



Guide To Climate Change Investment

Executive Summary

When Socially Responsible Investment (SRI) and ethical funds emerged in the late 1980s, they were designed to invest in those companies contributing to a sustainable economy. Investors put their money into the funds in the hope that they would be supporting companies which were protecting the environment and avoiding those which were doing it excessive harm. However, when Holden & Partners researched this guide and took the lid off the SRI and ethical funds, we were surprised at what we found inside...

'...the environmental economy is enjoying strong growth and there are many funds out there making some very attractive returns for investors.'

Most funds' top ten holdings are surprisingly mainstream, with names like Vodafone and Royal Bank of Scotland occurring again and again. Some hold BP, Shell and even Total. Very few funds have companies which are directly tackling climate change in their top ten holdings.

By contrast, the new generation of Environmental Funds is far more focused on companies developing solutions to environmental problems. The investor concerned about climate change can rest assured that money placed with these funds is generally helping to fuel the new environmental economy. Wind energy companies such as Vestas and Gamesa and solar power companies such as Solarworld feature heavily in these funds. However, even here there are some surprising holdings: Porsche, Renault and Nestlé being among our favourites.

The overall message we would like to pass on to our investors is that the environmental economy is enjoying strong growth and there are many funds out there making some very attractive returns for investors. But it is a complex area and we would recommend that anyone interested in making an investment seek financial advice.

The Purpose of this Guide

This Holden & Partners Guide To Climate Change Investment shows you how to participate in, and benefit from, investment flows into environmental markets. By participating in these markets, you can be part of the solution to climate change.

However, there is a huge range of funds available, and not all of them are tackling climate change in their investment approach. Our guide helps shed light on this dynamic and complex sector.

The information on the funds in this guide was gathered directly from the investment managers. It was as complete as possible at the time of going to publication. Where no data was supplied, this was after several attempts at contacting the fund managers to ask for the data. We hope to up-date this guide once every six months. In subsequent guides, some of the missing data may be included.

The Guide Summarised

Climate change is probably the most serious issue facing the human race. In the last couple of years public concern about climate change has intensified. Meanwhile, the economy is shifting and a number of companies are emerging which offer solutions to the problems posed by climate change. These solutions represent attractive investment opportunities and over the last few years have performed better than the global stock market as a whole.

How should investors participate in this investment opportunity? One way is via the established SRI funds which were generally set up to invest in companies which are benefiting society and the environment and avoid those which are damaging to either. Contrary to wide-held belief, these funds have performed well relative to their mainstream equivalents.

A closer look at the SRI funds shows that many of them invest in large companies which are far from cutting edge in terms of providing climate change solutions. We set out the top ten holdings of each fund and the percentage of the fund, according to the manager, that is invested in pure-play environmental companies. The top ten table reveals some surprising holdings; oil majors, large supermarkets, banks and mining companies. Investors in SRI funds who were hoping to be buying into the low carbon economy may find that they are largely exposing themselves to multinationals which are more part of the problem than part of the solution.

'The top ten table reveals some surprising holdings...'

By contrast, the new generation of environmental/climate change funds is much more focused on environmental technology companies. A raft of new funds has been launched in this area and we attempt to present a comprehensive list of investment opportunities available. As with the SRI funds, we show top ten holdings. Most are global companies at the forefront of providing alternatives and solutions to climate change. But even with these funds, there were a few surprising holdings; Porsche, Renault, Nestlé and Danone.

We had some concerns that many of the funds are investing in a relatively small number of similar companies and that this could be squeezing up valuations in the sector.

There are more ways to invest in this sector than in funds holding quoted companies. Funds available to the retail investor now include private equity companies and hedge funds. We explore the range of options available to investors in these areas.

The outlook for the sector looks exciting. 2008 should see a plethora of funds launched in this area. While the economic downturn may temporarily shake confidence in the sector, in the medium term investors should be assured that the growth drivers for the environmental economy should be relatively resilient. Given that the problems these companies are aiming to solve are so far from being fixed, the sector should have many years of strong growth ahead of it.

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I Climate Change and the Investment Opportunity

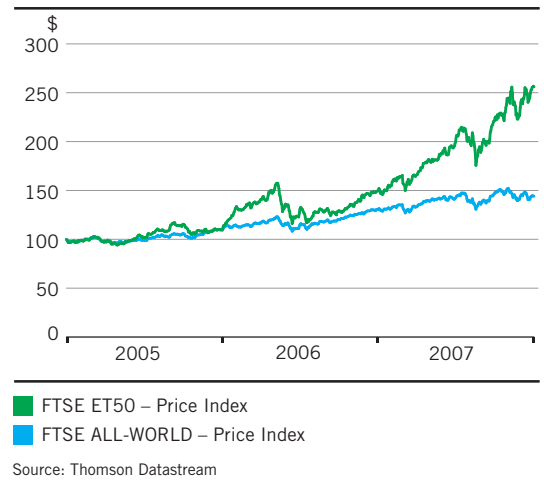
‘Many of these new environmental companies have been growing at an impressive pace and offer a major new investment opportunity.’

In the last couple of years there has been a huge increase in levels of public awareness and public concern about environmental issues, particularly climate change. This is perhaps because climate change has started to manifest itself in some very tangible ways; the devastating floods in New Orleans and Tewkesbury gave a hint of what could be in store on an increasingly regular basis.

This greater public awareness, along with increasing action by governments, has led to a seismic shift in the global economy. The private sector is developing a range of solutions to environmental problems. New companies are emerging all the time offering a range of environmental technologies. Many of these new environmental companies have been growing at an impressive pace and offer a major new investment opportunity.

The strength of this performance has led some commentators to express concern that this is a bubble similar to the ‘tech’ bubble of the late 1990s. While there may be areas of over-valuation in the sector, the drivers of growth remain intact. In other words, the problems that this industry is trying to solve are still there, and indeed are growing substantially worse. The developed world is still increasing its emissions of carbon dioxide into the atmosphere, while the developing world, in its haste to catch up with the developed world is now contributing dramatically to the problem.

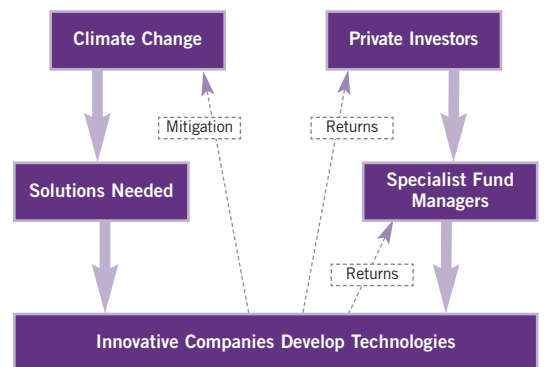
Chart (i): FTSE ET50 vs the FTSE All World Over 3 Years



The chart above shows the extent to which the FTSE ET50, an index of the world’s 50 largest environmental pure-play companies (companies with at least 50% of their business derived from alternative energy, water purification or waste treatment) has performed versus the MSCI World Index. As can be seen, the environmental sector has performed substantially better than the mainstream index over the last three years. See Appendix A for a definition of environmental markets.

So how can individuals benefit from this global investment opportunity? In this Guide we explore the full range of investment funds that has been set up with the aim of investing in this sector. Starting with the Socially Responsible Investment (SRI) funds, and then exploring the more recent generation of Environmental and Climate Change funds, we present a wealth of available investment opportunities. Crucially, we attempt to show which funds are really investing in climate change solutions and which are perhaps investing in companies contributing to the problem.

Chart (ii): Climate Change – An Investment Opportunity



II SRI and Ethical Funds

1. The Development of Socially Responsible Investing

Socially Responsible Investing (SRI) is a recognised and established sector. It is estimated that in the UK alone £10 billion is invested in retail funds and £80 billion in occupational pension schemes. (Source: UKSIF). Inflows into the sector are strong and appear to be set to remain so: Findings from Mercer IC's 2005 survey show that investment managers world-wide are becoming more convinced that the adoption of SRI practices and strategies will become commonplace: 73% predict that the incorporation of social or environmental corporate performance indicators will become mainstream within 10 years (UKSIF, 2006).

The first ethical fund was launched in the UK by Friends Provident in 1984. The Merlin (now Jupiter) Ecology Fund was the UK's first 'green' fund, with the focus on companies offering environmental solutions. There followed a wealth of funds, all with slightly different approaches (summarised below). The common factor with all these funds is that they attempted to incorporate investors' concerns and values in the way that companies were selected, rather than simply investing according to financial imperatives.

2. A Summary of the Different Approaches to Socially Responsible and Ethical Investing

SRI and ethical funds adopt a variety of approaches to selecting the companies which qualify for their portfolios. We set out a brief summary of these approaches below:

- **Ethical or negative screening:** these funds screen out of the portfolio any company which is involved in areas such as armaments, tobacco, animal testing and pornography. These ethical screens are often extended to include avoidance of companies which cause unnecessary levels of environmental pollution or which are involved in human rights violations.

- **Positive screening:** these funds focus on identifying companies which are providing solutions to environmental or social problems, for example alternative energy companies or those involved in health care or education.
- **Best in class screening:** these funds invest in the 'best' (from a social and environmental point of view) companies in any sector, such as supermarkets or banks. The approach is largely discredited as, taken to its reductio ad absurdum, the fund could include a best in class tobacco company.
- **Matrix investing:** where companies are assessed in terms of what they do (from a social and environmental point of view) and how they do it (incorporating the best in class idea). Only companies which score well in both areas can be included. This gets round the problems of pure best in class investing.
- **Engagement/activist:** these funds have little or no restrictions, but the fund managers tackle the management of companies in the portfolio on environmental/social issues of concern. This approach can also be combined with one of the screened approaches above.
- **Thematic investing:** these funds focus on a range of themes emerging from the shift to a more sustainable economy, such as recycling, renewable energy and water treatment. The idea is that a portfolio which is over-weight in these long-term themes will out-perform because the change to a more sustainable economy is necessary and unavoidable.
- **Integrated analysis:** these funds use analysis of social and environmental issues as part of the financial analysis (for example, in assessing the potential cost to a company's profits of pollution fines and avoiding those companies most likely to be hit by such fines).

Many SRI funds use a combination of the above approaches. Ethical funds tend to focus mainly on the first approach.

'...investment managers world-wide are becoming more convinced that the adoption of SRI practices and strategies will become commonplace...'

