

SOCIALLY RESPONSIBLE INVESTMENT

Reducing Emissions from Deforestation and Degradation (REDD)

Melting glaciers, the continued extinction of rare species, more frequent heat waves and increasingly stronger tsunamis – some believe that the long forsaken Armageddon is inevitable. Others believe they

have found an antidote named REDD. REDD stands for Reducing Emissions from Deforestation and Degradation.

Essentially this means protecting forests and implementing sustainable forest management policies.



deforested. This works out to approximately 13 million hectares of forest loss a year.¹ The reasons for this differ depending on region. For example, smaller areas are often deforested for the use of

rural farming communities while larger areas are exploited by large-scale commercial agriculture. REDD wants to stop this constant deforestation. The basic idea is simple. Developing nations receive money for each substantial

area of conserved forest. The specific amounts of the payments will be decided on an individual basis with each country. Certain factors will be taken into consideration, such as good leadership in government, active involvement in the conservation of forests and proof of forest conservation

HOW DOES REDD WORK?

Every second an area the size of a soccer field is



¹ http://www.epo.de/index.php?option=com_content&view=article&id=6475:13-millionen-hektar-waldverlust-in-einem-

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in the form of carbon balance. Nations will be subsequently examined to determine if these requirements are met and will then be compensated accordingly. Although REDD sounds simple in theory, its practical execution presents a number of challenges. In order to address these challenges, REDD was discussed extensively at the 16th Conference of the Parties.

16th CONFERENCE OF THE PARTIES: OBJECTIVES AND CHALLENGES

In December 2010, the 16th conference of the parties to the United Nations Framework Convention on Climate Change met in Cancun, Mexico. This conference was considered a tremendous success, especially in comparison to the 2009 climate change summit in Copenhagen. Many claimed that this conference renewed the 'spirit of multilateral-ism' and restored confidence in

the UN process. Press covering the conference claimed it to be an important first step towards maintaining a legally binding international commitment to reduce carbon emissions. An agreement was reached on a proposal introduced with the protection of forests in mind. This proposal is intended to reduce emissions from deforestation and forest degradation (REDD). Following is a summary of five of the most important goals for the REDD initiative:

Main Objective of REDD: The main objective of REDD is to contain and counteract constant deforestation by planting new forests. In order to do this there must be enough financial support. At present, it is unclear how this will be financed and where these funds will come from.

The Rights of Forest People: Human Rights, and



more specifically the Rights of Indigenous People must be taken into consideration with all climate related decisions.

Security Measures: Security measures were discussed extensively at the conference in Cancun. The debate centered primarily around developing countries' level of willingness and ability to enforce certain security measures (eg. monitoring, reporting and verification). In reaction to resistance from many developing countries, a less binding idea was put forward. Developing countries would simply be expected to have a 'system for providing information' in place.

Sub-National Accounting: In the past countries have employed forest conservation strategies on a project based or sub-national level. This approach has been highly criticized and is generally considered to be ineffective. The deforestation would simply be moved outside of the sub-national region or project boundary, but deforestation on a national level would not decrease.

Finance: There are still many questions regarding how REDD will be financed in the long term. Some propose that finance should come from selling carbon offset credits on the open CO2

market. Others suggest that finance should be provided solely by "Developed Nations" as they have an increased global responsibility for reducing carbon emissions.

REDD AND THE ROLE OF INDIGENOUS PEOPLE

'The world is sick. The lungs of the sky are polluted. We know it is happening.'³ As scientists continue to debate global warming, indigenous people are already searching for new unpolluted spaces to live. 'Long before scientists began to warn us about climate change, native people already recognized dramatic changes in the climate in their local environments,' says GfbV's Asian correspondent, Ulrich Deluis⁴. Perhaps in the future, the Western world should acknowledge the value of indigenous knowledge. A precondition to this is the respect and protection of the Human Rights of indigenous groups. But how realistic are these expectations? Many governments and inter-



³ Zitat von Yanomami, Davi Kopenawa, http://assets.survivalinternational.org/documents/137/survival_climate_change_report_german.pdf

