



PRESS RELEASE

UNDP and Fortis team up to leverage carbon finance for sustainable development MDG Carbon Facility to deliver 15 million Kyoto credits

Berlin, 5 June 2007—The United Nations Development Programme (UNDP) and banking and insurance giant Fortis announced an agreement today naming Fortis the financial services provider for UNDP's MDG Carbon Facility. This announcement also marks the operational launch of the Facility, an innovative means of harnessing the vast resources of the carbon market to bring long-term sustainable development to a more diverse share of developing countries.

Under the terms of the partnership, announced in Berlin just prior to the G8 summit, UNDP will help developing countries conceive projects intended to reduce emissions of greenhouse gases, and will ensure that these projects meet the Kyoto Protocol's agreed standards and deliver real, sustainable benefits to the environment and broader human development. Fortis will then purchase, and sell-on, the emissions-reduction credits generated by these projects. The proceeds from Fortis' purchases will provide developing countries and communities with a new flow of resources to finance much needed investment and to promote development.

'MDG' is short for 'Millennium Development Goals,' the specific targets, agreed by United Nations member states, for diminishing global poverty and achieving major advances in health, education, environment and equality by 2015.

"As we reach the halfway point to the 2015 target for achieving the Millennium Development Goals, it is clear that business has a critical role to play in advancing sustainable human development," said UNDP Administrator Kemal Derviş. "We are delighted to have an eminent partner like Fortis join us in working to use carbon finance to transform markets, help mitigate the effects of climate change and promote a more sustainable future for all."

"The MDG Carbon Facility is a very exciting win-win opportunity for us," said Fortis Chief Executive Jean-Paul Votron. "It gives us the chance to make a major contribution to spreading the benefits of sustainable development while at the same time securing a strong position in the carbon market."

A recent Poverty-Environment Partnership report estimates that US \$60-90 billion per year will be needed to address the environmental issues that contribute to poverty in developing nations; the market in emission reduction credits carries enormous potential

for bringing essential new investment to tackle these issues. The MDG Carbon Facility will operate within the framework of the Clean Development Mechanism and Joint Implementation, the market-based mechanisms under the Kyoto Protocol that allow developed countries to meet their compliance targets by financing projects in developing countries that contribute to reducing greenhouse-gas emissions.

The Clean Development Mechanism, or CDM, has been at the center of a rapidly expanding, billion-dollar international market for carbon credits. However, early signs indicate that the CDM is unlikely to deliver the broad-based benefits that many hoped it would, at least in the near to medium term. CDM projects have so far been limited in geographic reach, restricted mainly to Asia and Latin America, and have focused primarily on ‘end of pipe’ technologies that generate limited benefit for long-term sustainable development.

The MDG Carbon Facility aims to address these limitations by capitalizing on Fortis’ resources and substantial carbon experience, together with UNDP’s specialized expertise and global reach. By expanding the CDM’s presence into countries and regions previously considered inaccessible to carbon finance, MDG Carbon will help people in these areas acquire the resources and knowledge to take greater control over their future environment and development paths. Once a developing country gains proficiency in carbon finance, attracting private-sector investment and developing project technologies that deliver longer-term development benefits, the MDG Carbon Facility will exit that market, having accomplished its market transformation objectives and no longer needing to play its role as a bridge between developing countries and the global carbon market.

“Harnessing the power of the marketplace is essential in the fight against harmful global climate change: The MDG Carbon Facility is a creative market-based strategy that promises to produce double dividends--carbon reductions and economic progress in the world’s less-developed countries,” said former Sen. Timothy Wirth, President of the United Nations Foundation, which provided a large portion of the startup funding for the Facility.

The partnership between UNDP and Fortis covers an initial pipeline of projects which will generate 15 million credits during the Kyoto Protocol’s first commitment period (2008-2012). UNDP and Fortis will begin evaluating potential projects for the Facility immediately.

About UNDP: UNDP is the UN's global development network, helping people meet their needs and build a better life. We are on the ground in 166 countries, working as a trusted partner with governments, civil society and the private sector to help them find solutions to global and national development challenges. With a US\$5 billion portfolio of energy and environment projects, UNDP is already one of the world’s largest providers of technical assistance in the area of climate change. For more information, visit www.undp.org

About Fortis: Fortis is an international financial services provider and ranks among the top 25 financial institutions worldwide by assets. Fortis has a market capitalization of EUR 43.2 billion (30/04/07) and is listed on the stock exchanges of Amsterdam, Brussels and Luxembourg and has a sponsored American Depositary Receipt (“ADR”) program in the United States. Its solvency position (S&P: AA-), presence in 50 countries and professional workforce of 58,000 enable Fortis to combine global strength with local flexibility.

Fortis is a market leader in carbon banking services, with a large and experienced team, and a horizontally integrated offering of carbon trading, trust and financing services. Fortis is committed to becoming carbon neutral across its operations. For more information, visit www.fortis.com

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