3. Positive and Negative Criteria

While ethical funds generally focus on negative criteria to ‘screen out’ certain stocks and sectors, SRI funds tend to use a combination of negative and positive criteria, so on the one hand certain stocks are screened out, while on the other hand the fund will be more likely to invest in companies which score well in terms of positive criteria. Every fund will have slightly different interpretations and cut-off points;

for example, some funds will not invest in a company that has any involvement in animal testing (thus eliminating the entire pharmaceutical sector) whereas other funds allow investment in companies which carry out legally required animal testing in the production of life-saving medicines, but avoid any company that tests on animals for beauty or household products.

Table A: The Main Positive and Negative Criteria Employed by SRI/Ethical Funds

| Positive | Negative |
|---|--------------------------------|
| Alternative Energy, Energy Efficiency | Animal Testing |
| Equal Opportunities and Employee rights | Alcohol |
| Public Transport | Gambling |
| Responsible Supply Chain Management | Deforestation |
| Water Technologies | Genetic Engineering |
| Pollution Control | Health and Safety Breaches |
| Waste Technologies, Recycling | Human Rights/Child Labour |
| Health and Safety | Intensive Farming |
| Sustainable Forestry | Military and Weapons |
| Healthcare | Nuclear Power |
| Fitness and Healthy Eating | Obesity and Junk Food |
| Good Community Involvement | Oppressive and Corrupt Regimes |
| Good Corporate Governance | Pollution Convictions |
| Organic food sale and production | Pornography |

‘...in recent years SRI funds have in fact performed slightly better than their mainstream equivalents.’

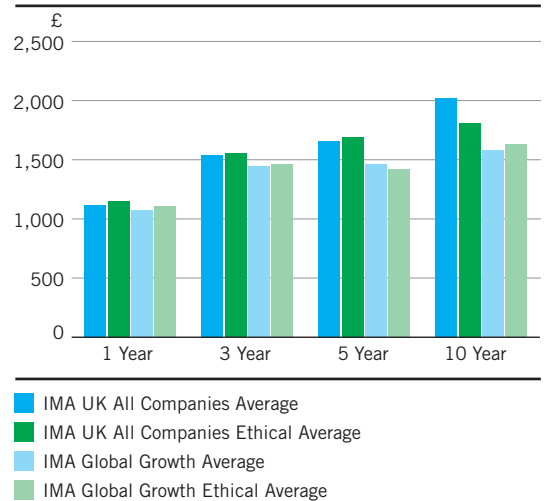
4. Does Ethical/Socially Responsible Investing Under-perform?

A frequent assumption is that ethical/SRI funds sacrifice performance because the universe from which they can select stocks is restricted and therefore the fund manager’s hands are tied. The reality is that very few mainstream fund managers select stocks from an entirely unrestricted universe. For example, an income fund will only focus on stocks with a high yield, thus avoiding most growth stocks, a small-cap fund will avoid all larger companies and so on. Having a focused (or restricted) universe can often be advantageous to a fund manager as this means he knows his stocks better.

It can also be argued that SRI funds which focus on certain growth themes, such as sustainable development, have a performance advantage because environmental sectors are growing faster than the old industries which they are replacing.

The chart opposite shows how similar the performance is between SRI funds and their mainstream equivalents. It shows that in recent years SRI funds have in fact performed slightly better than their mainstream equivalents.

Chart (iii) SRI Funds vs Mainstream Equivalents



Source: Investment Management Association / Lipper Hindseight 5. Figures based on offer price (buying price) to bid price (selling price) with any net income reinvested to 29 June 2007.

The chart shows the performance of £1,000 invested in the average UK SRI/Ethical fund versus the average mainstream UK fund and the average global SRI/ethical growth fund versus the average global growth fund. Note how the UK has consistently out-performed global funds over the last 1, 3, 5 and 10 years. Here the difference is much greater than between SRI and mainstream, suggesting that an investor’s more crucial investment decision is one of asset allocation rather than SRI versus mainstream.

5. SRI Funds – What They Actually Hold

We examined the extent to which SRI funds are invested in companies offering climate change or environmental solutions and found that there are surprisingly low levels of investment in pure-play environmental companies.

Table B on the following pages shows the main SRI funds available to UK investors and provides details of their ten largest investments by percentage of the portfolio and, where we were supplied with the information, the percentage of the fund invested in environmental pure-play companies (as defined by the fund managers asked).

Readers of this guide may be surprised by some of the top ten holdings of SRI funds.

Table B: SRI Fund Holdings

| Fund | Launch Date | Fund Size | Portfolio Top 10 | % of Portfolio in Environmental Stocks* | Environmental Holdings* |
|--|-------------|-----------|---|---|--|
| Aberdeen Ethical Engagement UK | 09/05/2006 | £11.01m | Royal Dutch Shell, BP, HSBC Holdings, Royal Bank Of Scotland Group Plc, British American Tobacco, GlaxoSmithKline, Vodafone Group, BT Group, Barclays, Rio Tinto | INS† | INS† |
| Aberdeen Ethical World Fund | 01/05/1999 | £176.83m | Zurich Financial Services, Deutsche Postbank, Mitsubishi UFJ Financial Group, Swire Pacific Ltd, Samsung Electronics Pfd, Vodafone Group, Belgacom, China Mobile Ltd, The Bank Of Kyoto Ltd, Willis Group Holdings Ltd | INS† | INS† |
| Aegon Corporate Bond Fund | 02/10/1995 | £502.63m | Vodafone Group, White City Ppty Fin, Southern Gas Networks Frn, Kreditanstalt Fur Wiederaufba, Xstrata Plc, Freshwater Finance, BG Group, Qbe Insurance Group, I.B.R.D. (World Bank), Pacific Life Fdg | INS† | INS† |
| Aegon Ethical Cautious Managed | 01/03/2007 | £10.46m | Kreditanstalt Fur Wiederaufbau, Net Rail Infrastructure Finance, Amer International Group, European Bk For Recon And Dvlmnt, Cattles, Nationwide Building Society, Trafford Centre Fin, HBOS, Derbyshire Building Society, Thames Water Utilities Ltd | INS† | INS† |
| Aegon Ethical Equity | 17/04/1989 | £211.10m | Vodafone Group, BG Group, Xstrata Plc, HBOS, Scottish & Southern Energy, Prudential, Man Group, Capita Group, Informa, Homeserve | 4.91% | Impax Environmental Markets, Leaf Clean Energy, Ceramic Fuel Cells, PV Crystalox solar, TMO Renewables |
| Allchurches Amity Fund | 10/02/1988 | €95.18m | Morrison (Wm.) Supermarket, Tesco, Sig, GlaxoSmithKline, Legal & General Group, Fugro, BPP Hldgs, British Land Co Plc, Australia And New Zealand Banking Group, Wolseley | 3.06% | Ocean Power Technology, Impax Environmental, Biffa, Shanks Group, Severn Trent, ITM Power |
| Aviva Morley European Socially Responsible Equity | 14/03/2001 | £202m | Nokia, Statoilhydra Asia, Roche Group, Veolia, Vivendi, Telefonica, KBC Group, Sampo Ser, Air Liquide, Siemens | INS† | INS† |
| Axa Ethical Fund | 05/05/1998 | £63.86m | Vodafone Group, Barclays, Tesco, HBOS, Prudential, British Land Co Plc, Barratt Developments Plc, Persimmon, Hargreaves Lansdowne Plc | INS† | INS† |
| CF 7IM Ethical | 01/02/2007 | £9.41m | Eur(Cncl Of), Snr Unub Nts, Kommunal Banken, Nts 28/01/10 Treasury 4.25% Stk 7/12/2027, Bk Ned Gemeenten 4.375% Mtn 19/01/1, Bank Nederlandse Gemeenten 5.375% 7, BG Group, Schlumberger, Allianz, Encana Corp, Solarworld | INS† | INS† |
| CIS Sustainable Leaders Trust | 29/05/1998 | £112m | Spice Plc, Galliford Try, Scottish & Southern Energy, Rotork, RPS Group, WPP 2005 Ltd, International Power, Aggreko, Findel, Yell Group | 34% | Republic Services Inc, Kelda, Severn Trent UK, R Spice, RPS, Galliford Try, Rotork, Scottish & Southern Energy (SSE), Johnson Matthey, Camco |

* Information as provided by Fund Management Company.

† Information not supplied.

Continued overleaf

| Fund | Launch Date | Fund Size | Portfolio Top 10 | % of Portfolio in Environmental Stocks* | Environmental Holdings* |
|--|-------------|-----------|---|---|--|
| CIS UK FTSE4Good Tracker | 29/09/2003 | £332m | BP, HSBC Hldgs, Vodafone Group, GlaxoSmithKline, Royal Dutch Shell, Royal Bank Of Scotland Group Plc, Royal Dutch Shell, Barclays, AstraZeneca, HBOS | INS† | INS† |
| Credit Suisse Fellowship Fund | 28/07/1986 | £70.02m | HSBC Hldgs, GlaxoSmithKline, Vodafone Group, BG Group, Royal Bank Of Scotland Group Plc, BT Group, Barclays, Schroders, Associated British Foods, Standard Chartered | 2.5% | Johnson Matthey, EAGA |
| CS Multi-Manager Ethical Portfolio | 12/02/2002 | £18.54m | AEGON Ethical Equity Fund, Aberdeen Ethical World Fund, Jupiter Ecology fund, Standard Life UK Ethical Fund, Morley Sustainable Future UK, Morley Sustainable Future Ab, F&C Stewardship International, F&C Stewardship Income Fund, Credit Suisse Fellowship Inc, First State Asia Pc Sstnbity | INS† | INS† |
| F&C Stewardship Growth Fund | 31/05/1984 | £846.04m | Vodafone Group, BG Group, Scottish & Southern Energy, Tesco, National Grid, Capita Group, Informa, SIG, Workspace Group Plc, Cairn Energy Plc | INS† | Hyder Consulting Plc, Leaf Clean Energy, Renewable Energy Holdings |
| F&C Stewardship Income | 13/10/1987 | £426.37m | Vodafone Group, National Grid, Alliance & Leicester, United Utilities, Scottish & Southern Energy, BG Group, Cairn Energy Plc, Tesco, Carpetright, Marks & Spencer Group | INS† | Pure Wafer, CMR Fuelcells, Nviro Cleantech |
| F&C Stewardship International Fund | 13/10/1987 | £262.78m | F&C International Heritage 4, Hypo Real Estate Holding, Davita Inc, Shoppers Drug Mart, Tomra Systems, Prosafe, Perkinelmer Inc, Sumitomo Electric Industries Ltd, Starbucks Corporation, Mitsubishi Estate | 19.77% | Asahi Pretec, Manila Water Company, Evergreen Solar, CMR Fuelcells |
| F&C UK Ethical | 14/10/1996 | £6.36m | BP, Vodafone Group, GlaxoSmithKline, HSBC Hldgs, Royal Bank Of Scotland, Royal Dutch Shell, Anglo American, AstraZeneca, Scottish & Southern Energy, Standard Life Plc | INS† | INS† |
| Family Charities Ethical Trust | 31/03/1999 | £25m | Vodafone Group, Barclays, HBOS, Lloyds TSB Group, Management Consulting Group, Man Group, Aviva, Xstrata Plc, Old Mutual, Colliers CRE | INS† | INS† |
| First State Asia Pacific Sustainability | 19/12/2005 | £66.30m | Hong Kong & China Gas, China Resources Enterprise Ltd, Sembcorp Industries Ltd, Brambles Industries Ltd, Toll Holdings Ltd, Oversea-Chinese Banking, Transport International Holding, Delta Electronics, Taiwan Semiconductor Mfg, Woodside Petroleum Ltd | 43% | Kirloskar Brothers, Sembcorp Industries, Suntech Power |
| Halifax Ethical | 16/09/2002 | £77.30m | AT&T Inc, Roth & Rau, Groupe Danone, Kellogg Company, Acciona Group, Microsoft Corporation, Automatic Data Processing, Aegon Ny, Azimut Holding, Tokyo Gas | INS† | INS† |

