

**Procedure for submitting to Natixis E&I an offer to sell CERs and/or ERUs
to the European Carbon Fund**

TEMPLATE – March 2007

The European Carbon Fund (ECF), a €142.7m Luxembourg SICAV owned by several investment-grade financial institutions is seeking to **contract and acquire CERs and ERUs** (thereafter collectively referred to as “Carbon Assets”) compliant with the EU ETS. The ECF is a private fund, and as such is not subject to public procurement rules.

By April 2007, ECF **had contracted and/or structured more than 40 million tonnes of CO₂ equivalent emission reductions**, through approximately 16 transactions, and had syndicated the largest non-industrial-gas CDM deal to date. At the time of writing, transactions representing another 16 million CERs were under advanced negotiations with CDM project sponsors in Asia, Latin America, and North Africa.

In order to submit a project and initiate negotiations with the ECF, each Applicant should complete and return to the ECF the **Initial Information Note (either for CDM or JI projects)**: a template describing the project and providing brief information on the Applicant, the Carbon Assets to be created, and any relevant administrative aspects linked to the project.

Once completed, the above document should be sent as follows:

- a) By fax to the attention of Laurent Segalen +33 1 58 55 66 99, or
- b) By e-mail to carbon@europeanarbonfund.com

Upon receipt, the clearing committee of the ECF will review this preliminary document and make a decision either:

- to start negotiations and submit an offer;
- not to proceed further.

In case of a positive answer, we will revert to you shortly with an Indicative Offer and a Deed of Exclusivity. During a 3 to 6 months exclusivity period, we will perform an exhaustive due diligence of both the project and the Applicant before committing to a forward purchase of CERs (and eventual granting of any advance payment or other form of financing) in signing an Emission Reduction Purchase Agreement (ERPA).

The purpose of the due diligence process is to:

- (i) establish that the Applicant owns legal title to CERs being sold;
- (ii) assess the quality of the project (from technical, financial, CDM, environmental, sustainable development and social value perspectives);
- (iii) assess the quality of the Applicant (credit, financial capacity and ability to operate the project);
- (iv) since we are subject to “Know Your Client” compliance rules, obtain vetting of the Applicant by our internal compliance;

Yours sincerely,

The investment team of the European Carbon Fund