

Going, going, gone

Can risk management change the world?



EDITORIAL

In my first column as editor of *Canadian Investment Review*, I wrote about socially responsible investing. Since this will be my last column, I'm going to go full circle with a piece on sustainable development.

You might start to think I'm the type of person who throws herself in front of bulldozers and has close, personal conversations with trees. I assure you, I am not. But a few weeks ago I read something that really scared me.

A recent NASA satellite survey of the Arctic Ocean shows that, since 1978, nearly 1.2 million square kilometres of what was supposed to be permanent ice has melted away. That's an area bigger than the province of Ontario. And the ice is going fast, disappearing at a rate three times greater than anyone has predicted.

In fact, senior scientists at NASA's Goddard Space Flight Center in Maryland estimate that an area of ice about the size of Alberta will disappear from the Arctic Ocean each decade as the climate warms. That's because the ice is heating up—quickly. Satellite data show that the temperature of the ice is rising by 1.2 degrees Celsius every ten years. Why? Because of greenhouse gas emissions resulting from fossil fuel consumption.

At that rate, the ice cover at the top of the planet will be gone by the end of this century—forever. This issue of *Canadian Investment Review* is about risk management. And the risk of catastrophic climate change from global warming is fast becoming a reality.

Managing risk in the pension industry is about long-term planning to ensure that plan members have financial resources to live on when they retire. Companies that pollute are risky investments because a poor environmental record can damage the price of its shares. Such companies are susceptible to actions from environmental agencies and fines. And, in the long term, they use up resources without laying the groundwork for future development. That isn't good for the economy or investors.

Given that the world is changing so rapidly, environmental concerns should be high up on the list of risk challenges faced by pension funds. Long-term investment means sustainable investment. And pension funds are in a unique position to make a difference by developing investment policies that support sustainable growth.

There will never be a perfect solution for global warming. And the debate is sure to rage on. But we have to start somewhere—or there won't be a future worth investing in at all.

Finally, I would like to say thanks to all of you for your support during my time as editor of *Canadian Investment Review*. This magazine plays a vital role in the pension industry and it has been my privilege to be part of it. ■

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Canadian Investment Review
is published by Rogers Media.
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Canadian Investment Review
is published four times a year by
Rogers Media,
777 Bay Street, Toronto,
Canada M5W 1A7
We acknowledge the financial support of
the Government of Canada, through the Canada
Magazine Fund, toward our editorial costs.
Telephone 416-596-5000,
fax 416-596-5071
Printed in Canada.
ISSN 0840-6863
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Publisher. Copyright © 2002 Rogers Media.

To purchase single copies please
call (416) 596-5974. For subscription enquiries,
please call (905) 946-8420. Subscription price
in Canada \$69.00 per year, single copy \$32.00
(please add GST), outside Canada \$131.35.
G.S.T.#R37813424

