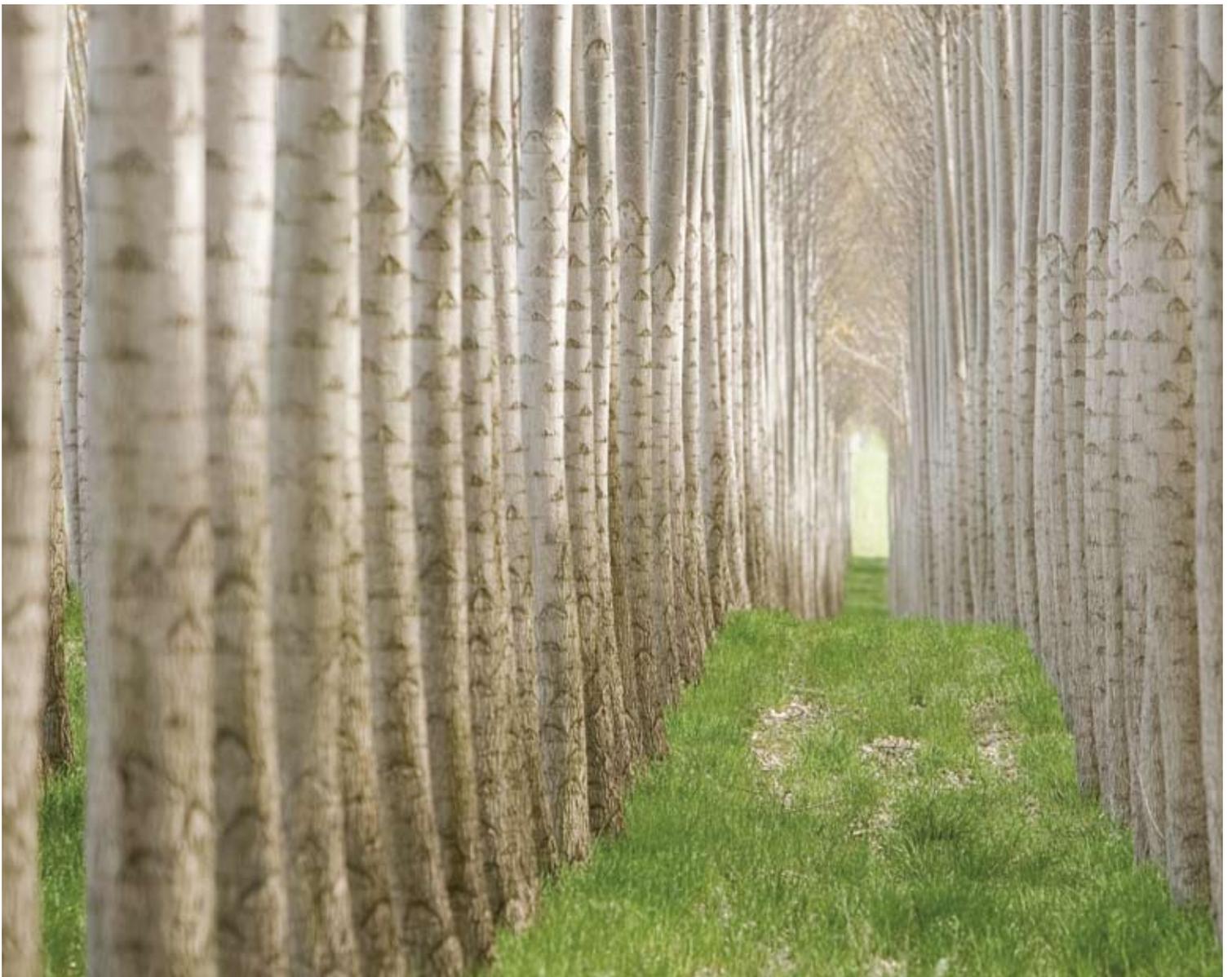


# Global Registry and Custody Service of Voluntary Carbon Units

Global Corporate Trust



THE BANK OF NEW YORK MELLON



# Who's helping you?

The Bank of New York Mellon created the Global VCU Registry and Custody Service unit to provide participants in the voluntary market with a tool that will contribute to development of a fungible market in Voluntary Carbon Units (VCUs).