* Information as provided by Fund Management Company.

† Information not supplied.

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| Fund | Launch Date | Fund Size | Portfolio Top 10 | % of Portfolio in Environmental Stocks* | Environmental Holdings* |
|---|-------------|-----------|---|---|--|
| Henderson Global Care Managed | 08/02/2002 | £459.75m | GlaxoSmithKline, Vodafone Group, HBOS, Lloyds TSB Group, UK Treasury, HSBC Hldgs, National Grid, Standard Chartered, BG Group, BT Group | 24.57% | Stericycle, Augean, Roper Industries, Gerberit, Trading Emissions, Praxair, SolarWorld, Ibiden, Itron, Kingspan |
| Henderson Global Care UK Income | 14/10/1998 | £122.98m | Vodafone Group, Lloyds TSB Group, GlaxoSmithKline, HBOS, National Grid, BT Group, HSBC Hldgs, Prudential, Alliance & Leicester, Aviva | 19.03% | Augean, Biffa, Severn Trent, Libra Natural Resources, Novera Energy, Ocean Power Technologies, Arriva, Johnson Matthey, Kingspan |
| Henderson Global Care Growth | 08/01/1991 | £197m | Veolia Environment, Henry Schein Inc., Praxair Inc., Emerson Electric Company, Canadian National Railways, Johnson Controls, Schneider Electric, Thermo Electron Company, Millipore Corporation, Agilent Technologies Inc | 48.91% | Stericycle, Augean, Roper Industries, Gerberit, Trading Emissions, Praxair, SolarWorld, Ibiden, Itron, Kingspan |
| Henderson Industries of the Future | 13/02/1995 | £64.45m | Arcadis, Johnson Controls Inc, Schneider Electric, Veolia Environnement, Canadian National Railway Company, Umicore, Henry Schein Inc., Flowserve Corporation, Delta Electronics, Danaher Corporation | 51.1% | Stericycle, Augean, Roper Industries, Gerberit, Trading Emissions, Praxair, SolarWorld, Ibiden, Itron, Kingspan |
| Insight Investments Evergreen Retail | 09/02/1990 | £36.33m | AT&T Inc, Babcock & Brown Public Prtnshps Ltd, Intesa Sanpaolo Spa, Microsoft Corporation, Barclays, Aegon, Tokyo Gas, DBS Group Holdings Ltd, Theolia, Ims Health Inc | 19.36% | Waste Management Inc, Fonebak, Itron Inc, Pure Technologies, Q-Cella AG, Canadian Hydro Developers, Vestas Wind Systems A/S, Carmanah Technologies Corporation, Climate Exchange plc |
| Insight Investments European Ethical Institutional | 01/11/2000 | £99.94m | HSBC Hldgs, AstraZeneca, Barclays, Royal Bank Of Scotland Group Plc, C&C Group, Scottish & Southern Energy, Centrica, Prudential, HBOS, Vodaphone | INS [†] | INS [†] |
| Jupiter Ecology Fund | 01/04/1988 | £291.25m | Cranswick, RPS Group, Latchways, Nordex, Firstgroup, Shanks Group, Go-Ahead Group, Techem, Whatman, National Express Group | 50% | Augean, Casella, Shanks, BioteQ Environmental Technologies, Hydrodec Group, Itron, Metretek Technologies, Azure Technologies, Johnson Matthey |
| Jupiter Environmental Income Fund | 15/09/2001 | £56m | BT Group, Royal Bank Of Scotland Group Plc, Vodafone Group, Lloyds TSB Group, Barclays, HBOS, Cranswick, RPS Group, Firstgroup, Yell Group | 17% | Augean, Casella, Shanks, BioteQ Environmental Technologies, Hydrodec Group, Itron, Metretek Technologies, Azure Technologies, Johnson Matthey |
| K&S Ethical Balanced Income | | | No information found. | 16.01% | Biffa, Shanks Group, Anglican Water |
| K&S Ethical Green Solutions | | | No information found. | 40.86% | Sims, Hyflux, Gamesa, Headwaters, Nviro Cleantech |
| L&G Ethical | 05/07/1999 | £126.70m | Vodafone Group, Royal Bank Of Scotland Group Plc, Barclays, BHP Billiton, Tesco, Lloyds TSB Group, BG Group, BT Group, Xstrata Plc | 0.747% | Biffa, Kelda Group, Pennon Group, The Great Lakes Hydro Income Fund |

* Information as provided by Fund Management Company.

† Information not supplied.

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| Fund | Launch Date | Fund Size | Portfolio Top 10 | % of Portfolio in Environmental Stocks* | Environmental Holdings* |
|---|-------------|-----------|---|---|--|
| Marks & Spencer Ethical | 12/02/2007 | | Vodafone Group, Royal Dutch Shell, HSBC Hldgs, GlaxoSmithKline, BP, Royal Bank Of Scotland Group Plc, Barclays, HBOS, BT Group, Anglo American | INS† | INS† |
| Marlborough Ethical Fund | 19/12/2005 | £5.72m | BP, Mecom Group Plc, Lamprell Plc, GlaxoSmithKline, Vodafone Group, Expro International Group, Velti, Titan Europe, Bowleven, LSL Property Services Plc | INS† | INS† |
| Mellon European Ethical | 11/01/2002 | €17.56m | BP, Vodafone Group, Novartis, UBS Ag, Roche Holding Ltd, Nokia, Royal Bank Of Scotland Group Plc, Banco Santander Central Hispano, BNP Paribas, Eni Lasmo | INS† | INS† |
| Morley Sustainable Future Absolute Growth Fund | 19/02/2001 | £40.59m | Federal Republic Of Germany, US Treasury Note, U.K. Treasury, BG Group, Centrica, Prudential, Veolia Environnement, Novozymes, Aviva, Neste Oil | 14% | Scarnarc, Veolia Environment, Kurita Water Industries & China Water Affairs, Renewable Energy Corporation, Solarworld, EDF Energies Nouvelles, Renesola, Ecoscurities |
| Morley Sustainable Future Corporate Bond Fund | 19/02/2001 | £172.5m | Bank Of Scotland, Iron Mountain, Wind Acquisition Finance SA, Yorkshire Water, Linde Fin Bv, United Kingdom (Government Of), Ahold Usa, Severn Trent Water Utilities, British Telecommunications Plc, Southern Water Svcs Fin | INS† | INS† |
| Morley Sustainable Future European Growth | 19/02/2001 | £134m | Nokia, Allianz, Vivendi Universal, Axa, BNP Paribas, EDP Electricidade De Portugal, Groupe Danone, Acciona Group, Arcadis, Koninklijke Kpn | 11% | Scarnarc, Veolia Environment, Renewable Energy Corporation, Solarworld & EDF Energies Nouvelles, Kingspan |
| Morley Sustainable Future Global Growth Fund | 19/02/2001 | £32m | BG Group, Andritz, Kurita Water Industries Ltd, Schneider Electric, Origin Energy Ltd, Fresenius Ag, Cisco Systems Inc, Pentair Inc, Parker Hannifin Corporation, Axa | 16% | Scarnarc, Waste Management, Tomra Systems & Asahi Pretec, Veolia Environment, Kurita Water Industries & China Water Affairs, Renewable Eenergy Corporation, Solarworld, EDF Energies Nouvelles, Renesola & Novera Energy, Kingspan |
| Morley Sustainable Future Managed | 19/02/2001 | £233m | Aviva Mfm Absolute Taa Fund Ix, Vodafone Group, BG Group, Royal Bank Of Scotland Group Plc, BT Group, GlaxoSmithKline, Morgan Sindall, Lonmin, Legal & General Group, Informa | INS† | INS† |
| Morley Sustainable Future UK Growth | 19/02/2001 | £121m | Vodafone Group, BG Group, BT Group, GlaxoSmithKline, Royal Bank Of Scotland Group Plc, Pearson, Legal & General Group Lonmin, Informa, WSP Group | 10% | Foneback, Modern Water, Tersus Energy, Sabien, Renewable Energy Generation, PV Crystalox & Eaga, Superglass, Tanfield, Trading Emission, Bglobal, Ecoscurities, Infinity Bio-energy, Kingspan & Novera Energy |
| Norwich UK Ethical Fund | 14/05/1999 | £202.20m | Vodafone Group, BG Group, BT Group, Royal Bank Of Scotland Group Plc, Pearson, Informa, Morgan Sindall, Centrica, Legal & General Group, Lonmin | 6% | Foneback, Modern Water, Renewable Energy Generation, PV Crystalox, Trading Emission, Bglobal |

* Information as provided by Fund Management Company.

† Information not supplied.

