



# Sustainable Finance

Market Performance - Selected Markets for the Week Ended October 02, 2009				
Market	Dec 31, 2008	Oct 02, 2009	YTD Change	YTD % Change
S&P TSX	8,987.70	10,946.74	1,959.04	21.80%
Dow Jones	8,776.39	9,487.67	711.28	8.10%
S&P 500	903.25	1,025.21	121.96	13.50%
Nasdaq	1,577.03	2,048.11	471.08	29.87%
Nikkei 225	8,859.56	9,731.87	872.31	9.85%
FTSE 100	4,434.20	4,988.70	554.50	12.51%
Dax	4,810.20	5,467.90	657.70	13.67%
Hang Seng	14,387.48	20,375.49	5,988.01	41.62%
Shanghai	1,820.81	2,779.43	958.62	52.65%
DJSI World TR	945.46	1,209.75	264.29	27.95%
DJSI North America TR	92.85	110.88	18.03	19.42%
Jantzi Social Index TR	128.27	164.31	36.04	28.10%
FTSE 4Good Global 100	3,384.13	3,949.65	565.52	16.71%

Selected Rates (Institutional)	
Description	Price/Rate Oct 02, 2009
CDN/USF	1.0845
CDN/EURO	1.5822
CDN/CHF	1.0480
CDN/YEN	0.0121
CPI - Canada TTM Total CPI	-0.80%
CPI - USA TTM Total CPI	-1.50%
CPI - EURO Zone TTM Total CPI	-0.20%
GOC 1 Yr T-Bill	0.57%
GOC 5 Year	2.57%
GOC 10 Year	3.26%
GOC 30 Year	3.82%
Gold USF/Oz	1,003.20
Oil USF/BBL WTI Cushing Spot	69.95

## Week in Review

Ok. I have been talking about a stall for a while now and it appears as though it may be in progress.

Not that the markets may not recover from the current levels temporarily once again. However, weakness will likely remain a constant theme for the rest of the year.

On the leader board for the best decline in the markets that we follow is Japan

with a gripping 6.03% fall. That's almost 8.00% in three weeks. Other Asian markets fared slightly better with the Hang Seng off 4.51% and the Shanghai Stock Exchange off 3.26%.

European markets were slightly better with the German market off 2.36% and the UK market off 2.11%. Any way you slice it they were all down.

North American markets had a tough time as well this week but really what can you expect when you are 8 to 10 months into a rally off the tail end of a devastating bear market?

Toronto was off 2.96%, the Nasdaq was down 2.71% and the S&P 500 fell 2.12%. Shocking everyone however was the Dow Jones industrial index which, GASP, gained 0.53% for the week.

Go figure. I don't have the answer to that one.

On the North American economic front, the front that everyone should be watching at least on this continent, there was mixed news.

US consumer spending, that shopping bag with feet, was up a wild 1.3% in August but it was mostly the cash for clunkers program. Auto sales dropped by 355 over

the previous month in September when the program was exhausted. When will North American car producers realize, finally, that they have WAY to much capacity and that no amount of government assistance is going to help them?

The US also shed 263,000 jobs in September (Ouch) although there was some positive news on the housing front.

In Canada the Bank of Canada Governor Mark Carney tells everyone that he will go slow with rate increases. That's good because with the lowest rates in the last half century the economy is still sputtering along.

There is still no compelling reason to increase equity holdings and our leaning is toward reducing them for now.

It is very likely that

there is one more push higher that will occur before the year end and that will likely be it until the new year.

So to sum up the game is boring right now and the home team looks like it could lose some of its lead. We are in the stands but not ready to yell "we win" quite yet.

Trevor Giles

## Sustainable Investing—Copenhagen

Copenhagen. The city not the chewing tobacco. Perhaps one of the most important climate change meetings that will occur this century.

The document that will be produced and the global carbon finance compliance regime that will follow the Kyoto Protocol is quite likely to be viewed as one of the most important inflection points in human history.

While that may seem overly dramatic, the truth of it is in the air we breath, the oceans we sail upon and the land we live on.

Performance on the Kyoto Protocol has varied from the overtly pathetic and gutless actions of the

Canadians (yes we are the pariah of the Kyoto Protocol) to the stellar performance of Denmark, the host country of the meeting.

So what are the issues that face the talks at Copenhagen?

