



Sustainable Finance

Market Performance - Selected Markets for the Week Ended February 26, 2010					Selected Rates (Institutional)	
Market	Dec 31, 2009	Feb 26, 2010	YTD Change	YTD % Change	Description	Price/Rate Feb 26, 2010
S&P TSX	11,746.11	11,629.63	- 116.48	-0.99%	CDN/USF	1.0526
Dow Jones	10,428.05	10,325.26	- 102.79	-0.99%	CDN/EURO	1.4377
S&P 500	1,115.10	1,104.49	- 10.61	-0.95%	CDN/CHF	0.9826
Nasdaq	2,269.15	2,238.26	- 30.89	-1.36%	CDN/YEN	0.0119
Nikkei 225	10,546.44	10,126.03	- 420.41	-3.99%	Total CPI -Canada TTM (01/10)	1.90%
FTSE 100	5,412.88	5,354.52	- 58.36	-1.08%	Total CPI -USA TTM (01/10)	2.90%
Dax	5,957.43	5,598.46	- 358.97	-6.03%	Total CPI -Euro TTM (01/10)	1.10%
Hang Seng	21,872.50	20,608.70	- 1,263.80	-5.78%	GOC 1 Yr T-Bill	0.62%
Shanghai	3,277.14	3,051.94	- 225.20	-6.87%	GOC 5 Year	2.49%
DJSI World TR	1,286.40	1,220.52	- 65.88	-5.12%	GOC 10 Year	3.40%
DJSI North America TR	120.14	119.14	- 1.00	-0.83%	GOC 30 Year	4.02%
Jantzi Social Index TR	173.67	172.21	- 1.46	-0.84%	Gold USF/Oz	1,118.30
FTSE 4Good Global 100	4,256.14	4,010.13	- 246.01	-5.78%	Oil USF/BBL WTI Cushing Spot	79.66

Week in Review

This week was a quite one. Markets were down a small amount in the 0.50% to 1.00% range.

The only exceptions were the Chinese markets which gained 3.75% in Hong Kong and 1.03% in Shanghai and the German DAX which lost 2.08%.

As I stated last week the big news this week would be the involvement of US Investment Banks in the "Greecegate"

debt situation. It seems to me that US Global Investment banks are focused on wrecking the global financial system just to generate fee revenue and large bonuses. Does greed have no bounds? Likely not.

So here is what we know so far. Goldman Sachs helped the Greek Government hide at least \$ 15 billion USF in debt using a complex derivative set up that turned a loan into a currency

swap. Now I have seen these and they are not a simple instrument. But the reality is it is still debt in some form and the Greek government was on the hook for it. However, it did not have to be disclosed under the European Union rules at the time.

There you have it. Financial alchemy at its best. Maybe Goldman could have made the entire sovereign Greek debt disappear with a large enough

currency swap. From here it should flow that the next question is "If they were doing it with Greece, who else were they doing it with and what other banks were involved in the same process?"

Apparently Ben Bernanke from the US Fed asked the question and now there will be an official Fed inquiry in the US with Goldman Sachs and other "unnamed" banks in attendance.

It will be interesting

to see what other countries were involved as well.

The likely candidates are Ireland, Italy, Spain, and Portugal. And what of the newest members of the European union?

And what is the likely outcome of this? Really it is hard to tell but for the first time since the European Union was a reality with a single currency, the possibility exists for expulsion of a member state.

While that possibility is remote, the possibility of EU states bailing out other EU states is very real.

And where can this lead? For the EU state that is bailed out it represents a severe economic blow because they will have to abide by the requirements of the states that are bailing them out.

For the EU states that are providing the funds, likely Germany and France, it will mean that their

citizens will be paying taxes to support countries that are financial basket cases and that part of those taxes will be required due to the financial irresponsibility of US Investment Banks.

I believe that it is time to end financial engineering and innovation. As in reality there have been no financial innovations for thousands of years. Just different packaging and that packaging is now toxic waste.

Castlegar pulp mill ready to make green energy

Castlegar's Celgar pulp mill has received a \$40-million federal grant for a green energy project that turns biomass into enough energy to supply 22,000 homes with power for a year, integrating the forest industry into the provincial initiative to become energy sufficient by 2016.

The Celgar project, the first to be funded under Ottawa's \$1-billion Green Transformation Program, is expected to generate 48 megawatts of power when it comes online in September. Celgar intends to use 13 megawatts for the mill's energy needs and sell the rest, 35 megawatts, to BC Hydro.

"That's enough energy to power 21,636 households a year," said Susan Danard, manager of media relations at Hydro. "It guarantees a nice source of clean, reliable energy to BC Hydro and our customers."

The mill's green energy will replace imported energy from Alberta or the U.S. that is generally generated by burning fossil fuels.

