



August 31, 2011

The Honourable Peter Kent
Minister of the Environment, Government of Canada
Les Terrasses de la Chaudière
10 Wellington Street, 28th Floor
Gatineau, Quebec K1A 0H3

The Honourable Rob Renner
Minister of Environment, Government of Alberta
#425 Legislature Building
10800 - 97 Avenue
Edmonton, Alberta T5K 2B6

Re: Implementation of a World-Class Monitoring System for the Oil Sands Region

Dear Sirs:

The undersigned institutions, representing over C\$ 1.6 trillion (U.S. \$ 1.7 trillion) in assets under management, invest in companies that operate in the Alberta oil sands. We commend the governments of Canada and Alberta for committing to the creation of a world-class monitoring system for the oil sands region of Alberta. We recognize the important work that has been undertaken by both levels of government in laying the groundwork for an enhanced monitoring system, and write to express our support for the timely implementation of the recommendations that have been generated through these efforts¹.

Awareness has been increasing among investment institutions that the environmental and social impacts of oil sands development could pose risks to the long-term value of the companies involved². Controversy and conflicting information about the extent of oil sands environmental impacts creates unwelcome uncertainty for investors. If the impacts are not understood, acknowledged and mitigated in a timely fashion, over the long term companies may be exposed to risks and a resulting increase in their cost of capital. Potential risks could include operating restrictions, reputational damage, erosion of the social license to operate, and litigation on health impacts or breach of Aboriginal treaty rights. A direct consequence of risk and uncertainty is a resulting increase in the cost of capital for companies operating in the region. Risk is heightened in the context of major projects with significant development costs and long investment horizons. Establishing an effective and credible monitoring system is a key public policy intervention that can help to mitigate these risks and create greater certainty for investors.

¹ A number of signatories to this letter submitted comments to the public consultation held by the Alberta Environmental Monitoring Panel earlier this year: <http://www.neiinvestments.com/neifiles/PDFs/5.5%20Public%20Policy%20and%20Standards/Investors%20Oil%20Sands%20Monitoring.pdf>

² See, for example: **NEI Investments**. Lines in the Sands: Oil Sands Sector Benchmarking. [Online] 2009. http://www.neiinvestments.com/neifiles/PDFs/5.4%20Research/lines_in_the_sands.pdf

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The Integrated Oil Sands Monitoring Plan released by Environment Canada³, taken together with the report of the Alberta Environmental Monitoring Panel (AEMP)⁴, represents a robust and scientifically credible framework for the creation of a truly world-class monitoring system.

We welcome your recent statements⁵ indicating an intention at both levels of government to work cooperatively and constructively to improve the current monitoring regime. We encourage both Canada and Alberta to work together on timely and effective implementation of the recommendations of the AEMP report and the Integrated Oil Sands Monitoring Plan, as this will contribute to greater certainty for investors in companies operating in the oil sands.

We also believe it is important to establish a transparent, long-term funding model for the environmental monitoring system, to ensure the continuity and integrity of monitoring results, and the credibility of the system among stakeholders.

In conclusion, once again we would like to commend the work that has been undertaken to lay the groundwork for an enhanced monitoring system, and we look forward to the implementation of the recommendations that have been generated. If you have any questions regarding this letter, please contact Michelle de Cordova, Manager, Public Policy & Research, NEI Investments (mdecordova@NEIinvestments.com, 604-742-8319).

Sincerely,

NEI Investments

A handwritten signature in black ink, appearing to read "Robert Walker", with a long horizontal line extending to the right.

Robert Walker
Vice President, ESG Services & Ethical Funds

CC:

Dr. Howard Tennant, Co-Chair, Alberta Environmental Monitoring Panel

Mr. Hal Kvisle, Co-Chair, Alberta Environmental Monitoring Panel

Ms. Elizabeth Dowdeswell, Chair, Integrated Oil Sands Monitoring Plan Final Expert Reviewers

³ **Environment Canada.** An Integrated Oil Sands Monitoring Plan. [Online] 2011. http://www.ec.gc.ca/pollution/EACB8951-1ED0-4CBB-A6C9-84EE3467B211/Integrated%20Oil%20Sands_low_e.pdf