The 1997 Kyoto Protocol enacted a set of greenhouse gas emission reduction targets whereby governments have the option of either reducing domestic emissions or offsetting them by implementing "carbon" reduction projects in developing countries.

While the Kyoto Protocol is moving toward regulation for each of the signatory countries, a voluntary market has developed to meet current needs. Companies, non-governmental organisations and individuals can reduce their carbon emissions footprint voluntarily by implementing additional projects that decrease the amount of greenhouse gases entering the atmosphere and generating an offset or credit.

To qualify as an offset, the reductions achieved by a project need to be real, permanent and additional to what would have happened in the absence of the project. These reductions are then verified and certified by a third party to create a Unit or Credit. VCUs are usually measured as one metric ton of carbon dioxide-equivalent (CO<sub>2</sub>e) and have a monetary value, and therefore can be bought, sold or retired, once verified and certified by a third party verification agent.

## **Verification by the United Nations Convention**

A Verification Agent is an entity approved by the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat on a 'per industry sector' basis depending upon relevant expertise and experience. There are currently two types of Verification Agents:

1. "Designated Operational Entity"
2. "Accredited Independent Entity"

Please refer to UNFCCC website at <http://cdm.unfccc.int/DOE/index.html> for a list of approved agents



Global Registry and Custody Service clients include entities whose emissions were unregulated in the first phase of the Kyoto pact.

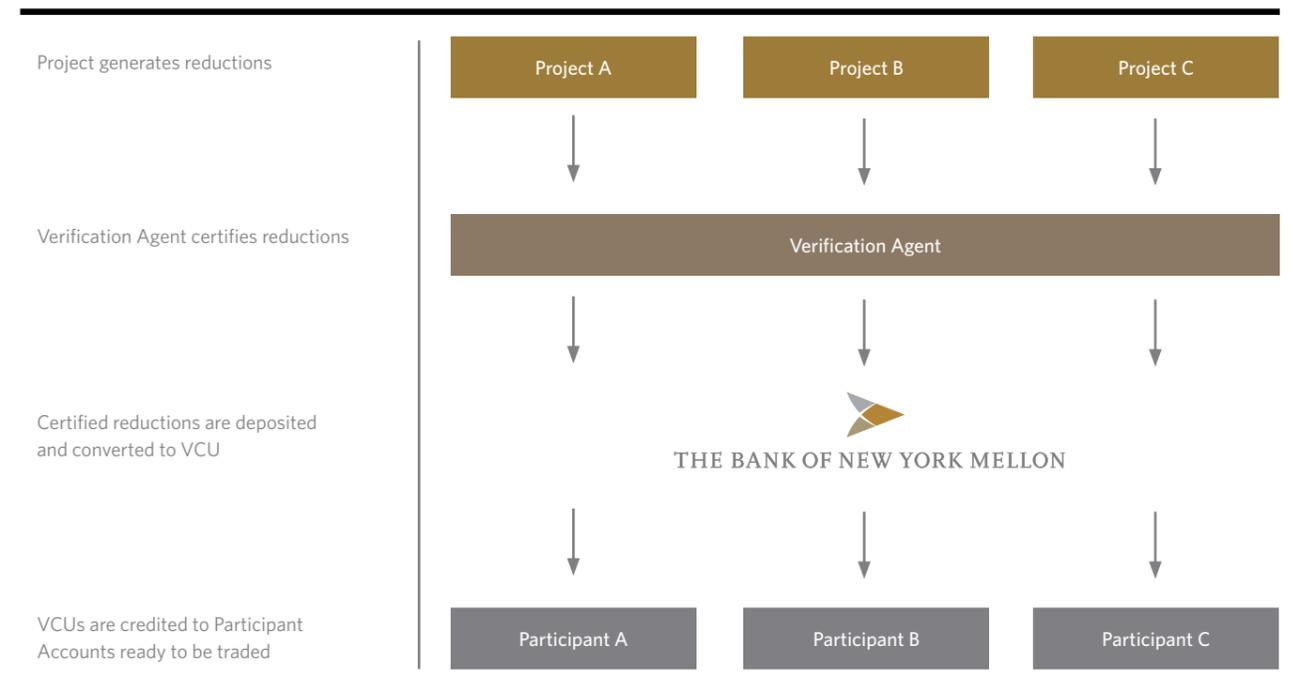
Buyers purchasing VCUs as part of an overall carbon management strategy to reduce emissions and become carbon neutral

