



# Sustainable Finance

## Market Performance - Selected Markets for the Week Ended February 19, 2010

Market	Dec 31, 2009	Feb 19, 2010	YTD Change	YTD % Change
S&P TSX	11,746.11	11,709.29	- 36.82	-0.31%
Dow Jones	10,428.05	10,402.35	- 25.70	-0.25%
S&P 500	1,115.10	1,109.17	- 5.93	-0.53%
Nasdaq	2,269.15	2,243.87	- 25.28	-1.11%
Nikkei 225	10,546.44	10,123.58	- 422.86	-4.01%
FTSE 100	5,412.88	5,358.17	- 54.71	-1.01%
Dax	5,957.43	5,722.05	- 235.38	-3.95%
Hang Seng	21,872.50	19,804.02	- 2,068.48	-9.46%
Shanghai	3,277.14	3,018.33	- 258.81	-7.90%
DJSI World TR	1,286.40	1,234.99	- 51.41	-4.00%
DJSI North America TR	120.14	119.75	- 0.39	-0.32%
Jantzi Social Index TR	173.67	172.51	- 1.16	-0.67%
FTSE 4Good Global 100	4,256.14	4,040.59	- 215.55	-5.06%

## Selected Rates (Institutional)

Description	Price/Rate Feb 19, 2010
CDN/USF	1.0420
CDN/EURO	1.4106
CDN/CHF	0.0113
CDN/YEN	0.9626
Total CPI -Canada TTM (01/10)	1.90%
Total CPI - USA TTM (01/10)	2.90%
Total CPI - Euro TTM (01/10)	1.10%
GOC 1 Yr T-Bill	0.62%
GOC 5 Year	2.56%
GOC 10 Year	3.49%
GOC 30 Year	4.08%
Gold USF/Oz	1,121.30
Oil USF/BBL WTI Cushing Spot	79.81

## Week in Review

This week has been a recovery week. And thankfully so. After writing last weeks comment I was a little concerned. And although I still have concerns about the global picture, a week of respite is welcomed.

With the exception of the Chinese markets the general movement in prices was positive. In North America the S&P TSX in Canada gained almost 2.00%, the Dow Jones was up 1.90%, the S&P 500 put on 3.00% and the

NASDAQ added 2.66%. A good week in any book.

The Europeans had an even better week, in the markets at least. The DAX in Deutschland gained 3.72% and the FTSE in jolly old England added 3.99%. Well done. Now if they could only solve the Greek debt problem there would be lots to celebrate about.

The Asian markets were mixed with the Japanese Nikkei 225 adding 0.30% while the Honk Kong market lost 2.13% and the Shanghai index stayed flat. All this on

the news that China was starting to require less lending from their banks to customers when only two months ago they were demanding more lending. Such is the fickle nature of micro managed economies.

Sustainable and social indices had a great week with gains across the board in the 3.00% range.

The real news for the week is the debt situation in Greece and in the quasi bankrupt Euro countries of Italy, Spain, and Portugal.

Now they are not bankrupt but if they were examined against the standards of corporate entities they may very well be considered that way.

The concerns about the debt in Greece have also transferred to Portugal, Italy, and Spain. Countries that are known to have large deficits in relation to their GDP.

The membership criteria in the European Union explicitly states that no member country is allowed to run a budget deficit of more than 3.00% of their GDP. All of

them are past that amount at this time.

What is coming to light now though, and this is important, is that some of these governments have been using the services of US investment banks to hide the extent of their deficits.

Great. It has not even been a year since the sub-prime melt down and now we are hearing of US investment bank involvement in what amounts to a financial shell game not with companies, BUT WITH WHOLE COUNTRIES!!!

The import of this should not be lost on investors.

Right now, the European Union is grappling with the Greek debt crisis and they are fighting over whether or not to rescue Greece.

Simply put, it means the taxpayers in Germany and other member states are going to be asked to support the profligate spending and financial mismanagement and US investment bank orchestrated financial engineering of another country.

This is not only a test

of the conviction of the members of the European Union, but of the very financial system used globally and the involvement of investment banks.

I can assure you that there will be more on this next week as the details start to come out. But already the Euro has been under intense pressure as people (hedge funds) bet that there will be sovereign defaults and that the possibility of a member country being cast out is real.

Serious stuff. Stay tuned for next week's episode.

## UBC project to generate clean energy and new knowledge

A first-of-its-kind bioenergy project at the University of British Columbia will generate enough clean electricity to power 1,500 homes, reduce the university's natural gas consumption by up to 12 per cent and eliminate up to 4,500 tonnes of greenhouse gas emissions per year – the equivalent of taking 1,100 cars off the road.