Further, it will add a new source of revenue to the mill by adding a valuable bioenergy component to the pulp-making process. The extra revenue -- the exact amount is not being disclosed -- will enable the Celgar mill to be more competitive globally, said

David Gandossi, vice-president at Mercer International, the Vancouver-based forest company that owns the Celgar mill. It is one of Canada's largest and most modern.

Gandossi said the Celgar mill is investing the \$40 million primarily in a new condensing turbine and other steam-saving projects.

The steam is being generated by burning black liquor, a biofuel that is a byproduct of the pulp-making process. Pulp mills routinely use black liquor to generate their own heat and energy, but creating energy for the grid is a growing application in B.C.

Gandossi said European mills routinely

generate power for electricity grids, enabling them to lower costs.

Mercer was one of four forest companies to sign electricity purchase agreements with BC Hydro in 2009 as part of the provincial policy to reach energy self-sufficiency by 2016.

The Celgar project is the largest and will be the first to come online. Hydro already had agreements with two other forest companies, Tembec and Tolko Industries. All six contracts will provide Hydro with enough power for 85,000 homes.

The B.C. pulp and paper industry is generally considered to be on the verge of being replaced by

lower-cost global competitors. Bio-energy production is giving the industry a new lease on life.

Gandossi said the provincial government is beginning to realize that pulp mills can be integrated into the energy system in a much more efficient way than other forms of bioenergy, such as simply burning wood waste to create energy. When the new turbine comes online, the Celgar mill will be not only making pulp but also capturing and using more than 75 per cent of the energy within its wood waste feed stock.

"A pulp mill takes what is otherwise a waste product -- the residuals of a sawmill or the residuals in the

forest that previously didn't have a value -- and creates value-added pulp from it, employing 500 people to make a product you can sell and make money at," Gandossi said.

"The other half is the energy component that we refine. You

can sell [it] as electricity or biofuels or whatever else you can make out of the black liquor."

The Vancouver Sun February 26, 2010

By Gordon Hamilton

February 26, 2010 Volume 2 Issue 8

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Selected News Articles

Denying Science, Legislating Reality

Last week, the South Dakota House of Representatives passed HCR 1009, a resolution calling for the "balanced teaching of global warming in the public schools of South Dakota."

HCR 1009 is so egregiously inaccurate, so appalling wrong in its contemptuous dismissal of established science, so mind-numbing in its appeals to long-debunked pseudo-science, that it is hard not to entertain the thought that perhaps it was meant as an elaborate parody. However, HCR 1009 was not a jest, but rather a serious attempt to influence the science South Dakota students learn. It is the latest volley in a broader assault on science itself.

HCR 1009's "balanced teaching" phrase is familiar to

veterans of the wars over teaching "creation science" in schools. A Louisiana law called the "Balanced Treatment for Creation-Science and Evolution-Science in Public Schools Instruction Act" was struck down as unconstitutional by the Supreme Court in 1987. HCR 1009 follows the tactics of the Louisiana law by attempting to insert non-scientific claims into science curriculum in the name of "balance," bypassing the normal fact-checking mechanisms of scientific peer-review and ignoring the near-unanimity of qualified climate scientists about global warming and its causes.

Just as creationists fundamentally misunderstand how evolution works, those who attack climate science often reveal a startling lack of knowledge about the particulars of climate

science and how science works.

HCR 1009 offers as evidence against global warming the assertion that in the past "climate was much warmer than in our present age." Climate has been warmer -- and colder, too. That has no bearing on the unprecedented changes humans are now creating. Global warming deniers seem to think that if they can just prove the planet was once warmer, then that somehow means the recent rise in carbon dioxide -- which we know through carbon isotopes to be man-made -- will somehow cease to be a danger.

Earth's climate has indeed varied greatly over time. Geologists know from high-resolution ice cores that this variation has been rapid, and at times dramatic. Geology also tells us of the Cryogenian Pe-

riod, when glaciers encased the entire planet, and the fact that during the Mesozoic Era, the time of the dinosaurs, climate was perhaps as much as ten degrees Celsius warmer than present. During the Mesozoic, however, this warmer climate raised sea level to the point where South Dakota sat hundreds of feet under water. Climate has varied in the past -- but that in no way affects what is happening today.

Instead of taking the time to understand the science, South Dakota legislators submit as proof against climate change this remarkable list: "[T]here are a variety of climatological, meteorological, astrological [sic], thermological, cosmological, and ecological dynamics..."

No, that isn't a misprint. South Dakota legislators actually

proposed *astrology* as evidence against climate change. Do they think glaciers melt slower when Virgo is ascending?

South Dakota legislators probably meant to say "astronomical," but that also makes no sense. The astronomical influences on climate are well-understood by scientists. Recent climate changes are occurring *independently* of astronomical influences.