Continued overleaf

| Fund | Launch Date | Fund Size | Portfolio Top 10 | % of Portfolio in Environmental Stocks* | Environmental Holdings* |
|---|-------------|-----------|---|---|--|
| Old Mutual Ethical Fund | 28/03/1998 | £22.89m | Vodafone Group, Royal Bank Of Scotland Group Plc, HBOS, BT Group, National Grid, Prudential, Centrica, Legal & General Group, Bradford & Bingley, Sainsbury(J) | INS† | INS† |
| Prudential Ethical Trust | 05/04/1999 | £22.58m | HSBC Hldgs, Vodafone Group, Royal Bank Of Scotland Group Plc, Barclays, HBOS, Tesco, Aviva, Diageo, BT Group, Lloyds TSB Group | INS† | INS† |
| Rathbone Ethical Bond Fund | 07/05/2002 | £45.82m | Kreditanstalt Fur Wiederaufbau, Net Rail Infrastructure Finance, Peverel Fdg, Land Sec Cap Markets, Juneau Investments, Qbe Insurance Group, Resolution, Rothschilds Con Fin, Resona Bank, Quadrant Housing Frn | INS† | INS† |
| Royal London Ethical Bond Trust | 31/01/2007 | £60.87m | European Investment Bank, Fleming Amer Investment Trust, Anne's Gate Property, Exchequer Partnership (No 2), Equity Release Fdg (No 1), Bonnington Finance No 1, Southern Water Services Finance, Stirling Water Seafield Finance, Leeds & Holbeck Building Society Frn, Dnb Nor Bank Asa | INS† | INS† |
| Scottish Life Ethical Pension Fund | 01/11/1999 | £23m | HSBC Hldgs, GlaxoSmithKline, BG Group, Royal Bank Of Scotland Group Plc, Barclays, Xstrata Plc, Vodafone Group, BT Group, Lloyds TSB Group, Tesco | 3.49% | Biffa & Straight Plc, Pennon Group, Hydrodec |
| Scottish Widows Environmental Investor | 29/06/1989 | £218.63m | Vodafone Group, GlaxoSmithKline, Royal Bank Of Scotland Group Plc, HSBC Hldgs, Tesco, HBOS, Barclays, Prudential, Care UK, Firstgroup | INS† | INS† |
| Scottish Widows Ethical Fund | 29/06/1987 | £78.81m | Vodafone Group, GlaxoSmithKline, Royal Bank Of Scotland Group Plc, HSBC Hldgs, Tesco, HBOS, Barclays, Prudential, Firstgroup, Johnson Matthey | INS† | INS† |
| Skandia IM Ethical | 08/04/2005 | £105.41m | Norwich UK Ethical Fund 2, F&C Stewardship Gr Fund 1 Inc Aegon Icv - European Equity Fund (Unit), Barclays, BG Group, Tesco, Royal Bank Of Scotland Group Plc, Statoil, Standard Chartered, Man Group | 1.15% | United Utilities |
| Sovereign Ethical Fund | 23/05/1989 | £34.21m | No information found. | INS† | INS† |
| St James's Place Ethical Fund | 06/04/1999 | £26M | Mitsubishi Ufj Financial Group, Zurich Financial Services, Deutsche Postbank, Samsung Electronics Co, Vodafone Group, Wood Group(John), Portugal Telecom Sgps Sa, Swire Pacific Ltd, Commerzbank Ag, Tnt N.V | INS† | INS† |

* Information as provided by Fund Management Company.

† Information not supplied.

Continued overleaf

| Fund | Launch Date | Fund Size | Portfolio Top 10 | % of Portfolio in Environmental Stocks* | Environmental Holdings* |
|---|-------------|-------------|--|---|--|
| Standard Life Ethical Corporate Bond | 02/11/2005 | £43.57m | Kreditanstalt Fur Wiederaufbau, Kreditanstalt Fur Wiederaufbau, European Investment Bank, HBOS Sterling Finance (Jersey) Frn, National Grid, Ing Bank N.V., Yorkshire Water, Rexam, European Investment Bank, Brixton Estate | 9.8% | Northumbria Water Group, White Young Green, PV Crystalox Solar, Spirax Sarco Engineering |
| Standard Life UK Ethical Inst | 21/09/1998 | £120.18m | HSBC Hldgs, Royal Bank Of Scotland Group Plc, Vodafone Group, BG Group, HBOS, Easyjet, Premier Foods Plc, Invensys, Informa, Expro International Group | 11.5% | Northumbria Water Group, White Young Green, PV Crystalox Solar, Spirax Sarco Engineering |
| Standard Life European Ethical Fund | 02/11/2005 | £43.57m | Vodafone, Royal Bank of Scotland, BG Group, Xstrata, Invensys, Expro International, International Power, Chloride Group, National Grid, BT | 12% | Vestas, Kingspan Group |
| SWIP Global SRI Fund | 23/07/2002 | £13.77m | Merck & Co Inc, Metropolitan Life Insurance Company, Verizon Communications, Porsche, Cnooc Ltd, Home Depot Inc, Bank Of New York Company Inc, Colgate-Palmolive Company, Fannie Mae, Ing Groep | INS [†] | INS [†] |
| SWIP Pan-European SRI Equity Fund | 16/05/2002 | £69m | Royal Dutch Shell, Total, Bayer, Tele Atlas, Legal & General Group, Allianz, Rolls-Royce, Merck & Co Inc, Grifols, Fresenius Ag | INS [†] | INS [†] |
| Swisscanto (CH) EF Green Invest | 09/11/1998 | CHF 542.51m | Solarworld, Procter & Gamble Company, Oesterreichische Elektrizitätswirtschaft, Johnson & Johnson, Bank Of America Corporation, IBM, 3M Company, SKF, Unilever, Roth & Rau | INS [†] | INS [†] |
| SVM All Europe SRI Fund | 31/10/2006 | £1m | Premier Oil, Tullow Oil, Hunting, Innovation Group, France Telecom, Bank of Cyprus, Brisa Auto-Estradas, Cable & Wireless, Allianz, Unicredito Italiano | 2.6% | Sechilienne-Sidec |

* Information as provided by Fund Management Company.

† Information not supplied.

‘At present there are no pure-play environmental or ‘climate change’ companies in the UK FTSE 100.’

6. The ‘Large-Cap’ Phenomenon

Table B on the previous pages shows how certain companies – Vodafone, HSBC and Royal Bank of Scotland – appear over and over again in the SRI/ethical funds. To an extent this is a reflection of the UK economy; the 10 largest companies in the UK (as at August 2007) were BP, HSBC, Vodafone, Glaxo, Shell A share, RBS, Shell B shares, Barclays, Anglo American and AstroZeneca. While many funds may screen out oil and mining, and some may screen out pharmaceuticals, most include telecommunications and banks, or at least some banks (usually selected on a best in class basis).

Unless the fund manager has a specific strategy to invest only in small and medium companies, it is therefore likely that the funds will be heavily invested in banks and telecoms (see section 8 below).

At present there are no pure-play environmental or ‘climate change’ companies in the UK FTSE 100. People wishing to invest in large-cap environmental companies currently have to look outside the UK to Denmark, Spain, Germany and the US. (See Table C below which shows the top 10 constituents of the FTSE ET50).

Table C: The Ten Largest ‘Pure-Play’ Environmental Companies in the World

| Rank | Constituent Name | Country | Net Mk Cap (USD mn) | Weight in Index (%) |
|------|--------------------------------|---------------|---------------------|---------------------|
| 1 | Vestas Wind Systems | Denmark | 17,280 | 10.72 |
| 2 | Suntech Power Holdings Co. ADS | US | 11,744 | 7.28 |
| 3 | First Solar Inc | US | 9,526 | 5.91 |
| 4 | Gamesa | Spain | 8,010 | 4.97 |
| 5 | Iberdrola Renovables | Spain | 6,510 | 4.04 |
| 6 | SolarWorld AG | Germany | 6,491 | 4.03 |
| 7 | Novozymes A/S | Denmark | 6,053 | 3.75 |
| 8 | Q-CELLS | Germany | 5,442 | 3.38 |
| 9 | Stericycle Inc | US | 5,046 | 3.13 |
| 10 | Pall Corp | US | 4,820 | 2.99 |
| | | Totals | 80,922 | 50.19 |

(Source: FTSE/Impax)

‘...it is the traditional ethical funds which are most over-weight in financials and telecoms...’

7. Sector Exposure

One effect of ethical/SRI funds' use of positive or negative screens is to filter out certain investment sectors. This results in sectors that are not screened out being overweight. In particular, traditional ethical funds (as opposed to SRI funds) are overweight (have a much a much higher than average proportion of their portfolio invested) in financial and telecommunications stocks.

Table D reveals the UK ethical and SRI funds which are most over exposed to financial services and telecommunications, and those which are least exposed. Generally, it is the traditional ethical funds which are most over-weight in financials and telecoms, whereas the funds which have a more positive or integrated screening approach are not. The L&G UK 100 Index Tracker represents the average market weighting in these sectors.

8. Conclusion

The issue that has always been of concern to investors and the media, whether SRI and ethical funds under-perform, would appear to be the wrong question to ask. SRI and ethical funds perform just as well (if not slightly better) than their mainstream counterparts because in most cases they are in fact mainstream. But the two questions that should be asked are this: *are they providing investors with what they were hoping for – investment in companies which are improving the environment and making a positive contribution to society? And are they benefiting from arguably the most exciting investment opportunity of the decade – investment in clean-tech or environmental pure-plays?* Many SRI/ethical funds were over-weight financials in the second half of 2007, which given the credit crunch was perhaps ill advised. Investors need to be highly selective in their choice of SRI fund to make sure that the fund is meeting both their ideological and their performance expectations.