Announced today by Premier Gordon Campbell and UBC President Prof. Stephen Toope, the UBC Bioenergy Research and Demonstration Project is a partnership with Vancouver-based

Nexterra Systems Corp. and GE Water & Power. It will be the first North American demonstration of a biomass-fueled heat-and-power generation system.

“British Columbia has enormous clean energy potential and together with industry, we are putting it to work for our economy, generating new jobs and new wealth for B.C. communities, while lowering greenhouse gas emissions within and beyond our borders,” said Premier Campbell at the announcement today kicking off Clean Energy Day.

“This project demon-

strates UBC's leadership in sustainability and our concept of the campus as a living laboratory,” said Prof. Toope. “This groundbreaking partnership is helping UBC achieve its sustainability goals through the convergence of research, operations and industry in the bio-energy sphere.”

The \$26-million project will install a biomass gasification system at UBC's Vancouver campus that will operate in co-generation mode for electric power production and thermal mode to produce steam. It will produce two megawatts of cost-effective clean

electricity – up to six per cent of the campus's average electrical demand in co-generation mode using a GE Jenbacher gas engine to produce electric power – and up to 25 per cent of campus's base requirement for steam in thermal mode. It will also provide research and learning opportunities for faculty and students, yield valuable new knowledge in the clean energy sector and inform new global standards for bioenergy system performance.

The project's UBC research collaborators include the Institute for Resources, Environment and Sustain-

ability, the Clean Energy Research Centre, the Centre for Interactive Research on Sustainability, the Faculty of Applied Science and the Sauder School of Business.

Funding support for the project comes from the BC Bioenergy Network, Natural Resources Canada's Clean Energy Fund, Sustainable Development Technology Canada, FPInnovations and UBC.

UBC is one of the most sustainable post-secondary campuses in the world, earning top grade in the Sustainable Endowments Institute's

College Sustainability Report Card. The UBC Bioenergy Research and Demonstration project will further advance UBC's excellence in academic and opera-

tional sustainability by generating new knowledge for the sustainable energy sector.

UBC Media Release  
February 15, 2010

February 19, 2010 Volume 2 Issue 7

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## Selected News Articles

### Saving the Baltic Sea

After the Copenhagen debacle, Finland has set a new standard for environmental action

Finns aren't afraid to take on the world. Between 1939 and 1945, military minnow Finland was variously at war with the Soviet Union, Britain and Germany, and survived to tell the tale. The big problem in 1940 was not the large numbers of invading Red Army troops, Finns joked, it was where to bury them all.

Finland, population 5.3 million, challenged the international powers-that-be again last week, hosting an ambitious one-day "action summit" to rescue the Baltic Sea from decades of pollution, environmental degradation and neglect. National leaders

from all nine Baltic coastal states, plus "catchment" countries such as Norway and Belarus, attended. So too did EU representatives and about 1,500 delegates, representing regional organizations, large and small businesses, NGOs and local activist groups.

Germany's chancellor Angela Merkel did not come to Helsinki, which was probably a mistake. But Russia's most powerful man, Vladimir Putin, did. He pledged environment clean-up programmes around St Petersburg, on the Gulf of Finland, and in the Kaliningrad enclave. Dropping his tough guy act for a day, Putin emphasized that Russia, too, is green at heart.

While welcoming governmental support, summit organizers stressed their

main focus was on harnessing the skills and energy of concerned individuals and businesses across the region. By the end of the summit, over 140 specific "commitments" or pledges to take practical steps, adopt best practices or launch research initiatives to reverse marine degradation had been received from multinationals such as IBM and Nokia, as well as local timber producers and farmers' organizations.

By pooling resources, and not relying on governments to take the lead, the disappointments and fractious blame-games of December's Copenhagen climate change summit were avoided. More than that, the summiteers claimed to have created a post-Copenhagen paradigm for future collaborative, cross-

border environmental action.

A senior Finnish government official said the Baltic, a relatively shallow, highly sedimented, largely enclosed sea, had suffered decades of unchecked pollution from oil spills, nutrients, toxic dumping and wartime mines and munitions. The seabed is home to an estimated 100,000 shipwrecks. The summit was a boon, the official said, because it began where the politicians had left off.

Events in Helsinki showed that smaller countries, private organizations and individuals don't have to wait for big international players. It was a first-class illustration of the sort of grassroots-upwards approach urged by commentators and activists since the

implosion in Copenhagen. As one diplomat put it, the absence of strategic mega-rivals China and the US in this instance was entirely positive and contributed to the summit's success.