⁴ http://www.epo.de/index.php?option=com_content&view=article&id=5671:150-millionen-indigene-vom-klimawandel-bedroht&catid=15:klimaschutz&Itemid=85



national organizations, as well as civil society in general, are in agreement that the consideration and participation of indigenous people must be a component of REDD. Australia, Canada, New Zealand and the US have insisted upon the deletion of any reference to the rights of indigenous people in the draft of REDD in SBSTA20⁵. Previously Australia had celebrated REDD as a mechanism for the betterment of rights of indigenous and forest reliant people, but then after to have the references to indigenous rights removed from the draft⁶. Furthermore, the Forest Carbon Partnership Facility (FCPF) of the Worldbank approved R-PINS (Readiness Plan Idea Notes) without the consultation of the selected representatives of indigenous groups. Such examples bring into question the readiness of industrialized nations to include indigenous voices in the discussion. They demonstrate how developed countries are continuing to ignore and underestimate the thoughts and knowledge of indigenous people. Having

rules and safeguards on how to implement REDD policies and respect the rights of indigenous people is extremely critical. The consequences would be disastrous. Indigenous people would lose their homes and poverty would increase drastically. On top of that human rights would be violated extremely.

However, if REDD would be designed in a manner that indigenous rights would be taken seriously into account, then REDD could actually be a great help to the indigenous. For example, simply saving their homes and forests would immensely contribute to preserving their traditions and culture. Furthermore, by supporting sustainable forest management policies REDD activities would comply with initial indigenous rights that are stated in the declaration of the United Nations⁷. In conclusion, if REDD includes the rights of indigenous people it would help to respect their rights and preserve their cultures. If not, it could end in



⁵ Siehe FCCC/SBSTA/2008/L.23 und das entsprechende Statement der Vorsitzenden des Permanenten Ausschusses der Vereinten Nationen zu indigenen Angelegenheiten (UNPFII) unter <http://www.redd-monitor.org/2009/01/09/international-human-rights-day-2008-a-sad-day-for-indigenous-peoples/> sowie www.tebtebba.org

⁶ Global Canopy Foundation: *The Little REDD Book*. 2008, S.30.

⁷ Barnsley, Ingrid (2008) S.49f.

a catastrophe for them.

COMPANIES SUPPORTING REDD

Today there are already a number of companies working with and supporting REDD. An example of one of these is a Vancouver-based company called ERA Carbon Offsets Ltd (ERA). Through the collaboration and cooperation with local people, ERA works on CO2 offset projects to promote reforestation and forest protection. These projects are an important part of REDD. ERA is currently working on a REDD project in the Democratic Republic of Congo. The CO2 offset agreement between ERA and the government in the Democratic Republic of Congo is the first of its kind. In this project ERA has taken on the leading role as project developer. This means they will develop the project itself as well the Voluntary Carbon Standard (VCS) methodology used in the project. All parts of the project are in line with the principles of the Climate Community and Biodiversity Alli-

ance (CCBA) and the Voluntary Carbon Standard (VCS).

ERA not only plans for the time before and during the project, the company is also concerned with the time after the project's end. The goal of REDD is to reduce total deforestation on a large scale and to eliminate "leakage", where projects reduce the deforestation in a small area simply by relocating it to another area. ERA combats this problem by creating a "leakage management plan" for each of its projects. These plans consist of measures to ensure that the deforestation would not simply be moved from one project area to another area. To assure accountability a neutral third party is present to provide a guarantee. But how does ERA profit from this? For reforestation or forest preservation, ERA receives CO2 certificates, which can then be sold on the carbon market. A company can purchase enough CO2 certificates to balance their carbon emissions, thereby becoming carbon neutral. This set up allows all



parties to profit: the local people receive benefits in different forms, companies are able to buy CO2 certificates thereby becoming carbon neutral and ERA creates profits for its shareholders.

OUTLOOK: 2011 AS A CRITICAL YEAR FOR FORESTS

Regarding all the undecided issues of the REDD-decision, 2011 will definitely be a crucial year for forests. Furthermore, how and to what degree indigenous people should be involved remains unclear. At the 17th COP which will be taking place in South Africa in 2011 it is hoped that final decisions will be made. The specific issues at stake are:

How is REDD going to be financed in the long-term? The Ad hoc Working Group on Long Term Cooperative Action (AWG-LCA) will be discussing this question and presenting a report at the 17th

COP.

Safeguards. To what extent are suggested safeguards being respected and addressed? The Subsidiary Body on Scientific and Technical Advice (SBSTA) assists in the development of an adequate system for the supply of information about the implementation of REDD activities.