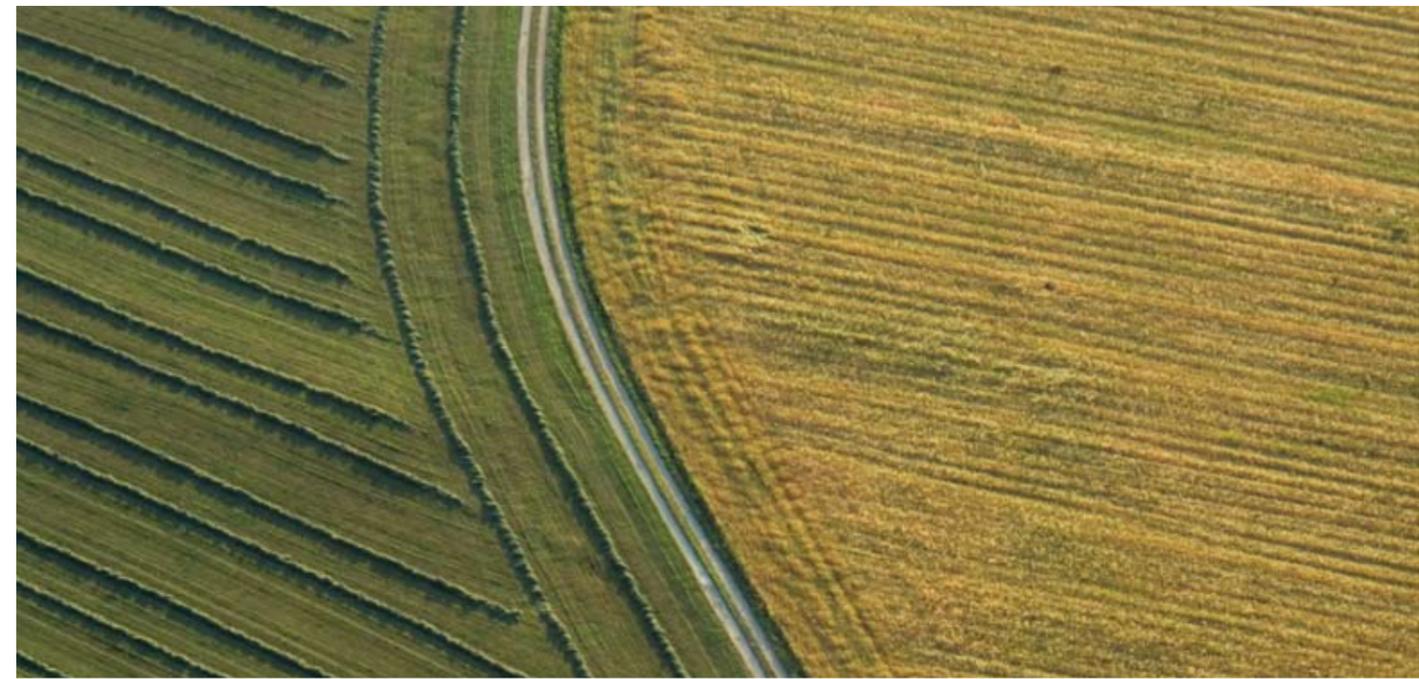
Sellers of VCUs in need of a transparent registry record to prove that no carbon credit is double counted (i.e. sold more than once)