Table D: UK SRI/Ethical Funds' Exposure to Banks and Telecoms

| Name of Investment Company | Financial Services and Telecommunication Weighting |
|---|--|
| Prudential Ethical Trust | 56.02% |
| Old Mutual Ethical Fund | 48.55% |
| L&G Ethical Trust | 45.34% |
| Scottish Widows Environmental Investor | 42.69% |
| Sovereign Ethical Fund | 42.28% |
| Henderson Global Care UK Income | 42.06% |
| Insight Investment European Ethical Institutional | 41.93% |
| Axa Ethical Fund | 39.57% |
| Scottish Widows Ethical Fund | 39.16% |
| Credit Suisse Fellowship Fund | 39.05% |
| L&G UK 100 Index Tracker | 35.03% |
| Jupiter Environmental Income Fund | 34.13% |
| CIS UK FTSE4 Good Tracker | 32.13% |
| F&C UK Ethical | 31.93% |
| Norwich UK Ethical Fund | 27.00% |
| Sustainable Future UK Growth | 26.36% |
| Allchurches Amity Fund | 25.90% |
| Aegon Ethical Equity | 23.23% |
| F&C Stewardship Income | 19.87% |
| F&C Stewardship Growth Fund | 17.67% |
| CIS Sustainable Leaders Trust | 17.29% |
| Standard Life UK Ethical Inst | 5.88% |
| Note: This table just covers UK funds, where the sector bias is particularly marked. | |

III Environmental/Climate Change Funds

1. The Emergence of Environmental/Climate Change Funds

In the last few years a number of specialist environmental or climate change funds have been launched. Impax Group, one of the first specialist environmental investment houses, was founded in 1994 and launched the **Impax Environmental Markets Trust plc** in 2002. Merrill Lynch, one of the world's leading fund management companies (now 'Black Rock') launched the **Merrill Lynch New Energy Technology plc** in early 2000. In the last two years, fuelled by Sir Nicholas Stern's report into the costs of climate change and Al Gore's film 'An Inconvenient Truth', concern about environmental issues has intensified and interest in these specialist funds has soared. We list in this section most of the funds that have emerged in the last few years.

Such Environmental Funds differ from SRI funds in that they apply only an environmental or climate change screen to the companies in which they invest. Most Environmental Funds positively seek out investments in companies that they hope will form part of the new low carbon economy, particularly those in alternative energy and energy efficiency, water treatment, pollution control and waste technology. For more information on the components of the environmental sector, see Appendix A.

2. Environmental Funds Which Invest in Quoted Companies

It is clear from the top ten holdings listed in Table E below that Environmental Funds are more focused on investing in environmental companies. However, as with the SRI funds, there are some holdings which are not exactly in the vanguard of the environmental economy, such as Porsche and Nestlé.

“Green Investing is no longer a niche, but probably the biggest single investment theme of the decade”

(Tom Stevenson, financial columnist, Daily Telegraph)

Table E: Environmental Funds Which Invest in Quoted Companies

| Fund and Stated Aims & Objectives | Launch Date | Fund Size | % of Portfolio in Pure Environmental Stocks* | Portfolio Top 10† |
|--|-------------|-----------|--|--|
| DWS Investment GmbH DWS Invest Climate Change Invests in companies that are active in sectors involving CO2-efficient or energy-efficient technologies, renewable or alternative energies, climate protection, catastrophe protection or management and energy-efficient mobility. | May 2007 | €115.8m | 25% | Gamesa Corp, SolarWorld, Veolia, Umicore, First Solar, Tanfield Group, Acciona, Q-Cells, ABB reg, Emerson Electric Co. |
| DWS Investment GmbH Klimawandel The fund invests mainly in equities of companies which operate in business areas of CO2 or energy efficiency technology, renewable or alternative energy, climate protection, emergency management and energy-efficient mobility. | Feb 2007 | €822.7m | 25% | Gamesa, SolarWorld, Johnson Controls, Tanfield Group, Umicore, Veolia Environnement, First Solar, ABB Reg., Acciona, Q-Cells |
| Ecofin Water & Power Opportunities plc (Investment Trust) Invests principally in the equity and equity-related securities of companies in the water, electric power and gas distribution industries. | Feb 2002 | £108.2m | “5-10% in "pure" environmental companies. This includes pure-play water companies, renewable companies and turbine companies. The fund also invests in many companies where only a part of their business is environmental.” | Iberdrola, Airtricity, FPL Group, ITC Holdings Corp, Pennon Group, Electric Power Development, Williams Ord, Poweo, Suez, Centrica plc |

* Information as provided by Fund Management Company.

† From websites and factsheets.

Continued overleaf

| Fund and Stated Aims & Objectives | Launch Date | Fund Size | % of Portfolio in Pure Environmental Stocks* | Portfolio Top 10† |
|--|-------------|-----------|--|--|
| F&C Global Climate Change Opportunities (Unit Trust) Invests in alternative energy industries and the broader technologies, support systems and advanced materials that will underpin emissions reductions. Also makes necessary infrastructure investments prompted by climate change to acclimatisation measures in areas such as agriculture and health. | Sep 2007 | €14.3m | “The fund manager has taken ‘pure environmental stocks’ to mean companies whose businesses are primarily focused on environmental technology or environmental issues, as opposed to it just being a growing proportion of overall sales. Using this approach he estimates that approximately 32%, or 1/3 of the fund, is made up of pure-play environmental stocks.” | Suez, FPL Group Inc., Archer Daniels Midland Co., Toyota Motor Corp., Roper Industries Inc., Compagnie de Saint-Gobain S.A., MEMC Electronic Materials Inc., Syngenta AG, Manila Water Co. Inc., Electricite de France |
| GLG Environment Fund (UCITS Fund) Fund put through a “Green Filter”, which restricts holdings to stocks that have a lighter than average environmental footprint in their sector, based on data from Trucost plc, the environmental consultancy. | Jan 2007 | €112.03m | “These would be companies that we define as solution providers – these make up anywhere between 0% and 10% of the fund at any time.” | Telianonera AB, Porsche AG, Renault, Munich RE, Acciona SA, BG Group Plc, Sika Finanz AG, Unicredito Italiano SpA, Allianz SE, Enel SpA |
| HSBC GIF Climate Change Fund (Luxembourg SICAV) Invests in companies that are considered best placed to benefit from developing solutions to the challenges presented by climate change. It is managed by Sinopia, the specialist ‘active quantitative’ asset manager of the HSBC Group. Active stock selection is from the HSBC Global Climate Change Benchmark Index. Companies are eligible for the Index if they generate at least 10% of their revenues from climate change activities, and meet minimum market capitalisation and daily trading turnover criteria. | | | Energy Efficiency / Management: 19% Low Carbon Energy Production: 60% Water Waste & Pollution: 19% | E.ON, Suez, Anglo Platinum, Vestas Wind System, Waste Mgmt Inc, Fortum Oyj, Alstom, Veolia, CEZ, Philips Electronics |
| Impax Environmental Markets (Ireland) Fund (OEIC) Investments are made predominantly in quoted companies which provide, utilise, implement or advise upon technology-based systems, products or services in environmental markets, particularly those of alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management. | Dec 2004 | £196m | 100% | Chloride Group, Vestas, Ormat, Regal Beloit, Itron, Gamesa, Stantec, Mayr Melnhoff, Canadian Hydro, Grontmij |
| Impax Environmental Markets plc (Investment Trust) Investments are made predominantly in quoted companies which provide, utilise, implement or advise upon technology-based systems, products or services in environmental markets, particularly those of alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management. | Feb 2002 | £289.3m | 100% | Chloride Group, Vestas, Ormat, Regal Beloit, Itron, Gamesa, Stantec, Mayr Melnhoff, Canadian Hydro, Grontmij |
| Jupiter Green Investment Trust plc (Investment Trust) Invests globally in companies which have a significant focus on environmental solutions, such as Clean Energy, Water Management, Waste Management, Sustainable Living, Environmental Services and Green Transport | Jun 2006 | £58.2m | 100% of the fund is invested around our six green investment themes | Clean Energy, Water Management, Waste Management, Sustainable Living, Environmental Services and Green Transport Atkins, Vestas Wind Systems, Gamesa, Cranswick, First Solar, FirstGroup, Nordex, RPS United Kingdom, Novozymes A/S, National Express |
| Jupiter Climate Change Solutions (Luxembourg SICAV) The Fund will invest in companies providing profitable solutions to environmental and social problems including a significant focus on environmental and/or climate change solutions using the 6 green investment themes: Clean Energy, Water Management, Green Transport, Waste Management, Sustainable Living | Aug 2001 | £16m | 100% of the fund is invested around our six green investment themes | RPS Group, Stantec, Firstgroup, Gamesa, Hamworthy, Veolia, Cranswick, Harsco Corp, Novozymes, Go Ahead |
| Merrill Lynch New Energy Technology plc (Investment Trust) The Fund invests globally at least 70% of its total net assets in the equity securities of companies whose predominant economic activity is in the alternative energy and energy technology sectors. | Apr 2001 | £5,018m | “I’d be reluctant to give a figure on this as it very much depends what definition is used for pure environmental companies. The whole portfolio is linked to environmental companies.” | American Superconductor Corp, Clipper Windpower, FPL Group Inc, Gamesa Corporacion Tecnologica Sa, Iberdrola Sa, Itron Inc, Q-Cells Ag, Solar World Ag, Suzlon Energy Limited, Vestas Wind Systems |

* Information as provided by Fund Management Company.

† From websites and factsheets.

