

## THE EUROPEAN SUSTAINABLE FREE-FOR-ALL

ESG is active in several European countries. Has Brexit intensified the action?

In the face of last month's Brexit vote, several European jurisdictions are **ramping up** their sustainability efforts. France, the leaders of COP21, has a new **energy transition** law.

Luxembourg has a new **LuxFLAG** ESG ratings system. And Ireland is making a play for the green euro/pound with its 'Sustainability Nation' initiative.

Given the UK's political turmoil, green finance may not be a top priority for the country. We may see green finance projects initiated in London move to other capitals.

### @SICMGMT TWEET OF THE WEEK

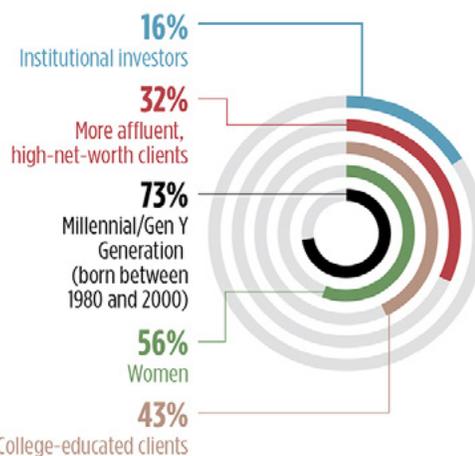
ESG Investing Grows Up <http://bit.ly/1OQF8rt> by Afsaneh Beschloss, founder and CEO of Rock Creek Group

### INFOGRAPHIC OF THE WEEK

What groups will drive the greatest demand for SRI? Millennials, according to this report. "Coming into the job market during [post-2008 recession time] has created a sense of wanting to understand what's going on behind their accounts and their money, and what these companies are doing, beyond just creating earnings for their shareholders," says social investments coordinator at Reynders, McVeigh Capital Management.

Source: [wealthmanagement.com](http://wealthmanagement.com)

#### What groups will drive the greatest demand for SRI?



## US RENEWABLES MARKET – STEEP DECLINE IN COSTS

Bloomberg **New Energy Finance** is forecasting a USD 11.4T investment in global power generation capacity over 25 years. Meanwhile, coal and gas will stay cheap, but nonetheless

we will see a fundamental transformation of the world electricity system over coming decades towards renewable sources such as wind and solar. [READ MORE](#)

### THIS WEEK IN NUMBERS

2,303,896

Australian street lights are targeted for an LED replacement, despite health warnings

10,000

demonstrated against plans for a new incinerator in Lubu, southern China

8,000

MW of German lignite generation and mines have been sold by Vattenfall to EPB of the Czech Republic

912

million US Dollars is the forecasted spend on sustainability consulting spend in 2016

694

billion US Dollars of climate-aligned bonds are outstanding, compared to \$96bn last year, estimates HSBC

175

gigawatts of renewable energy capacity by 2022 is forecasted by the Indian Government, up from the present 37 gigawatts

76

percent of Britons want clean air zones in UK cities, in line with EU regulations

60

percent of global power capacity is forecasted to come from zero-emission sources by 2040

The above research materials are for informational purposes only. They are not an offer or solicitation for any security or investment product managed by SICM and should not be construed as investment advice. Investment strategies implemented by SICM on behalf of its clients may or may not trade or hold positions in the securities referred to above. Further, investment accounts managed by SICM may or may not employ strategies based on or related to the above research.

## ACADEMIC STUDY: MUTUAL FUNDS AND CORPORATE GOVERNANCE

A new [paper](#) looks at the proxy voting records of mutual fund families and asks: How do mutual funds exercise corporate governance – vote against management ('voice') or divest ('exit')?

In summary, the findings are that funds with smaller holdings and shorter investment time horizons prefer 'exit'. Furthermore, funds are also more likely to exit small, liquid firms with greater insider ownership. [READ MORE](#)

### Update: What did not happen

Last week we reported that energy ministers from the G20 have come under recent pressure to agree on a deadline to phase out [subsidies on fossil fuels](#). Although hopes were high, the group failed to set a deadline, disagreeing on how "fast and aggressive" the reductions can be.

## IS CARBON CAPTURE AND STORAGE THE WAY TO CONTROL EMISSIONS?

Carbon capture and storage (CSS) is a process to capture CO<sub>2</sub> produced from industrial processes. A new [report](#) from the [Global CCS Institute](#) reviews what CSS is and some applications. Highlights of the study:

- CCS is the only technology that can achieve deep reductions in carbon dioxide (CO<sub>2</sub>)

emissions from high-emitting industries such as steel, cement and fertilizer production.

- Since 1972, large-scale CCS projects have cumulatively captured, transported and permanently stored more than 100 million tonnes of CO<sub>2</sub>.

### GOOD NEWS CORNER

The hole in the ozone layer appears to be shrinking. This is in part thanks to the Montreal Protocol law banning industrial production of chlorofluorocarbons (CFCs): chlorine-containing chemicals that help trigger the destruction of the stratospheric ozone. [READ MORE](#)

### WHAT WE'RE READING



[Bonds and Climate Change: The State of the Market in 2016](#)  
June 2016

### BELIEVE IT OR NOT

People's Park in Chengdu, China has been coined the "noisiest park in the world" with one resident calling it "one big outdoor karaoke parlor". Now some are trying to turn down the noise by installing noise monitors at every performance site.

[READ MORE](#)