



## Swiss Re Structures Product for CDM Carbon Credit Transaction with the Government of Luxembourg

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**New York, 23 January 2008 – Swiss Re, the world’s leading and most diversified global reinsurer, today announced it has closed a carbon markets transaction with the Ministry of Environment of the Government of Luxembourg.**

Swiss Re Global Markets Limited, a Swiss Re subsidiary, created a structured transaction covering guaranteed and non-guaranteed Certified Emission Reductions (CERs) credits that the Government of Luxembourg will in turn use to help it meet its Kyoto Protocol target of reducing national emissions of greenhouse gases by 28% as compared to the 1990 level during the period 2008-2012.

The CERs will be generated from renewable energy projects in China including Wind Farm Projects in Guohua Inner Mongolia Huitengliang and Liaoning Changtu among others.

“The Government of Luxembourg has long been active in climate change mitigation and is strongly committed to meeting its carbon emissions reduction targets by implementing national measures and the use of flexible mechanisms,” said Henri Haine, manager for Climate Change Strategy, Ministry of Environment of the Government of Luxembourg. “Swiss Re’s transaction enables us to meet our reduction targets in an efficient and effective way.”

As of November 2007, 174 parties have ratified the Kyoto protocol. Of these, 36 developed countries (plus the EU as a party in its own right) are required to reduce greenhouse gas emissions to the levels specified for each of them in the treaty, with three more countries intending to participate. One hundred and thirty-seven (137) developing countries have ratified the protocol, including Brazil, China and India, but have no obligation beyond monitoring and reporting emissions.

The reduction of GHG emissions can be achieved by restructuring operations and processes to physically reduce GHG emissions; and by “buying” carbon credits to meet carbon emission reduction deficits. In order to receive carbon credits that can be used by regulated entities for compliance with national and regional programs in Europe, Japan and Canada, project investors must submit their projects to a rigorous review and

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certification process. The United Nations Framework Convention on Climate Change (UNFCCC) administers an executive body to certify these emissions reduction project activities, which creates a tradable commodity that can then be used in the international emissions trading scheme.

The second option can be accomplished through financial exchanges, by supporting Clean Development Mechanism (CDM) projects which reduce emissions in developing countries, engaging in joint implementation projects, or by buying carbon credits from companies or developed countries that have excess allowances.

"Swiss Re is committed to developing financial products and services that help our clients to mitigate and manage the effects of climate change as well as meeting their target GHG emissions reduction, said Ben Lashkari, Head of Emissions at Swiss Re's Environmental and Commodity Markets division. "Swiss Re, with its expertise and risk capacity in capital markets and reinsurance, is uniquely qualified to deliver products in an increasingly uncertain future climate'."

Juerg Trueb, Head, Environmental and Commodity Markets division added, "This transaction with the Government of Luxembourg provides another example of Swiss Re's superior structuring and execution capabilities in the rapidly expanding environmental markets including carbon as well as weather and agricultural markets."

## **Notes to editors**

### **Swiss Re**

Swiss Re is the world's leading and most diversified global reinsurer. The company operates through offices in more than 25 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "AA-" by Standard & Poor's, "Aa2" by Moody's and "A+" by A.M. Best.