Modalities for determining national (and sub-national) forest monitoring systems and reference levels in order to measure emission reductions.

Despite the Cancun summit being considered a success, a significant change will not take place until the industrialized nations are willing to live up to their historical responsibility.



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Company Fact Sheets



ERA Carbon Offsets, Ratios



◇ Symbol: Frankfurt	9EA
◇ Website:	www.eraecosystems.com
◇ Operating Revenues Q09/10	CA\$ 20 Thou.
◇ EBITDA Q09/10	(- CA\$455 Thou.)

Source: TSX Quote Media

Chart & SRI - Highlights



Source: Comdirect, Toronto Stock Exchange, 02 May

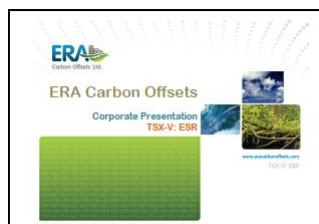
- ◇ Reforestation/Avoided Deforestation/REDD
- ◇ CO₂-Reduction
- ◇ Local projects in Africa to build up the infrastructure and other needs for the local community
- ◇ Multiple social and environmental co-benefits

Field of Activity & News

ERA Carbon Offsets is a Canadian-based pioneer in forest-based carbon offset programs and project development. Through its subsidiary, ERA Ecosystem Restoration Associates, ERA produces significant, measurable carbon sequestration benefits. These are validated and verified to international standards and sold to purchasers interested in offsetting their greenhouse gas footprints as a means of mitigating the effects of climate change.

- ◇ 20 April 2011: ERA Announces Partnership with CSQ Environmental Technologies to Develop up to 450,000 Tonnes of VERs
http://www.eraecosystems.com/whats_new/company_news/index.php?&content_id=158
- ◇ 04 April 2011: ERA Announces Signing of a 17.5 Million Tonne Carbon Offset Agreement With the Democratic Republic of Congo
http://www.eraecosystems.com/whats_new/company_news/index.php?&content_id=157
- ◇ 28 January 2011: ERA Carbon Offsets Shareholders Update
http://www.eraecosystems.com/whats_new/company_news/index.php?&content_id=156

Download Presentation & Video



Company Presentation

http://www.eraecosystems.com/_resources/ERA_Carbon_Offsets-Presentation_May_18_2010.pdf



Dr. Robert Fall, CEO

www.ceodlips.com/media/EraEcosystems.asx

Alexium, Ratios



◇ Symbol, ASX	AJX
◇ Website:	www.alexiuminternational.com
◇ Market Capitalization	AU\$ 13 Mio.
◇ Revenues Year to Date (HJ)	AU\$ 0.0 Mio.
◇ Total Comprehensive Income (Loss) (HJ)	(-AU\$ 1.76 Mi.)
◇ Cash and Cash Equivalents: December 2010	AU\$ 1.86 Mi.

Source: Alexium Half-Year Financial Report, 31 December 2010

Chart & SRI-Highlights



Source: Comdirect, Stock Exchange Sydney, 02 May

- ◇ New multi-functional materials produced in seconds
- ◇ "Clean" microwave chemistry replaces heat
- ◇ Very low energy use
- ◇ No harmful solvents
- ◇ Multiple properties grafted in one coating
- ◇ Lower water use and very limited waste
- ◇ Lower carbon footprint for producers
- ◇ Low surface energy coatings

Field of Activity & News

Alexium was founded to commercialize a reactive surface treatment process originally developed by the U.S. Air Force. Leveraging approximately \$30 million by the US Department of Defense (DoD) to develop the technology, Alexium acquired the technology from the DoD to produce solutions for commercial and military customers. Alexium has formalized these relationships under exclusive patent licenses and Cooperative Research and Development Agreement (CRADA). Alexium continues to expand its Intellectual Property (IP) portfolio.

