



PRESS RELEASE

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Buyer liability insurance now available for California's cap-and-trade offset program

In a unique alliance, Parhelion offers insurance on compliance offset credits that originate from the Climate Action Reserve

LOS ANGELES, CA and LONDON – The Climate Action Reserve, North America's premier carbon offset registry, and Parhelion Underwriting Ltd., the leading innovator for carbon market insurance products, today announced a unique, strategic alliance to support the delivery of the first insurance product for compliance offset credits in California's Cap-and-Trade Program. Under this alliance, Parhelion is offering insurance against invalidation for compliance offset credits that were transitioned from credits originally issued by the Reserve and the Climate Action Reserve will share its unrivalled experience and deep insight in to North American carbon offset projects, thereby, supporting the wider market development and helping its clients solve a critical risk issue.

"Invalidation of offset credits has been a concern for the market, especially for compliance buyers. While the Reserve has a well-established reputation for its knowledge and experience in reviewing offset projects and ensuring that offsets have real environmental integrity, we are always looking for ways to further protect our account holders and market participants. So, we are very excited to enter this agreement with Parhelion and be a part of this pioneering initiative," said Gary Gero, President of the Climate Action Reserve.

The insurance product, Parhelion California ARB Offset Credit Invalidation Insurance, covers ARB Offset Credits (ARBOCs) that were transitioned from Reserve-issued Registry Offset Credits (ROCs) or Early Action Offset Credits (EAOs). The insurance underwrites the risk of invalidation of ARBOCs, removing the financial risk associated with this from the holder of the

offsets. This private insurance of the most trusted offset credits provides the assurance and security being sought by the market.

“We saw a definite need in the market for insurance covering offsets in California’s cap-and-trade program. Not wanting to commit to a risky move ourselves, we conducted exhaustive research into the offsets program and found the Reserve has an outstanding history of thoroughly analyzing projects and issuing only high quality offset credits. We are delighted to be benefiting from the Climate Action Reserve’s extensive experience and knowledge. It will give us the opportunity to provide their clients with even greater confidence in the offset created,” said Julian Richardson, CEO of Parhelion Underwriting Ltd.

The offsets program of California’s cap-and-trade market represents a key means for regulated companies to keep their costs of compliance manageable, which means extra costs are not passed on to consumers. It also provides a way to incentivize non-regulated industries to reduce their emissions. Parhelion’s offset credit insurance provides additional confidence for buyers and sellers to participate in this program.

“We designed the cap-and-trade program to ensure the integrity of the emission reductions and had hoped and expected that the private insurance market would provide a solution to backstop our right to invalidate improper offsets,” said Mary Nichols, Chairman of the California Air Resources Board (ARB). “We are very happy to see that such a product is now available and congratulate Parhelion and the Climate Action Reserve for their fine work.”

The **Climate Action Reserve** is the most experienced, trusted and efficient offset registry to serve the carbon markets. With deep roots in California and a reach across North America, the Reserve encourages actions to reduce greenhouse gas emissions and works to ensure environmental benefit, integrity and transparency in market-based solutions to address global climate change. It operates the largest accredited registry for the California compliance market and has played an integral role in the development and administration of the state’s cap-and-trade program. For the voluntary market, the Reserve establishes high quality standards for carbon offset projects, oversees independent third-party verification bodies and issues and tracks the transaction of carbon credits (Climate Reserve Tonnes) generated from such projects in a transparent, publicly-accessible system. The Reserve program promotes immediate environmental and health benefits to local communities and brings credibility and value to the carbon market. The Climate Action Reserve is a private 501(c)(3) nonprofit organization based in Los Angeles, California. For more information, please visit www.climateactionreserve.org.

Parhelion Underwriting Limited is a specialist insurance business focused on developing and implementing innovative risk finance and insurance solutions for the global carbon markets and the wider climate finance sector. Parhelion provides advisory and transactional services to a wide range of sector stakeholders including project developers, compliance buyers, investors,

traders, governments and multilateral organisations. Established in 2006 Parhelion has been leading the way for the insurance industry to contribute effectively to the growing climate finance sector and carbon markets. In 2011 Parhelion developed the innovative 'EU Eligibility Risk Insurance' to cover risks associated with Kyoto offsets being eligible for compliance obligations in the European Emissions Trading Scheme. Parhelion was awarded 'Carbon Finance Transaction of the Year' runner-up award by Environmental Finance magazine. Parhelion is a private sector company authorized and regulated by the UK Financial Conduct Authority. For more information please visit: www.parhelion.co.uk.

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