For starters China, India, and Brazil are some of the big players that will have to be included in the final document. More and more they are becoming very large carbon emitters. And the argument that current developed nations polluted in the past is reason enough to allow newly developing nations to pollute in the same manner now is no longer valid.

Of course the next issue is the United States of America.

Like it or not, they will have to participate for the new document to have any serious hope of accomplishing the mammoth task ahead of the governments of the planet.

Why is it important for the USA to participate? They produce over 25% of the planets greenhouse gases. If China also participates then combined we will have two countries that account for almost 55% of the planets greenhouse gasses.

As you are likely aware the USA signed but never ratified the Kyoto Protocol which while tough was better than Canada signing, ratifying and then reneging on their commitment.

If the USA signs on, and it looks like they will, then we have a much greater chance of making the new agreement that much stronger.

Having the majority of the world's countries sign on would be a very positive step.

The next issue then becomes dealing with developing countries and refining the current mechanisms for carbon emission reductions and credit generation.

The two current mechanisms are the Clean Development Mechanism or CDM (developed country to developing country project) and the Joint Implementation process or JI (developed country to developed country projects).

The CDM has been plagued by a slow and bureaucratic process and the costs of registering a project have steadily increased. For it to be an effective process, and it certainly could be, there must be more staff, faster approvals and lower costs.

The JI process has been used very little and it may just be a wise move to eliminate it altogether and simply use one process for all projects no matter who the country participants are.

The next issue is to make the commitments required by all countries significant enough to make a difference. A real difference. 20% reductions from the current levels are not near enough. We

need at least 50% reduction from 1990 levels to make a serious difference.

Lastly, there has to be hard penalties for non-compliance. Otherwise you will have the possibility of countries pulling a "Canada" and signing the agreement with-

out any real intent to actually meet their commitments.

Finally, the new agreement should be permanent with 20 year commitment periods and 5 year performance review and penalty periods.

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## Selected News Articles

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### Massive Texas Wind Farm Operating

DALLAS (AP) --

The world's largest wind farm officially got up and running Thursday, with all 627 towering wind turbines churning out electricity across 100,000 acres of West Texas farmland.

The Roscoe Wind Complex, which began construction in 2007 and sprawls across four counties near Roscoe, is generating its full capacity of 781.5 megawatts, enough to power 230,000

homes, the German company E.ON Climate and Renewables North America said.

"This is truly sign milestone for us," said Patrick Woodson, the company's chief development officer. "In three years to be able to take this project from cotton fields to the biggest wind farm in the world is something we're very proud of."

The complex is about 220 miles west of Dallas and 300 miles south of the land

where billionaire oilman T. Boone Pickens had planned an even larger wind farm before he scrapped the idea in July.

Texas leads the nation in wind power production, and this wind farm tops the capacity record of 735.5 megawatts set by another West Texas farm southwest of Abilene.

Renewable energy makes up a small fraction of the electricity grid, but the wind and solar sectors were among the

fastest growing in the U.S. before the recession. Wind power in Texas has grown again this year but has slowed from the 2008 rate.

"We are expecting '09 to be a somewhat smaller year overall, but still a fairly solid year," said Kathy Belyeu of the American Wind Energy Association.

At the Roscoe wind farm, the turbines range in size from about 350 to 415 feet tall, and they're generally spaced about

900 feet apart, Woodson said. The land is leased, mostly from dryland cotton farmers who continue to work the fields around them, Woodson said. Texas is the nation's leading producer of cotton, most of it from West Texas.

"It's a use that appears to be quite complimentary," Woodson said. "This whole community was extremely welcoming to us."

E.ON has facilities around the state, but

it could be awhile before the company builds more huge wind farms in West Texas because of the glut of wind companies and lack of transmission lines, Woodson said. The state is planning more lines from West Texas to more heavily populated areas, but they won't be completed for at least two more years.

Pickens cited the transmission problem when he bailed out on his planned wind farm. He had already invested \$2 billion in

687 turbines when he pulled the plug on the 200,000-acre project. E.ON is one of the top 10 wind power companies in the world, the company says on its Web site, with operations in the U.S. and Europe.

The Associated Press  
October 1, 2009

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*"Renewable energy is proven technology, the price is dropping, the rest of the world is going that way, that's where our investment should be going as well."*

*Bob Brown*

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### More Corporations Are "Greening" Supply Chains

Savvy business sometimes requires only a flip of a lid.

When Stonyfield Farm switched from plastic to foil lids six years ago, the organic yogurt company avoided 16 percent of the energy costs associated with producing its containers.