- ◇ 20 April 2011: US\$129 Million bid to US DoD With Tennier Industries
http://www.eraecosystems.com/whats_new/company_news/index.php?&content_id=158
- ◇ 05 April 2011: Alexium Asked to Present at Small Cap Forum in Frankfurt
<http://www.asx.com.au/asxpdf/20110405/pdf/41xvmb39fhpv6x.pdf>
- ◇ 28 March 2011: Alexium Enters Into Collaborative Agreement (MoU) with ITG
<http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9ODcyMTJ8Q2hpGRJR01MXxUeXB1PTM=&t=1>
- ◇ 24 March 2011: \$8 Million 3 Year Funding Commitment from Roswell Capital Partners
<http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9ODcyMTJ8Q2hpGRJR01MXxUeXB1PTM=&t=1>

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Half Yearly Report and Accounts

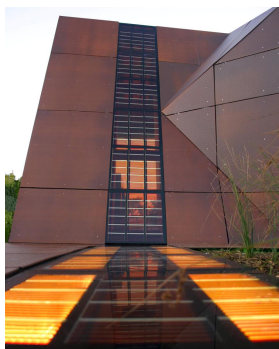
http://media.corporate-ir.net/media_files/irol/16/160861/2010AR.pdf



Company Presentation

<http://www.asx.com.au/asxpdf/20110120/pdf/41w8h0q9sj5kp0.pdf>

Dyesol, Ratios



◇ Symbol: ASX	DYE
◇ Website:	www.dyesol.com
◇ Market Capitalization (7 April)	A\$ 107.2 Mio.
◇ Revenue for Half-Year Ended 31 Dec 2010:	A\$ 852 Thou.

Source: Dyesol Half-Year Financial Report (Ended 31 December 2010)

Chart & SRI - Highlights



Source: Comdirect, Sydney Stock Exchange, 02. May

- ◇ Commercialization of dye solar cells
- ◇ Leading supplier of 3rd generation solar technology
- ◇ Lowest embodied energy of any solar technology
- ◇ Minimized energy and water usage in manufacturing operations

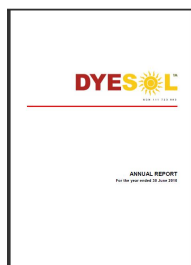
Field of Activity & News

Dyesol works in the commercialization of dye solar cells for energy production. Dyesol develops & produces materials that are necessary for dye solar cells. Dyesol market test and lab instruments and provide consulting & technical services.

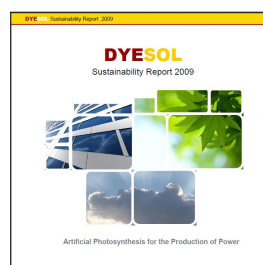
Dyesol operates in the B2B area. For example, Corus - the worlds fifth biggest steelmaker - and Dyesol in a joint production plant work together to produce steel using a dye solar cell coating technology that will produce power.

- ◇ 20 April 2011: Dyesol shares to trade in the United States
http://www.eraecosystems.com/whats_new/company_news/index.php?&content_id=158
- ◇ 14 April 2011: Successful Completion of Milestones for Tata Steel Project
http://www.eraecosystems.com/whats_new/company_news/index.php?&content_id=158
- ◇ 1 April 2011: Tata Steel, LCRI Invest in Energy from Buildings Research
<http://www.dyesol.com/index.php?element=DYE110401+-+SBEC+Opening+final.pdf>

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 **Annual Financial Report 2010**
<http://www.dyesol.com/index.php?element=2010+Annual+Report+complete.pdf>



 **Dyesol Sustainability Report**
http://www.dyesol.com/index.php?element=Sustainability_Report_Dyesol_ER4.pdf

Fairs & Congresses



Sustainable Emerging Markets

24-25 May 2011
London, UK

Hosted by C5 and Responsible Investor, this event grants participants access to the insights of market leaders. Environmental, social and corporate governance (ESG) factors are especially important risk & return criteria in emerging markets. This event will inform participants through “hands-on” experience in an interactive learning environment.

QUICK FACTS

WHEN?
24-25 May 2011

MORE INFORMATION
http://image.exd.net/lib/fe31178736702/d/1/609F11_E-.pdf

WHERE?
London, UK

CONTACT
e.stevenson@C5-online.com

EBAN 11th Annual Congress

12-13 May, Warsaw, Poland

The EBAN Congress is Europe’s premier opportunity for top-class networking and learning opportunities for anyone involved in financing or supporting innovative businesses in their early stage. The EBAN Congress is the largest event of its type in Europe. This year’s edition will bring together the largest number of participants in its history.

QUICK FACTS

WHEN?
12-13 May 2011

MORE INFORMATION
<http://www.ebancongress2011.eu/>

WHERE?
Warsaw, Poland

CONTACT
info@ebancongress2011.eu