

November 12, 2009

The Right Honourable Stephen Harper, PC, MP
Prime Minister of Canada
Langevin Block
Ottawa, Ontario K1A 0A2

Re: Investor Statement on the Urgent Need for a Global Agreement on Climate Change

Dear Prime Minister,

In advance of the Copenhagen Climate Change Conference, we are writing to underline our support for the *Investor Statement on the Urgent Need for a Global Agreement on Climate Change*¹, and to offer a Canadian investor perspective on the need for clarity and decisive action on climate policy.

As a Canadian mutual fund company with over \$4.5 billion in assets under management, Northwest & Ethical Investments L.P.'s approach to investing incorporates the thesis that companies integrating best environmental, social and governance (ESG) practice into strategy and operations will provide higher risk-adjusted returns over the long term. Our corporate evaluations, shareholder engagement, policy and research activities give us insight into Canadian companies' progress in responding to climate risk, the obstacles they face, and how appropriate policy could support their efforts.

Along with 186 institutional investors worldwide with assets under management totalling USD\$13 trillion, we are signatory to the *Investor Statement on the Urgent Need for a Global Agreement on Climate Change* (a copy of which is attached). We urge the Government of Canada to give careful consideration to the recommendations contained in the statement.

Climate change poses a threat to the economy in general, and to long-term company value. High-carbon sectors are heavily represented on Canadian exchanges, and we know from our corporate evaluations and shareholder engagements that many Canadian companies are exposed to carbon risk. In their public disclosure, companies routinely cite uncertainty surrounding future climate policy as a barrier to risk assessment and management. Policy certainty will make it easier for companies to make the strategic decisions and capital investments necessary to mitigate climate risk. It will also encourage more institutional investors to integrate carbon considerations into their decision-making.

Responsible investors are not alone in calling for clarity on climate policy. In its recent report *Achieving 2050*², the National Round Table on the Environment and the Economy recommended that Canada rapidly adopt an economy-wide carbon-pricing system based on cap-and-trade, linked to the systems of international trading partners; while the Canadian Council of Chief Executives' *Clean Growth*³ declaration highlights the need for policy certainty to allow companies to create and adapt to a low-carbon future.

¹ <http://www.incr.com/Page.aspx?pid=1127>

² NRTEE (2009) *Achieving 2050: A Carbon Pricing Policy for Canada* <http://www.nrtee-trnee.com/eng/publications/carbon-pricing/carbon-pricing-advisory-note/carbon-pricing-advisory-note-eng.pdf>

³ Canadian Council of Chief Executives (2007) *Clean Growth: Building a Canadian Environmental Superpower* http://www.ceocouncil.ca/publications/pdf/test_14a7f87d43da18e574aa830d322a9cbe/Clean_Growth_ELI_Policy_Declaration_October_1_2007.pdf

In the coming days we urge the Government of Canada to play a leadership role in concluding an effective international climate agreement, creating a basis for responding to the climate change challenge, and providing greater certainty for companies and investors.

Sincerely,

Northwest & Ethical Investments L.P.

(signed) "John Kearns"

John Kearns
Chief Executive Officer

CC:

The Honourable Jim Prentice, PC, MP
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