Continued overleaf

| Fund and Stated Aims & Objectives | Launch Date | Fund Size | % of Portfolio in Pure Environmental Stocks* | Portfolio Top 10† |
|--|-------------|-----------|--|--|
| Pictet Water Fund (Luxembourg SICAV) | | | | |
| The fund's objective is to invest worldwide in shares of companies focused on the water related sector. | | | | |
| | Dec 2004 | €4,083m | Information not supplied | Veolia Environnement, Suez, ITT, Nestlé, Groupe Danone, Severn Trent, Fortum, Kelda Group, Waste Management, United Utilities |
| Pictet Clean Energy Fund (Luxembourg SICAV) | | | | |
| The funds objective is to invest worldwide in shares of companies that contribute to and profit from the world's transition to less carbon-intensive energy. | | | | |
| | May 2007 | \$802m | Information not supplied | Vestas Wind Systems, Suntech Powers Holdings, Energias de Portugal, Gamesa Corporacion Tecnologica, FPL Group, Chesapeake Energy, Q-Cells, Williams Companies, First Solar, Renewable Energy Corporation |
| Pioneer Global Ecology Fund (EUR A Non-Distributing) | | | | |
| Investing at least two-thirds of its total assets in a range of equities and equity-linked instruments issued by companies manufacturing or producing environmentally friendly products or technologies that contribute towards the development of a cleaner and healthier environment. | | | | |
| | Mar 2007 | €1,497m | Agriculture 5.1%, Anti-pollution technology 2.5%, Biofuel/Biomaterials 3.5%, Energy 1.3%, Energy efficiency 2.8%, Environmental consultant 1.4%, Environmental equipment 1.8%, Green energy generation 6.7%, Healthcare 7.7%, Hydrogen 1.3%, Infrastructure 3%, Low emissions transport 3.5%, Recycling 6.8%, Renewable energy Technology 9.1%, Water 7.3%, Water and waste management 5.5%, Environmentally committed company 17.3% | Bundesschatzanweisungen, Bunge, Sociedad General de Aguas de Barcelona, Agrium Inc, Veolia Environnement, Iberdrola SA, Procter & Gamble Co, SGL Carbon AG, Vossloh AG, Suez |
| Sarasin New Power Fund (Luxembourg SICAV) | | | | |
| Invests in innovative companies active in the energy sector – either as suppliers, manufacturers or distributors within the value chain. The fund specialises in wind power, photovoltaics, hydroelectric power, fuel cells, as well as energy efficiency and energy management. | | | | |
| | Apr 2007 | £82.97m | “Environmental companies are very hard to distinguish as environmental technology can be defined very differently. Please see the complete portfolio list for the best picture.” | Q Cells, Gamesa Tecnologica, Air Liquide, Renewable Energy AS, Toyota Motor, Solarworld, BG Group, Royal Dutch Shell -A-, Vestas Wind Systems, Österreichische Elektrizität –A |
| Schroder Global Climate Change Fund (Unit Trust) | | | | |
| Invest in energy efficiency, low carbon fossil fuels, clean energy, sustainable transport and environmental resources. | | | | |
| | Aug 2007 | | Information not supplied | Philips Electronics, Siemens AG, AGCO Corp, Toray Industries Inc, Exelon Corp, Vestas Wind, Canadian Pacific Railway, Sharp Corp, Applied Materials, Cisco Systems Inc |
| The Neptune Green Planet Fund (OEIC) | | | | |
| Generate capital growth from investment predominantly in the securities of companies whose main business operations focus on improving the environment. This can include reducing pollution and resource consumption or achieving the same aim by coming up with new alternative energy solutions, technologies, products or industrial processes for commercial exploitation. | | | | |
| | Dec 2006 | £5.4m | Better than 80% in pure companies on average | Mission Biofuels Ltd, Evergreen Solar, Inc, Geodynamics Ltd, Westport Innovations, Interseroh (No further information available.) |
| Virgin Climate Change Fund (Unit Trust) | | | | |
| Not investing only in environmental pure-plays. It will 'cherry pick' the companies considered to deliver the highest economic returns in each industry (using data from Trucost), and identify those with the best environmental credentials. | | | | |
| | Jan 2008 | | 10% invested in solution providers which are firms specialising in offering solutions to environmental problems, (75% invested in an environmentally-filtered basket of European shares, 15% in solution adopters which are companies adopting environmental best practice.) | (No further information available.) |

* Information as provided by Fund Management Company.

† From websites and factsheets.

‘Environmental Funds generally invest in companies that the fund manager believes will contribute directly to a low carbon economy.’

In contrast to the SRI funds which are heavily invested in stocks such as Vodafone and HSBC, Environmental Funds generally invest in companies that the fund manager believes will contribute directly to a low carbon economy. As a result these funds are often overweight in companies active in the alternative energy, water and waste sectors.

Several stocks appear frequently in the Environmental Funds’ top 10 holdings. Particularly recurrent are Vestas (a supplier of wind power solutions with 28 per cent of the global market share) and Gamesa (also a global scale supplier of wind and solar energy).

This concentration of investments in a few companies is a phenomenon that is inevitable as long as there is a relatively large number of specialist funds investing in a relatively small number of environmental companies.

3. Environmental Funds Which Invest in Private Companies

Also actively supporting the transition to a low carbon economy is an increasing number of Environmental Funds which invest in Private Companies (see Table F). These Funds, also known as Private Equity Funds, are relatively illiquid and represent a higher risk investment than many of the funds in Table E which invest in public companies.

Investment in private companies which are developing new environmental products and services can be seen as being at the leading edge of environmental investment.

These investments generally go directly to the investee companies and enable them to expand and develop their businesses. Furthermore, as these private equity funds generally invest exclusively in companies which provide environmental solutions, they provide investors with some of the purest environmental investment options.

There are now a variety of Environmental Funds which invest in the rapidly growing number of private environmental companies. Some of these funds specialise in specific types of environmental companies whereas others take a more generalist approach to portfolio selection.

These Private Equity Funds are structured in a variety of ways:

AIM listed Funds

There are currently three Environmental Private Equity funds listed on AIM. These funds specialise in different areas of investment. For example the Low Carbon Accelerator, an AIM listed fund, invests in sustainable building (18%), energy efficiency (22%) and clean energy (60%). Table F below lists the range of these funds. Whereas the London Asia Chinese Private Equity Fund, as its name suggests, is focused on Chinese Private Companies.

Limited Partnership Funds

These funds invest in early stage and more mature private companies. They tend to raise their funds from institutional and High Net Worth investors and have minimum investment thresholds which generally preclude them from the retail investment market.

Table F: Environmental Funds Which Invest in Private Companies

| Fund | Launch Date | Fund Size | % Portfolio held in Pure Environmental Companies* | Top Holdings |
|---|--|-----------|--|--|
| London Asia Chinese Private Equity Fund Limited (AIM listed company) | Mar 2006 | £57.50m | Over 75% of the LACPE fund is invested in energy and environment companies | China Biofoods, China New Energy, China Real Estate Services Ltd, Asia Water Technology, Canmake Business Ltd, United Envirotech, China Solar Energy, Zhengye Zhongnong High-tech Co., Ltd, Asia Clean Energy Pte., Asia Wind Group Ltd. |
| Low Carbon Accelerator (AIM listed company) | Oct 2006 | £45.84m | 100% | Proven Energy, Sterling Planet, Energy Cabin, RLTec, Saddlehorn, Eco-Solids International, Living Villages, Turbine Developments, Hemcore, QuantaSol, Helio Dynamics, Black Mountain Insulation, Vaperma, Classical Renaissance, Responsive Load |
| Ludgate Environmental Fund Limited (AIM listed company) | Aug 2007 | £26.7m | 100% | Hydrodec Group plc, Emergya Wind Technologies B.V., STX Services B.V |
| Nviro Cleantech (AIM listed company) | Aug 2007 | £27.6m | 100% invested in such technologies as per our web site at www.nvirocleantech.com | Clean Coal Technologies, Microrelease, Carbon Co-Burner, Laseair, Casect lab on a chip |
| Triodos Renewable Energy Funds plc | 1995 (under its original name - The Wind Fund plc) | £12.5m | 100% | The Group now comprises five operating companies: Triodos Renewables (Beochlich) Limited which operates a hydro electric project and Triodos Renewables (Haverigg ii) Limited, Triodos Renewables (Ness Point) Limited, Triodos Renewables (Caton Moor) Limited and Triodos Renewables (Sigurd) Limited which operate wind farm projects. It has investments in joint venture companies, Connective Energy Limited (33%) and Triodos Mellinsus Projects Limited (60%) and owns 1.52% of Marine Current Turbines Limited. |

*As stated by fund management company.

'It is therefore a moot point whether the nature of hedge funds fits with the creation of an environmental economy...'

4. Environmental Hedge Funds

Hedge funds are funds which are exempt from many regulations governing funds available to the retail investor. As a result they can employ a more risky investment strategy than a publicly available fund, including short selling, use of derivatives and leverage. They often seek to offset potential losses by 'hedging' or selling short. However, the name is now used to describe any absolute return fund even if they have a 'long only' strategy.

Hedge funds have acquired a reputation for secrecy because they do not have to disclose their investments.

However, one of the three environmental hedge funds we contacted disclosed its holdings (see table G below).

Hedge funds are also contentious for the levels of fees they charge (typically both a management fee and a performance fee) and the destabilising impact they can have on global stock markets. It is therefore a moot point whether the nature of hedge funds fits with the creation of an environmental economy, where the role of the investor is to supply reliable streams of capital to emerging companies.

Table G: Environmental Hedge Funds

| Fund | Launch Date | Top Holdings |
|--|-------------|--|
| Ecofin Hedge Funds Hedge Fund | Oct 2004 | Bristol Water, Séchilienn, Northumbrian Water, ITC Holdings, Power Machines, Airtricity, Endesa, Snam Rete Gas, British Energy, Exelon Corp, Ameren Corp |
| The Impax Absolute Return Fund Hedge fund | May 2007 | NIA |
| TITIAN Clean Energy Hedge Fund | Dec 2006 | NIA |

5. The Outlook for Environmental and Climate Change Funds

As more companies work to adapt to climate change the range of environmental investment opportunities will increase. This will mean that the concentration of investments in a few companies will be diluted and the funds will therefore be less high risk. The other trend we anticipate is that more large companies will emerge in the environmental sector (either through small Pure-Plays becoming larger or through existing larger companies changing their business to be more environmental). As a result, more funds will be launched which specialise in investing in these larger environmental companies (see, for example, the Impax Environmental Leaders Fund in Table H below).

At time of writing (February 2008), the stock market is suffering heavy losses. Many economic commentators are predicting an economic slow-down in 2008. Interest in Environmental Funds may slow temporarily as people become more risk-averse. However, in the medium term the outlook for these funds remains strong. The long-term drivers of the environmental economy – climate change, population growth, growing waste and resource depletion – remain firmly intact. **We believe the outlook for the environmental economy and the environmental investment sector remains highly attractive.**

Table H: Forthcoming Fund Launches

| Fund | Launch Date | Funds Aims and Objectives | Portfolio Details* |
|---|--|--|--|
| London Asia Clean Technology Fund | Launched January 2008 | Proposed \$200 million fund with investment focus on late-stage clean technology companies whose technology or service is applicable to the markets in Asia. Markets include natural resources, waste, recycling, and the pollution, agricultural sector, as well as energy related businesses. | We would very much like it to be dedicated to environmental companies only. |
| Allianz Global Investors Global EcoTrends (UK OEIC3) | Launch on 14th February 2008 | The fund aims to invest a minimum of 75% of its assets in the shares companies across the globe that have exposure to the areas of 'eco energy' (alternative energy sources and energy efficiency), 'pollution control' (environmental quality, waste management and recycling) and 'clean water' (e.g. water treatment and supply). | Top 10 holdings as at Nov '07 in equivalent fund: First Solar, Renewable Energy Corp, Vestas Wind Systems, Suntech Power, Gamesa Corp Tecnologica, Suzlon Energy, Q-Cells, Sunpower Corp, Stericycle, Yingli Green Energy. At least 80% of the fund is invested in 'eco-technology names'. However, normally this will be 100%. |
| Guinness Atkinson Alternative Energy (OEIC) | Launching February 2008, subject to FSA approval | The fund will invest in companies with market capitalisations of over \$100 million and with at least 50% of their business in manufacture and development of energy generation from non fossil fuel sources and the improvement of energy use efficiency. | Top 10 holdings of equivalent fund: Theolia, Q-Cells, Vestas Wind Turbines, Suntech, Gamesa, Verbund, Iberdrola, REC, PNOG Energy, Solarworld. |
| Impax Asset Management IFSL Impax Environmental Leaders Fund | Launching March 2008 | Invest globally in companies that have a market capitalization of at least \$500m and derive at least 20% of their revenues or profits from, or have at least 20% of their capital invested in the environmental sector. | All companies must have at least 20% of their revenues or profits from, or have at least 20% of their capital invested in the environmental sector. |
| Bramdean Asset Management | Launching 2008 | Nicola Horlick and Vincent Tchenguiz to launch an Environmental Fund later this year. | NIA |
| Triodos Renewable Energy Funds plc | Seeking extra funds in March 2008 | The Bristol-based investment bank is seeking to raise £10-12m for further investments in low carbon technology companies and renewable power projects. | Investments will be in low carbon technology companies and renewable power projects. |

*As provided by fund management company.