HCR 1009 parrots a common misconception about science: "That global warming is a scientific theory rather than a proven fact." Evolution, too, is frequently disparaged as "only a theory," when the word theory really means, according to UC Berkeley's *Understanding Science* website, a "powerful explanation for a broad set of observations."

Many people confuse the word theory with "guess." Some people think a hypothesis becomes a theory, then graduates into a fact or becomes a scientific law. These are all common mistakes. They are so common, in fact, that South Dakota science standards require 8th graders to "differentiate among facts, predictions, theory, and law/principles." Perhaps South Dakota 8th graders can help their representatives with this concept.

Even more disturbing than these errors is the underlying premise of HCR 1009: the assumption that political bodies, rather than scientists, should have the final say over scientific issues. We have recently seen this kind of thinking in Louisiana, where a 2008 law opened the door to non-scientific attacks on evolution and climate change. Last

year, the Texas State Board of Education rewrote science standards to remove the age of the universe, mandate "different views" on global warming, and include standard creationist talking points against evolution.

Science cannot be legislated. Science is not determined by opinion polls and petitions. South Dakota can outlaw global warming if it wishes, but such decisions mean as much to science as arguments among ornithologists mean to birds.

This political interference in science education is a problem that extends beyond merely getting the facts wrong. Students deserve better than to be pawns of science denialists.

The Huffington Post
February 25, 2010
By Steven Newton

"Determine never to be idle. No person will have occasion to complain of the want of time, who never loses any. It is wonderful how much may be done, if we are always doing."
Thomas Jefferson

An Avatar-Inspired Future For British Columbia

Unless our provincial government can write a new ending for B.C.'s own real life *Avatar* story, we feel that British Columbians may be susceptible to the *Avatar* blues. Especially when they realize that our province is in danger of losing its own natural wealth because of one dimensional policy thinking.

A magical place of biodiversity

Pandora is incredibly rich with plants and animals and so is British Columbia. We are home to 76 per cent of our nation's bird species, 70 per cent of its freshwater fish, 60 per cent of its evergreen trees, and thousands of other

animals and plants that rival the weird and wonderful wildlife of *Avatar*: wolves that fish for salmon, white bears that inhabit ancient rainforest valleys, and even a slug -- the dromedary jumping slug -- that can twist its body off the ground to escape predators.

On Pandora, nature is under threat -- the same is true in B.C. Government scientists believe that at least 1,600 species, including grizzlies, caribou and orca whales, are currently at risk in the province. But here's the twist: On Pandora, the threat of climate change is non-existent, while in British Columbia, it threatens to exacerbate the precipitous

decline in wildlife and ecosystems that is already underway.

A new report by a former senior scientist with the provincial government, finds that when it comes to fighting climate change, nature conservation is not part of the provincial climate change strategy.

One dimensional? Yes. Short-sighted? Unfortunately. 3D? Definitely not.

More depth is required if British Columbians are going to avoid the *Avatar* blues.

Tame the policy dragon

To achieve this new depth, we're not pro-

posing that Gordon Campbell tame any flying dragons (like they do on Pandora), but we are proposing an act of policy making that requires just as much bravery:

We need to conserve at least 50 per cent of our province's land base if we're going to give our plants and animals a fighting chance to cope and adapt to climate change.

The 50 per cent figure emphasizes expansion and connection of existing protected areas as well as new buffer zones and restoration areas, allowing sustainable resource development while providing refuge for species across a landscape that is changing due to cli-

mate change.

And while this figure might sound audacious, our vision for large-scale conservation in B.C. isn't just fiction or film making.

Ontario and Quebec have already made commitments to protect more than 50 per cent of their Northern Boreal regions, and B.C. has its own successful examples to build on, including Haida Gwaii and the Great Bear Rainforest. Benefits of large-scale conservation include greater clarity for where and how resource development occurs, as well as economic and social benefits like maintaining clean air and water and new markets for carbon and

conservation trading.

We need a '3D' strategy

Even at a time when the B.C. forest industry is undergoing deep structural changes and job losses, large scale conservation still makes sense, offering new opportunities for light-touch forestry and sustainable resource development.

In a recent letter to the Premier, nine of the world's top climate scientists and environmental thinkers, including Dr. James Hansen, Dr. Michael Soule and Bill McKibben, warn that, "The continued and potentially dire impacts of climate change can only be avoided or forestalled

if we act now to dramatically reduce greenhouse gas emissions and to slow the rate of ecosystem degradation."

Only when we've added the dimension of nature conservation to provincial efforts to fight climate change will we have a truly "3D" strategy with the depth to tackle the real life challenges facing our province today.

Maybe then British Columbians can steer clear of the *Avatar* blues, secure in the knowledge that their own real life Pandora is safe and sound.

The Tyee
February 24, 2010
By Faisal Moola and Marlene Cummings