

INSIGHTS

For the Mainstream Investor

WEEK ENDING NOVEMBER 11, 2016 EDITION 168



CLIMATE & CREDIT RATINGS

Moody's warns that countries' credit ratings could be impacted by climate change

In a new report, credit rating agency Moody's says that countries' **creditworthiness** could be "increasingly affected by climate change." African and Southeastern Asian economies are the most vulnerable. The least vulnerable areas included Australia and North America. Global warming and ocean acidification are expected to affect the credit ratings, as well as increases in **climate change related events**, such as drought and flooding.

"While climate change does not have near-term implications for sovereign ratings, it already exerts some influence on credit profiles of those sovereigns most **susceptible to its effects**," Moody's said, adding this influence would grow over time.

@SICMGMT OF THE WEEK

RT @rgeccles Interesting Study by @JoinCambridge on The #Value of #ESG #Data for #EmergingMarkets <https://www.cambridgeassociates.com/our-insights/research/the-value-of-esg-data...>

FOOD'S FOOTPRINT

Should we price foods based on emissions?

To date, food production and consumption have been mostly excluded from climate policies. A new study in **Nature Climate Change** journal makes a case that a **tax on the carbon emissions from food** could cut greenhouse gases by one billion tonnes – more than the amount currently generated by global aviation – AND have a positive impact on health.

Currently agriculture, forestry and changes in land use due to food production combined are the second largest source of greenhouse gases (21% of global emissions). One of the researchers argues that the tax revenue should be used to compensate consumers for higher food prices and to subsidize consumption of fruit and vegetables.

DID YOU SEE...?

UN climate change negotiations are seeking a host. To date, no country has come forward with an offer to host 2017 UN negotiations. Any takers?

[READ MORE](#) (subscription required)

THIS WEEK IN NUMBERS

300

US dollars per tonne has been surpassed for coking coal for the first time since 2011

55

percent reduction in CO₂ emissions is planned in Germany's climate plan

42

percent reduction in the Global Large Solar Energy Valuation Peers Index has been recorded this year

40

percent miss in its emission target is likely by the EU in 2030, says [IDDRI](#)

19

US states filed a lawsuit against VW for tampering with vehicle emission controls

12

FTSE 100 companies in the UK have an all-male executive committee

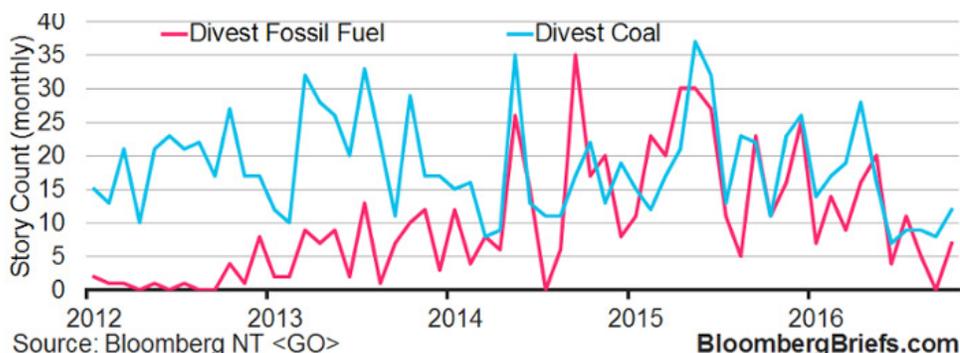
5

hottest years on record are from 2011 to 2015, according to the [WMO](#)

4

US cities vote to tax sugary drinks

INFOGRAPHIC OF THE WEEK: DIVESTMENT CHATTER



Directly Sourced from [Bloomberg](#)

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EXXON MOBIL'S CLASS ACTION

Exxon Mobil faces class action over alleged misreporting of assets

Exxon Mobil is facing an unprecedented class action law suit from shareholders relating to its stock price decline mainly due to the inadequate disclosure of the company's "stranded assets". The class action specifically claims that Exxon Mobil failed to disclose internal reports acknowledging that as a result of climate change risk.

"It's an interesting development and it does have implications for other oil companies, so if the value of the assets continues to decline then you would expect to see more oil majors writing down their reserves as well," said Alice Garton, senior corporate lawyer at ClientEarth, a public interest environmental law firm. [READ MORE](#) (subscription required)

RENEWABLES IN CHINA

China scales back renewables; ups coal

China has scaled back renewable energy targets as record installations of renewables have overwhelmed the ability of the nation's grid to absorb and use the new electricity. While China has poured billions of dollars into clean energy recently, there is a mismatch of where it's produced to where it's needed.

Meanwhile, China's coal capacity is set to grow as much as 19% despite the parallel growth of non fossil fuel energy sources. Coal consumption is also up in the world's largest energy consumer.

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WHAT WE'RE READING



Eurosis: European SRI Study 2016

WHAT WE'RE WATCHING

Indian cities eye emergency pollution measures. Doctors in the northern state of Uttar Pradesh urged people to avoid going outdoors unless they wear face masks. The smog covering New Delhi may soon cover the entire state, India's most populous, with around 210 million people. [READ MORE](#)

QUOTE OF THE WEEK

I think all companies have a social license to operate and they need to manage that very carefully. Consumer-facing companies may have to manage it in a different way than a B2B or B2G, business to government, company does, but they all have the S factor. They all have to deal with how they treat their own employees, how they treat their communities.

– SICM Portfolio Manager, Bruce Kahn, in [Bloomberg Briefs](#) answering the question: "Researchers have pointed out that environmental ratings are more material for some companies than others. Do you think the same can be said for social ratings or do you think social issues are closer to governance issues, which tend to cut across all sectors?"

Read whole interview [here](#)

BELIEVE IT OR NOT

There are more bicycles than inhabitants in Copenhagen

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