



WORLD BANK

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Joint News Release

World Bank, Roxol Bioenergy sign carbon finance deal to help mitigate climate change and address poverty

MANILA, JANUARY 14, 2009—The World Bank and the Roxol Bioenergy Corporation, the bioethanol unit of Philippine-listed sugar group Roxas Holdings, Inc., signed today an Emission Reductions Purchase Agreement (ERPA) for the latter's ethanol plant wastewater and methane gas recovery project that will avoid air and water pollution, mitigate the impact of climate change and help address poverty in Negros Occidental. The Bank signed as a trustee of the Community Development Carbon Fund (CDCF).

The ERPA has a crediting period of 10 years starting 2010.

Capitalized by developed countries and private companies, the CDCF is one of the carbon funds being managed by the World Bank to purchase carbon emission reduction credits under the Clean Development Mechanism (CDM) of the Kyoto Protocol. CDM encourages investments in clean-and-green and climate-friendly business processes and technologies in developing countries, including the Philippines.

"This is the 6th agreement signed by the World Bank in the Philippines since we started supporting carbon finance operation in the country in 2003," said Mr. Bert Hofman, World Bank Country Director for the Philippines. "I am pleased to have signed this agreement because of its contribution to the country's growth, poverty reduction, environmental improvement and mitigation of the impacts of climate change."

system, the cheapest method of treating distillery wastewater. The collected methane will be used to power the ethanol plant's boiler, thus displacing the traditional bunker fuel.

"We developed a sustainable development project for our ethanol plant that will capture methane from the biogas generated through an advanced wastewater treatment system we adopted from India instead of employing the much cheaper to operate open lagooning system. We will then use this biogas instead of bunker fuel to operate the plant and thus will bring down our greenhouse gas emission as well as our operational costs," Mr. Roxas said.

Mr. Hofman said that as a trustee of various carbon funds, the World Bank is leading the efforts in mitigating climate change through the use of market-based initiatives. *"The Bank's carbon finance program is a natural extension of its mission to fight poverty. The Bank wants to ensure that poor countries can benefit from international efforts to combat climate change, including the emerging carbon market for GHG emission reductions,"* he explained.

Roxol Bioenergy, which will use molasses sourced from its sugar mills as raw material in its ethanol production, will have a production capacity of 100,000 liters a year. Last year, the company engaged the Indian firm KBK Chem-Engineering Pvt. Ltd. to build and activate its ethanol plant on a turnkey basis.

The CDCF's emission reductions purchase agreement (ERPA) with Roxol Bioenergy forms part of the growing number of CDM projects in the country, which now totals 19 registered projects, ranking the Philippines 7th globally in terms of the number of registered projects.

The signing of the ERPA was also witnessed by senior officials from the World Bank— **Mr. Rahul Raturi, Sector Manager in East Asia and the Pacific for Rural Development, Natural Resources and Environment Unit** and **Mr. Mark Woodward, the Sustainable Development Leader for the Philippines.**

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For information on the World Bank's support to the Philippines, please visit www.worldbank.org.ph

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Philippine Stock Exchange
Disclosures Department
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Pasig City, Metro Manila

Attention : **ATTY. PETE M. MALABANAN**
Head – Disclosure Department

Gentlemen:

Attached is a copy of the joint press release issued today by our subsidiary, Roxol Bioenergy Corporation, and the World Bank in connection with the signing of an Emission Reduction Purchase Agreement.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Florencio M. MAMAUAG, JR.", written in a cursive style.

FLORENCIO M. MAMAUAG, JR.
VP Legal & Asst. Corporate Secretary

"This project supports and strengthens the implementation of the country's important environmental legislations such as the Biofuels Act of 2006, the Clean Water Act of 2004 and the Clean Air Act of 1999," added **Sec. Lito Atienza of the Department of Environment and Natural Resources (DENR).**

Under the agreement, the World Bank through CDCF will purchase the carbon credits coming from the operation of Roxol Bioenergy's wastewater treatment facility and the methane gas recovery system of its ethanol plant in La Carlota, Negros Occidental.

"The ERPA will give Roxol's income stream a boost of at least US\$3.2 million in the next four years," said **Mr. Pedro E. Roxas, Chairman of the Board of Roxol Bioenergy Corporation.**

According to **Mr. Roxas**, the project will avoid the emission of at least 50,000 metric tons of carbon dioxide each year. Part of the revenue for the purchase of the emission reductions by the CDCF—a dollar per metric ton of carbon dioxide reduced—would be used to finance Roxol's community development projects including livelihood (such as animal dispersal, agricultural production and trading); health services; and educational services including scholarships, vocational training for out-of-school youth, rehabilitation of schools and day care centers.

"About 3,500 residents in Barangay Roberto S. Benedicto in La Carlota City and Barangay Don Salvador Benedicto in Pontevedra, Negros, many of whom are beneficiaries of the government's agrarian reform program, will benefit from this project," said **Mr Roxas.**

Aside from providing local employment, the project, **Mr. Roxas** said, will increase demand for materials and equipment and other inputs and services, such as labor and transportation to support the ethanol plant's operation. *"This project will create jobs for farmers, suppliers, drivers and laborers."*

The carbon credits will be generated through the adoption of a clean, advanced and more efficient biomethanation technology in treating the ethanol plant's wastewater, a significant shift from the traditional open lagoon system that emits large amount of methane, a highly potent greenhouse gas.

The project will avoid the emission of methane from the ethanol plant's wastewater by collecting it instead of just letting it escape into the atmosphere, as usually done in an open lagoon