**Traders or Intermediaries** - Banks, Investment Banks, Asset Managers, Prime Brokers and VCU Traders

**Retailers** - Organisations buying carbon credits and selling / retiring on behalf of companies / individuals to reduce their carbon output

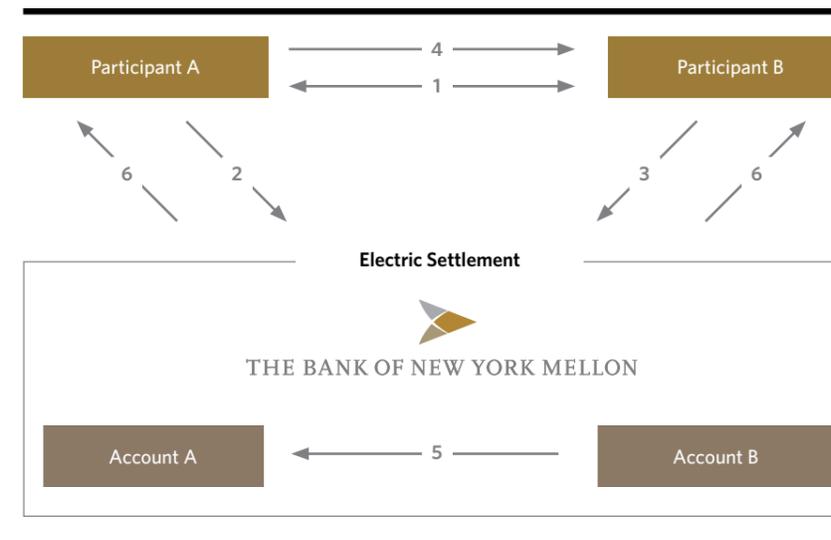
### Pre-trade Process





Participating in the Voluntary Carbon Units market using the Global Registry and Custody Service unit:

PARTICIPANT A AGREES TO BUY VCUS FROM PARTICIPANT B  
 PARTICIPANT A SENDS BNYM VCU BUY ORDER  
 PARTICIPANT B SENDS BNYM VCU SELL ORDER  
 PARTICIPANT A WIRES PARTICIPANT B PURCHASE PROCEEDS DIRECTLY ON SETTLEMENT DATE  
 VCUS DEBITED FROM PARTICIPANT B ACCOUNT AND CREDITED TO PARTICIPANT A ON SETTLEMENT DATE  
 BNYM ADVISES PARTICIPANTS A & B THAT TRANSFER OF VCUS IS COMPLETE .



Building on the goal of an independent and impartial registry, the GCRS unit is developing systems to include:

- Against Payment Trading
- Electronic trade instruction / settlement confirmation
- VCU pricing, mark to market, valuations



The Bank of New York Mellon is a global financial services company focused on helping clients manage and service their financial assets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team.

**Our Company**

- US\$23.1 trillion in assets under custody and administration
- US\$1.1 trillion in assets under management
- US\$12 trillion in outstanding debt serviced
- Worldwide staff of 42,600
- Locations across 6 continents, in 34 countries.

**Our Company**

- 85% of the Fortune 500
- 60% of the Fortune 1,000
- 70% of the Global 500

**Our Company**

- Strong investment-grade ratings

**Main Financial Figures**

Total assets	US\$205 billion
Total shareholders' equity	US\$28.5 billion
Tier 1 capital ratio <sup>1</sup>	8.76%
Total capital ratio <sup>1</sup>	12.14%
Adjusted tangible common equity ratio <sup>1</sup>	4.14%
Market capitalization	US\$47.7 billion

as of March 31, 2008

<sup>1</sup>Excludes merger and integration and intangible amortization expenses.

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