Similar savings have been discovered throughout Stonyfield's manufacturing, transportation, and packaging divisions since the company began measuring its carbon footprint in the early 1990s, according to Chairman Gary Hirschberg.

"Our carbon footprint is everywhere we look. It's our transportation. It's our waste," Hirschberg told a conference of business executives in Boston, Massachusetts, earlier this month. "We're sending our money into the dark sky. That's clearly dollars to be reclaimed."

For many companies, sustainability improvements such as energy and water efficiency were at

first reactions to public criticism. Nowadays, as rising energy costs, water scarcity, and climate change threaten the affordability and availability of global inputs, corporations are recognizing that a more sustainable product has a better chance of remaining competitive in a resource-constrained world.

But a product's environmental or economic sustainability rarely depends on the actions of a single company. As a result, many corporations are pressuring their suppliers to become more efficient as well.

"Everyone is scrutinizing for higher sustainability efforts because companies are asking for it," said Paul Baier, a vice president with the consulting firm Groom Energy. "Clearly, it's become mainstream business."

Walmart represents the most dramatic example of efforts to "green" corporate supply chains. The world's largest retailer announced in July that many of its suppliers would need

to assess and report on the environmental and social sustainability of their products. The responses may eventually be combined into an index of a product's lifecycle impact, the company said.

Since Walmart notified its suppliers about the request - asking whether the companies had evaluated environmental impacts such as greenhouse gas emissions, water use, and product recyclability - several suppliers have increased their investments in measuring carbon emissions and energy efficiency, Baier said.

The motivation for corporations like Walmart to improve the efficiency of supplier industries is in part financial. Improved efficiency can be an important component of business deals between suppliers and retailers. Depending on the agreement, the avoided energy costs are shared between the two companies. Both supplier and buyer increase profits while the overall supply chain becomes more efficient.

"When you're speaking sustainability with business people, you have to speak the language," said Richard Goode, head of climate change programs for Alcatel-Lucent, a global telecommunications company. "The language has always been profitability."

David Newman, a sustainability director for Millipore Corporation, said the Massachusetts-based bioscience manufacturer has reduced its energy consumption 12 percent since it started measuring emissions in 2006. Still, Newman questions whether the additional sustainability push from outside businesses and organizations will boost profits for his company.

"The vision...can't just be to reduce the environmental cost of our supply chain," Newman said. "That's an admirable goal, but it's not the best goal from a business perspective."

Corporations are also pushing sustainability to mitigate the environmental risks associated with their products. The grow-

ing scarcity of arable land, clean water, and cheap energy may threaten the availability of products ranging from t-shirts to soft drinks, especially as climate change shifts agricultural patterns.

"If climate change takes place as many scientists are projecting and parts of the supply chain will no longer be available, companies want to know whether suppliers are recognizing this and taking action to ensure the survival of their products 30 years from now," said Dan Kreeger, executive director of the Association of Climate Change Officers, an organization for corporate sustainability officers.

"Cadbury's is worried about where it'll get its chocolate and Coca-Cola is worried about where it'll get its water," said Gwen Ruta, vice president of corporate programs at the Environmental Defense Fund.

Peer pressure has also led more companies to volunteer emissions data through the independent Carbon Disclosure Project, which reports corpo-

rate emissions from electricity usage as well as the direct burning of fossil fuels. The group announced last week that a record 409 of the world's 500 largest companies responded to its latest request - an increase from 383 last year.

"If you're not doing CDP, I strongly recommend it," Hirschberg told the conference. "If today [reporting emissions] is not mandated, tomorrow I guarantee it will be."

Beginning this year, the Carbon Disclosure Project has attempted to expand its inventory to smaller companies that supply many of the world's largest corporations. While many of these companies remain unsure of how to analyze their emissions, the quality of responses is improving, said Chrystina Gastelum, U.S. account manager for the group's supply chain inventory.

"It requires a lot of technical data," Gastelum said. "There is not a lot of expertise [among the companies]."

Corporations are also instructing suppliers to validate all sustainability improvements through outside auditors. Large companies are increasingly sensitive to being perceived as "greenwashing," the notion that environmental improvements are advertised disproportionately to distract from other, polluting, activities.

"If we are going to communicate to the public, you need to have someone standing behind you, saying you did it the right way," said David Walker, director of environmental sustainability for PepsiCo.

Worldwatch Institute  
September 28, 2009  
By Ben Block

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