On the downside, it seems clear that Putin's main purpose in attending was to reassure the neighbours that the giant Russia-Germany Nord Stream underwater gas pipeline, due to come on line in 2012, would not further harm the Baltic.

The \$7.4bn project is being challenged in the German courts by the World Wildlife Fund, which argues that Nord Stream's environmental impact assessment is inadequate. Quite rightly, it wants to see improved, independent monitoring of the

project and better compensation and restoration measures for affected areas.

But so powerful are the political and commercial interests involved, and so great is Europe's need for cheap Arctic gas, that it seems unlikely the court action will have much effect. As Putin smugly noted, governments whose economic zones the pipeline crosses have all given the go-ahead.

The fact that Russia used the summit to advance its own economic and commercial ends does not detract from its value. With Baltic shipping, oil, gas and other export traffic growing exponentially, it is vital to reverse past trends and improve environmental standards. If national security considerations and economic self-interest contribute to

that effort, then so be it. And rising public concern is a powerful catalyst too.

The Finnish President, Tarja Halonen, said Finland had taken the lead because somebody had to – and because it was perverse and unacceptable to have "some of the richest and most environmentally conscious countries on earth on the shores of one of the world's most polluted seas". Halonen is doubly right. Why should the less powerful wait upon the most powerful? And why only in the Baltic? As Finnish history shows, hoping the big guys will do the right thing is like trying to teach an elk to play the piano.

The Guardian UK  
February 14, 2010  
By Simon Tisdall

*Our modern industrial economy takes a mountain covered with trees, lakes, and running streams and transforms it into a mountain of junk, garbage, slime pits, and debris.*

Edward Abbey

*The packaging for a microwavable "microwave" dinner is programmed for a shelf life of maybe six months, a cook time of two minutes and a landfill dead-time of centuries.*

David Wann

### Uganda's oil deal fuels concerns

The gas flares that have blighted the Niger Delta are set to arrive in Uganda in the next year under the terms of a secret deal between the East African government and a British oil company. Uganda is believed to be sitting on the largest onshore oil reserves in sub-Saharan Africa but there are mounting concerns that the influx of petrodollars could encourage corruption and degrade the environment.

Leaked documents released yesterday by the oil watchdog Platform have done little to dampen

those concerns as the production-sharing agreements between London-based Tullow Oil and the government in Kampala contain few environmental safeguards while guaranteeing the company what the NGO calls "excessive profits".

"The confidential documents we have published make clear that the corporations and the government cannot be trusted to protect the Ugandan people from the negative impacts of oil extraction," said Platform's Kampala researcher Taimour Lay. The production-sharing agreements

(PSAs), which the Ugandan government had refused to publish, pave the way for the controversial practice of gas flaring, which has repeatedly been outlawed but continues around the clock in Nigeria. This is the process in which unwanted natural gas tapped during production is burned.

Article 19.3 of the PSA, leaked by Platform, reads: "Associated gas which is not used in petroleum operations, and the processing of which, in the reasonable opinion of the licensee, is not economical, shall be returned to the subsur-

face structure or may be flared."

In the last three years, oil finds thought to total 1.7 billion barrels have been made in western Uganda's Lake Albert region, with production due to begin within the next 12 months. Oil exploration specialists Tullow and their partner Heritage Oil, who between them control the majority of Ugandan finds, are thought to be close to a deal to sell on their holdings to one of the oil majors such as the US giant Exxon.

The impact of large-scale oil production in sub-Saharan Africa has come to be

known as the "resource curse" as massive, centralized earnings from export have proved easy to siphon off for corrupt officials. A list of major oil producers from Nigeria to Sudan, Equatorial Guinea and Angola reads like an index of corruption and human rights abusers.

Uganda's long-serving president Yoweri Museveni has rejected the example of Nigeria, whose oil wealth has helped to spread poverty, destabilize the country and destroy the natural habitat in the Niger Delta, instead promising to follow in the footsteps of Norway.

However, a confidential audit of foreign oil operations carried out last year by Ernst and Young warns of companies inflating their costs and avoiding responsibility for oil clear-ups. Typically oil companies could expect a return on their investment of between 12 and 20 per cent but the Ugandan deal promises profits of up to 35 per cent.

"It is unfortunate that the Ugandan government chooses to emphasize the risks of the operations to justify the contracts it has signed, rather than renegotiate a fairer deal," Platform says.

"Uganda is heading towards oil production in 2010/11 with no oil legislation yet in place, no revenue management system, and is locked into contracts that undermine the country's sovereign control over its own natural resource."

Tullow has refused to discuss the specifics of its agreements with Uganda but continues to insist that it upholds international and industry accepted standards in its dealings.

The Independent  
February 17, 2010  
By Daniel Howden