⁴ **Alberta Environmental Monitoring Panel.** A World Class Environmental Monitoring, Evaluation and Reporting System for Alberta: The Report of the Alberta Environmental Monitoring Panel. [Online] 2011. <http://environment.gov.ab.ca/info/library/8381.pdf>

⁵ **Environment Canada.** News release: Canada's Environment minister announces integrated plan for oil sands monitoring. [Online] 2011. <http://www.ec.gc.ca/default.asp?lang=En&n=714D9AAE-1&news=DA1E8CBC-D0A6-4304-A1DD-A9206D0818AB>. **Government of Alberta.** News release: Minister Renner responds to federal monitoring technical reports. [Online] 2011. <http://www.alberta.ca/acn/201107/309654D61D28B-E102-3AE5-AFAF61A19336C606.html>



This letter is also submitted on behalf of the following investment institutions:



Eva Halvarsson
CEO
Andra AP-fonden
(Second Swedish National Pension Fund)



Andrew D.W. Hill
President & Co-founder
Andrew Hill Investment Advisors, Inc.



Erik Jan Stork
Senior Sustainability Specialist
APG Asset Management



Steven Heim
Managing Director
Boston Common Asset Management, LLC.



Doug Pearce
CEO/CIO
British Columbia Investment Management Corporation (bcIMC)

Manchan Sonachansingh
Treasurer
British Columbia Teachers' Federation



Helene Winch
Director
BT Pension Scheme Management



Bennett Freeman
Senior VP, Sustainability Research and Policy
Calvert Investments



Les Steel
Executive Director of Operations
Canadian Labour Congress



Darwin Park
Chair of the Board
Catherine Donnelly Foundation



Julie Tanner
Assistant Director of Socially Responsible Investing
Christian Brothers Investment Services, Inc.



Stephen Viederman
Finance Committee
Christopher Reynolds Foundation



David Farrell
Treasurer
Compensation Employees' Union



Niels-Ulrik Moustén
Senior Executive VP, Chairman of the SRI Board
Danske Bank



Stephen A. Hine
Head of Responsible Investment Development
EIRIS



Reinhilde Weidacher
Head of Research
Ethix SRI Advisors



Jean Laville
Deputy Managing Director
Ethos Foundation



Mark Regier
Director of Stewardship Investing
Everence Financial



Karina Litvack
Head of Governance and Sustainable Investment
F&C Management Ltd.



Annika Andersson
Head of Corporate Governance & Information
Fjärde AP-fonden
(Fourth Swedish National Pension Fund)



Ossian Ekdahl
Head of Communication and ESG
Första AP-fonden
(First Swedish National Pension Fund)



Kristina Curtis
Senior Vice President
Green Century Capital Management



Jennifer Walmsley
Director, Hermes Equity Ownership Services
Hermes Equity Ownership Services



Jeffrey Wendling
VP- Public Equities and External Management
HOOPP Healthcare of Ontario Pension Plan



Luan Steinhilber
Director of Operations and ESG Research
Miller/Howard Investments, Inc.



Michael Kramer
Managing Partner & Director of Social Research
Natural Investments LLC



Gary Hawton
President
OceanRock Investments Inc. (Meritas Funds)



Julie Gorte
Senior Vice President for Sustainable Investing
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Marcel Jeucken
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Matt Crossman
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Erik Breen
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Bill Boothman
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Lars M. Lewander
President
Spring Water Asset Management, LLC.



Hans Aasnæs
Executive Director Capital Management
Storebrand Investments



Thomas E. Ellington, II
Shareholder Advocacy
**The Sustainability Group
at Loring, Wolcott & Coolidge Trust, LLC.**

AP3 Third Swedish National Pension Fund

Christina Hillesöy
Head of Communications & Sustainable Investments
**Tredje AP-fonden
(Third Swedish National Pension Fund)**



Bill Schulz
President and CEO
Unitarian Universalist Service Committee

Vancity Investment Management

Dermot Foley
Manager - ESG Analysis
Vancity Investment Management



Hans-Martin Buhlmann
CEO
VIP (Vereinigung Institutionelle Privatanleger) eV



Timothy Smith
SVP, Director of ESG Shareowner Engagement
**Walden Asset Management,
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Zevin Asset Management, LLC
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Sonia Kowal
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