioneer institution in the financing of renewable energy projects and promoter of the first Spanish public-private carbon fund".

"For NIB and its member countries in the North, climate change mitigation and adaption are key priorities. Alongside other initiatives the participation in the European Post 2012 Carbon Fund is a way for NIB to address these challenges proactively," said NIB President and CEO **Johnny Åkerholm**.

Comments from Fund Manager

"Conning is honored to be a part of the pioneering Post 2012 Carbon Credit Fund which sends a strong signal that this market is indeed viable." **Walter Blasberg**, Managing Director of Conning, went on to say that: "Our consortium is using innovative financial structures for this public/private collaborative effort to achieve these aims. Conning, as a wholly owned subsidiary of Swiss Re, is building a portfolio of initiatives which demonstrate its commitment to sustainability. "

"As 2012 is approaching, the uncertainty in long-term prices for carbon is increasingly affecting project developers. The Post 2012 Carbon Credit Fund will make additional CDM and JI projects viable by offering guaranteed carbon off-take at attractive prices." says **Urs Brodmann**, Executive Board Member of the fund's investment adviser First Climate, the company recently formed through a merger between the carbon asset managers Factor Consulting and 3C.

Contacts

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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. Sustainable development is one of its four priorities, set in its strategic plan Plan 2020. A pioneer in carbon finance, it mobilises its research, financial services and carbon assets in the fight against climate change. Each of its new investments obeys environmental criteria.

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) gives impetus to economic, social and ecological development worldwide. A promotional bank under public law, its shareholders are the German federal government (80%) and the federal states (20%). Its balance-sheet total of EUR 354 billion (as at 31 December 2007) makes it one of Germany's biggest banks. It performs its legal mandate to offer financial support in various economic and social areas. Since mid 2004 KfW Bankengruppe (KfW banking group) has entered the carbon market with the establishment of the KfW Carbon Fund a procurement programme for emission certificates. German and European enterprises were invited to participate in the programme in order to acquire certificates for own use.

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 USD100 billion as of 31 March 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 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, a fully-owned subsidiary of Swiss Reinsurance Company Ltd, is headquartered in Hartford, Connecticut with offices in London and Dublin.

First Climate (www.firstclimate.com) is a fully integrated Carbon Asset Management company covering the entire carbon credit value chain. As a buyer, intermediary and investment advisor, First Climate identifies emission reduction opportunities worldwide and facilitates the development, financing and implementation of CDM, JI and VER projects. First Climate offers custom trading and risk management solutions for companies regulated under the EU ETS and other emission trading compliance schemes. The Carbon Investment Advisory Team supports fund managers in the structuring and development of carbon funds, and with related investment decisions. Furthermore, First Climate is a first-class provider of climate neutral services, such as corporate climate neutral strategy development, corporate carbon footprint assessment, climate neutral marketing and IT-communications solutions, and the purchase and retirement of high quality emission reduction credits from a global VER project portfolio.