IV About Holden & Partners

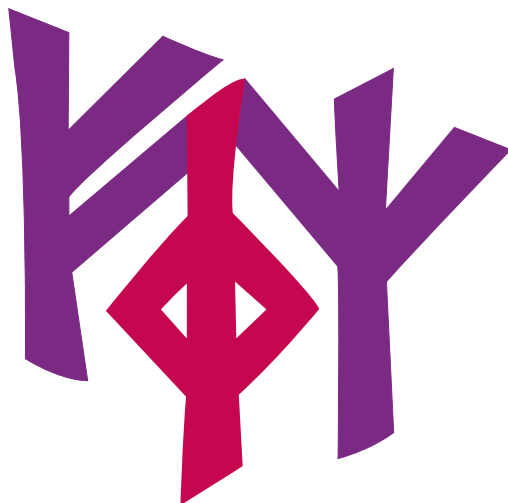
Holden & Partners is a firm of wealth managers, highly regarded for our expertise in socially responsible, ethical and environmental investing. The firm has a combined experience of 60 years within the financial planning industry, and works with individuals, charities and businesses to provide advice on over £200m of investment assets.

Our involvement in this field began in the 1980s when Giles Chitty, who is now considered by some to be the 'Grandfather of green investment', began promoting socially responsible investment. In the 1990s this was developed further by Peter Holden who set up Holden Meehan, which became one of the largest advisers on socially responsible investment in the UK, and which produced a number of guides to socially responsible investment. Our Guide To Climate Change Investment is a natural successor to these early investment guides and builds on the expertise we had already developed in this field.

Ethical and socially responsible funds have performed in line with their mainstream equivalents and can meet clients' financial objectives. Climate Change funds are a natural development in this sector, and have significance for all investors as climate change continues to impact on the world around us and the wider global economy. Consequently, we believe this is an area in which all investors should consider exposure. It provides an investment opportunity which we consider will in time deliver above market returns.

Please refer to our website for further information on how we can help with investment decisions in this area, or call us on 020 7812 1460.

www.holden-partners.co.uk



V Glossary

Investors

Private Investor

An individual who purchases investments for him or herself. Also called a retail investor.

Institutional Investor

An entity with large amounts to invest, such as an investment company, a pension fund or an endowment fund.

Companies and markets

Equity

Ownership interest in a corporation in the form of common stock or preferred stock. Another name for shares.

Stock

An instrument that signifies an ownership position (called equity) in a corporation, and represents a claim on its proportional share in the corporation's assets and profits.

Private Equity

Equity securities of companies that are not listed on a public exchange.

Quoted Company

A company which has issued securities (such as equity) through an offering, and which are now traded on the open market. The opposite of private company.

Private Company

A company whose shares are not traded on the open market. The opposite of public company.

Sector

A distinct subset of a market, society, industry, or economy, whose components share similar characteristics.

Blue Chip

Denotes the shares of companies which are well established, usually large and highly regarded.

Main Market

The London Stock Exchange's Main Market is the world's most international market for the listing and trading of equity, debt and other securities.

AIM

London Stock Exchange's international market for smaller growing companies.

Market Capitalization

Market capitalization represents the aggregate value of a company or stock. It is obtained by multiplying the number of shares outstanding by their current price per share. Companies are usually classified as either large cap, medium cap, small cap, or micro cap, depending on their market capitalization, but the dividing lines are somewhat arbitrary.

FTSE 100 Index

Arithmetic index of the UK's leading 100 shares, weighted according to the company's market capitalisation. It is a real time index calculated by the London Stock Exchange.

Funds

Fund

A generic term for many different types of collective investment schemes, such as Unit Trusts and Investment Trusts.

Investment Company

A firm that invests the pooled funds of retail investors for a fee. By aggregating the funds of a large number of small investors into a specific investments an investment company gives individual investors access to a wider range of investment opportunities than the investors themselves would have been able to access.

OEIC

An Open Ended Investment Company that allows investors to collectively pool together money to invest in various opportunities. As money is invested, shares are created. When a shareholder requests to sell shares, that money is then redeemed.

Mutual Fund

An open-ended fund operated by an investment company which raises money from shareholders and invests in a group of assets, in accordance with a stated set of objectives. Mutual funds raise money by selling shares of the fund to the public, much like any other type of company can sell stock in itself to the public.

Unit Trust

Unit trusts are collective funds which allow private investors to pool their money in a single fund, thus spreading their risk and getting the benefit of professional fund management. They are open-ended which means that the trust can issue new units in response to demand.

Investment Trust

A publicly-quoted company which invests shareholders' monies in the shares of other companies. An investment trust is a collective investment scheme, but has a fixed number of shares and is closed-ended.

SICAV

A Societe d'Investissement A Capital Variable. An open-ended collective investment scheme that derives its value by the number of participating investors. It is most commonly found in Europe.

Hedge Fund

A fund, usually used by wealthy individuals and institutions, which is allowed to use aggressive strategies, such as selling short. They are restricted by law to no more than 100 investors per fund and set extremely high minimum investment amounts. Investors in hedge funds pay a management fee and hedge funds also collect a percentage of the profits (usually 20%).

Private Equity Fund

A fund which invests its money in private equity.

LP

A business organization with one or more general partners, who manage the business and assume legal debts and obligations, and one or more limited partners, who are liable only to the extent of their investments. Limited partners also enjoy rights to the partnership's cash flow, but are not liable for company obligations.

EIS

An Enterprise investment Scheme, designed to help smaller higher-risk trading companies to raise finance by offering a range of tax reliefs to investors who purchase new shares in those companies.

Portfolio

A collection of investments all owned by the same individual or organization.

Weighting

The proportion of a portfolio held in a single asset or sector compared with its benchmark/another index. For example, if a fund is holding 10% of its portfolio in the UK, compared with an index weighting of 5%, the manager might say the fund is overweight in the UK. The inverse situation would lead to the fund being underweight in the UK.

Launch Date

The date on which a unit trust or similar collective investment scheme starts investing its assets.

Net Asset Value (NAV)

The total value of a company or fund, measured by taking the total value of its assets, less its liabilities. The net asset value per share is calculated by dividing the resulting number by the number of ordinary shares in issue. This term is used to describe the underlying value of an investment trust's shares.

The information in this guide was compiled in December 2007 and January 2008. The guide does not constitute an offer or solicitation to buy or sell equities. It is solely for information purposes and does not constitute investment or other advice, nor is it to be relied upon in making an investment decision.

Past performance is not necessarily a guide to future performance. The value of investments may go down as well as up and is not guaranteed. Changes in rates of exchange may cause the value of investments to fluctuate.

Information contained herein has been taken from sources considered by Holden & Partners to be reliable, but no warranty is given that such information is accurate or complete and it should not be relied on as such. Holden & Partners, its subcontractors, agents and employees, will not be responsible for any loss or damage of any kind which arises, directly or indirectly, and is caused by, the use of any part of the information provided.

Appendix A: Environmental Markets

The Environmental Markets sector includes companies that will contribute to and profit from the world's transition to less carbon-intensive energy, whether this is by reducing pollution and resource consumption or achieving the same aim by coming up with new alternative energy solutions, technologies, products or industrial processes for commercial exploitation. Most 'environmental' companies fall into one or more of the following sectors; alternative energy (e.g. wind turbine manufacturers, biofuels); energy efficiency (e.g. metering); water technologies; pollution control; waste technology; recycling and resource management.

Alternative Energy and Energy Efficiency use cleaner and more efficient methods to produce energy thus reducing pollutant emissions and addressing global environmental problems. The main technologies are:

- **Fuel cells & hydrogen.** Fuel cells are electrochemical devices that use hydrogen as fuel to produce electricity with water as the waste product. The technology is being applied to automotive, residential and power generation markets. The market leader is Ballard Power (Canada).
- **Wind turbine manufacturers** have steadily increased the size of their units, orders and geographical scope while dramatically reducing costs. Deregulation, renewable subsidies and tightening environmental standards are key drivers. Suzlon Energy (India), Vestas Windsystems (Denmark) and Gamesa (Spain) are the largest companies.
- **Solar manufacturers and integrators.** A photovoltaic (PV) cell is a semiconductor device that converts photons (light) into electricity. Both Solarworld (Germany) and Suntech Power (US) specialise in the design, development, manufacturing and sale of PV cells, modules and systems.
- **Biofuels** consist of bioethanol and biodiesel, which are derived from plant materials and renewable resources such as vegetable oils, animal fats, or other types of biomass respectively. They are particularly suited to the transport sector, where they can be blended with conventional fuels. Biopetrol (Germany) and Abengoa (Spain) are two market leaders.
- **Superconductors** conduct electricity with zero resistance and are being used to increase the efficiency of power transmission and in energy storage to improve reliability. The market leader is American Superconductor (US).
- **Meters and demand side management.** Utility companies are increasingly installing advanced meters to allow remote reading and facilitate efficient delivery of services. Two meter companies are Itron (US) and Techem (Germany).
- **Clean energy technologies for portable applications** are being developed which improve the power density, efficiency and environmental performance of batteries. Such technologies include portable fuel cells and lithium ion battery technologies. Medis Technologies (US) is an example.
- **Uninterruptible Power Supply (UPS).** As the demand for UPS grows, companies are developing innovative servicing and technology solutions to reduce cost and improve performance which include UPS outsourcing, flywheels and fuel cells. Chloride (UK) is an example.
- **Renewable energy developers and independent power producers (IPPs).** There are a number of companies involved in the development and operation stage of the renewable energy value chain including Ormat (US) and Canadian Hydro (Canada).
- **Energy efficiency** products range from insulation materials to power electronics, of which Kingspan (Ireland) and Power Integrations (US) are respective examples.

Water Technologies and Pollution Control employ clean technologies to reduce the contamination of air, water and soil to address local and regional environmental problems. Water treatment is the most important technology area:

- **Membrane and ultraviolet (UV) technologies** are used in water treatment competing in many applications with the conventional, more-polluting, chlorine-based methods. HyFlux (Singapore) is an important player with membrane technologies. The largest independent company with a UV disinfection business is Calgon Carbon (US).
- **Water infrastructure companies** is a broad term to describe companies supplying products to improve the water infrastructure that requires huge investment on both sides of the Atlantic to meet tightening environmental standards. Two companies are Insituform (US) and Watts Water Tech (US).
- **Sulphur dioxide (SO₂), nitrous oxides (NO_x) and other air pollution control technologies** continue to improve and the fastest growth is to be found in emerging economies. The best technologies avoid any loss in boiler operating efficiency. Example companies are Clarcor and KFX (both US).
- **Multi-technology water treatment companies** offer the full range of water treatment technologies (membranes, UV, desalination, filtration, ion exchange etc) to the municipal and industrial markets. Important global companies are BWT (Austria), Pentair (US) and Kurita (Japan).
- **Environmental testing and gas sensing** is an important growth market with a number of new technologies being developed. Two companies involved in these markets are Horiba (Japan) and Dionex (US).
- **Filtration, purification & separation** is a constantly evolving market with new applications emerging in many industrial sectors in addition to energy, water and waste. Important companies that are active in this area are Pall and Esco Tech (both US), and Whatman (UK).

Waste Technologies and Resource Management are those with technologies for recycling and sustainable waste management. This group of companies is addressing environmental resource problems. The main technologies are:

- **Recycling systems and deposit schemes.** In response to recycling commitments, local governments are putting in place systems that involve reverse-vending machines, collection and registration systems, logistics and materials processing. The only integrated service supplier and market leader is Tomra (Norway).
- **Commodity production using recycled material** can take advantage of low cost resources as long as the quality of the product is maintained. Two companies that produce all their paper and cardboard from recycled materials is Mayr-Melnhof (Austria) and Carastar Industries (US).
- **Waste management practices** are constantly being improved. For example waste management companies such as Shanks (UK) and Lassila & Tikanoja (Finland) are using environmentally beneficial methods, while companies such as Energy Developments (Australia) waste-to-energy projects.
- **Environmental consultancy companies** ensure the dissemination of good environmental technologies and practice. As new environmental regulations and policies are developed it is the consultants that facilitate the integration of concepts into company activities. Two leading companies are RPS Group (UK) and TetraTech (US).
- **Vehicle recycling and end of life vehicles (ELVs)** is a growing global issue and a number of interesting business models are emerging to take advantage of the opportunity e.g. LKQ (US) and Universal Salvage (UK).
- **Hazardous waste management** is subject to increasing regulatory pressure and companies that are able to secure planning permission for the processing of these wastes are able to develop very profitable businesses. Two companies involved in these markets are Stericycle (clinical waste, US) and Seche (France).

Appendix B: Quoted and Private Environmental Companies

The list below details the companies mentioned in Tables E and F. The quoted companies appear within the top 10 holdings of the Environmental Funds detailed in table E. The private companies appear within the investment portfolio of the Environmental Funds detailed in Table H.

Quoted Companies

ABB Reg (Engineering, Switzerland)
 Acciona SA (Infrastructure, Spain)
 AGCO Corp (Agriculture, US)
 Agrium Inc (Materials, US)
 Air Liquide (Gas, France)
 Airtricity (Wind, Ireland (bought by Scottish and Southern Energy Plc in January 2008))
 Allianz SE (Finance, Germany)
 Alstom (Power, France)
 Ameren Corp (Energy, US)
 American Superconductor Corp (Superconductor, US)
 Anglo Platinum (Metals, South Africa)
 Applied Materials (Semi Conductors, US)
 Archer Daniels Midland Co (Agriculture, US)
 Atkins (Engineering, UK)
 BG Group Plc (Natural Gas, UK)
 British Energy (Electricity, UK)
 Bundesschatzanweisungen (Government, Germany)
 Bunge (Consumer Staples, US)
 Canadian Hydro (Renewable Power, Canada)
 Canadian Pacific Railway (Transport, Canada)
 Centrica plc (Gas, UK)
 CEZ (Power, Czech Republic)
 Chesapeake Energy (Natural Gas, US)
 Chloride Group (UPS Systems, UK)
 Cisco Systems Inc (Information Technology, US)
 Clipper Windpower (Wind, US)
 Compagnie de Saint-Gobain S.A. (Engineering, France)
 Cranswick (Agriculture, UK)
 Electric Power Development (Electricity, Japan)
 Electricite De France (Utility, France)
 Emerson Electric Co. (Technology, US)
 Endesa (Electricity, Spain)
 Enel Spa (Utilities, Italy)
 Energias De Portugal (Energy, Portugal)
 E.ON (Power, Germany)
 Evergreen Solar, Inc (Solar Energy, US)
 Exelon Corp (Utility, US)
 FirstGroup (Public Transport, UK)
 First Solar (Thin Film Solar, US)
 Fortum (Power, Finland)
 FPL Group (Energy, US)
 Gamesa Corp (Wind, Spain)
 Geodynamics Ltd (Geothermal energy, Australia)
 Go-Ahead (Transport, UK)
 Grontmij (Engineering Consultancy, Netherlands)
 Groupe Danone (Consumer Goods, France)
 Hamworthy (Fluids, UK)
 Harsco Corp (Industrials, US)
 Iberdrola (Utilities, Spain)
 International Power (Electricity, UK)
 Interseroh (Waste, Germany)
 ITC Holdings Corp (Electricity, US)
 Itron (Meters & Utilities Software, US)
 Johnson Controls (Automotives, US)
 Kelda Group (Water & Waste, UK)
 Kurita (Water Treatment, Japan)
 Lassila & Tikanoja, (Waste Management, Finland)
 Manila Water Co. Inc (Water, Philippines)
 Mayr Melnhoff (Recycled Packaging, Austria)
 Memc Electronic Materials Inc. (Silicon, US)
 Mission Biofuels Ltd (Biodiesel, Australia)
 Munich RE (Risk and Financials, Germany)
 National Express (Transport, UK)
 Nestlé (Consumer, Switzerland)
 Nordex (Wind, Germany)
 Northumbrian Water (Water Utility, UK)
 Novozymes A/S (Biofuels, Denmark)
 Ormat (Geothermal, Israel/US)
 Österreichische Elektrizität (Electricity, Austria)
 Pennon Group (Water and Waste, UK)
 Philips Electronic (Electronics, Holland)
 Porsche Ag (Consumer, Germany)

Poweo (Electricity, France)
 Procter & Gamble Co (Consumer Staples, US)
 Q-Cells (Solar, Germany)
 Regal Beloit (High Efficiency Motors, US)
 Renault (Consumer, France)
 Renewable Energy AS (Solar, Norway)
 Renewable Energy Corp (Solar, US)
 Roper Industries Inc. (Diversified Industrial, US)
 Royal Dutch Shell (Oil & Gas, Holland)
 RPS United Kingdom (Environmental Consultancy, UK)
 Sasol (Fuels & Chemicals, US)
 Severn Trent (Water Utility, UK)
 SGL Carbon G (Industrials, Germany)
 Sharp Corp (Electronics, US)
 Siemens AG (Diversified Industrials, Germany)
 Sika Finanz AG (Industrials, Switzerland)
 Sociedad General De Aguas De Barcelona (Utilities, Spain)
 Solarworld (Solar, Germany)
 Stantec (Diversified Industrials, Canada)
 Suez (Utilities, France)
 Suntech Power (Solar, China)
 Suzlon Energy (Wind, India)
 Syngenta Ag (Agribusiness, US)
 Tanfield Group (Industrial Machinery, UK)
 Teliasonera Ab (Telecommunications, Sweden)
 Toray Industries Inc (Diversified Industrial, Japan)
 Toyota Motor Corp (Transport, Japan)
 Umicore (Materials Technology, Netherlands)
 Unicredito Italiano SpA (Financial, Italy)
 United Utilities (Water and Waste, UK)
 Veolia Environnement (Utility, France)
 Veolia Umicore (Utility, France)
 Vestas (Wind, Denmark)
 Vossloh Ag (Industrials, Germany)
 Waste Management Inc (Waste, US)
 Westport Innovations (Transport, Canada)
 Williams Companies (Gas, US)

Private Companies

Asia Clean Energy Pte (Clean Energy, Singapore)
 Asia Water Technology (Water Purification, China)
 Asia Wind Group Ltd. (Wind Energy, China & India)
 China Real Estate Services Ltd. (Real Estate, China)
 Black Mountain Insulation (Building, UK)
 Canmake Business Ltd (Consumer, China)
 Carbon Co-Burner (Energy)
 Casect lab on a chip (Sensors)
 China Biofoods (Health Foods, China)
 China New Energy (Ethanol, China)
 Classical Renaissance (Property, Spain)
 Clean Coal Technologies (Clean Coal)
 Eco-Solids International (Waste, UK)
 Emergya Wind Technologies B.V (Wind, Holland)
 Energy Cabin (Biofuels, Austria)
 Helio Dynamics (Clean Energy, UK)
 Hemcore (Buildings, UK)
 Hydrodec Group plc (Oil Refining, Australia)
 Laseair (Air Purification)
 Living Villages (Low Carbon Homes, UK)
 Microrelease (Recycling)
 Proven Energy (Wind, UK)
 QuantaSol (Solar, UK)
 Responsive Load (Energy Efficiency, UK)
 RLTec (Energy Efficiency, UK)
 Saddlehorn (Buildings, US)
 Sterling Planet (Clean Energy, US)
 STX Services B.V (Environmental Broker, Holland)
 Turbine Developments (Clean Energy, UK)
 United Envirotech (Environmental Solutions, Singapore)
 China Solar Energy (Solar Energy, China)
 Vaperma (Clean Fuels, Canada)
 Zhengye Zhongnong High-tech Co., Ltd. (Agriculture, China)