

# INSIGHTS

## For the Mainstream Investor

WEEK ENDING DECEMBER 16, 2016 EDITION 173



### RETURN OF TOBACCO?

*CalPERS may return to investing in tobacco*

California Public Employees Retirement System (CalPERS), a \$300bn pension fund, has updated its [guidance](#) regarding manager expectations around ESG. The examination of ESG expectations began last year with the intention of ensuring “clarity and consistency” in aligning asset class practices with CalPERS’ investment beliefs.

Additionally, the fund has not invested in tobacco since 2000. However, investment staff have recommended that investment restrictions on tobacco-related securities be removed. Investment consultant, Wilshire, found that not being invested in tobacco had cost CalPERS up to \$3bn since its initial divestment back in 2000.

[READ MORE](#) (subscription required)

### FOSSIL FUEL COMEBACK?

*Under Trump, fossil fuels may have a revival*

Three of Trump's recent cabinet nominations might give oil and gas a boost. Rex Tillerson, Trump's nominee for [Secretary of State](#) is the current CEO of Exxon Mobil, where he has worked for 41 years.

Texas Governor Rick Perry was chosen to head the U.S. [Department of Energy](#) – an agency he once proposed eliminating.

Lastly, president-elect Trump has chosen Scott Pruitt, Oklahoma Attorney General and vocal challenger of President Obama's environmental policies, to lead the [EPA](#).

All three appointments are contingent on congressional approval.

### THIS WEEK IN NUMBERS

750

million US Dollar sovereign green bond is first issued by Poland, beating other countries planning a similar move

74

questions were sent by President-elect Trump to the US energy Department

20

percent increase in wheat crop yields could be achieved through new chemical technology

15

companies in Australia's ASX 200 have no women on their board

9

German nuclear reactors have been shut since Fukushima

5.1

percent decline in Chinese coal production was recorded in November, year-on-year, although this was up 9% on the previous month

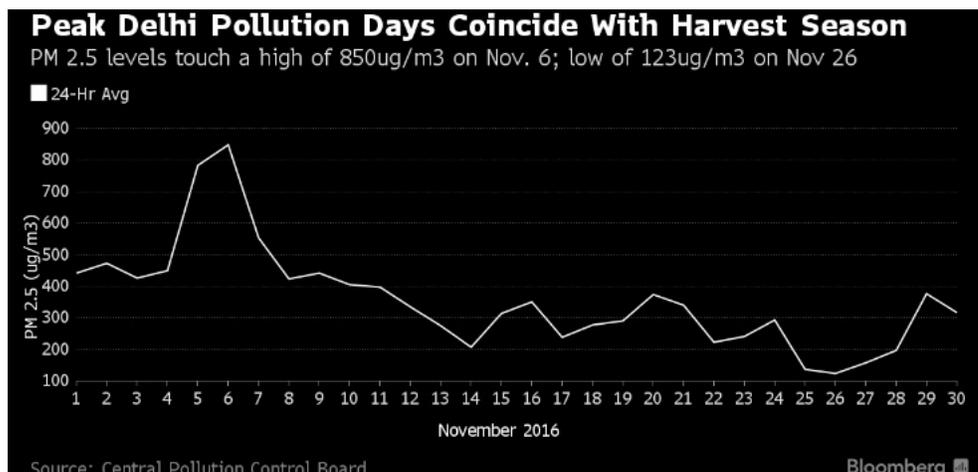
3

governors of US West coast states pledged to increase efforts to fight climate change

### GOOD NEWS OF THE WEEK

Seafood companies promise to reduce illegal fishing. [READ MORE](#)

### INFOGRAPHIC OF THE WEEK



Source: [Bloomberg Markets](#)

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### FRACKING & TAINTED WATER

*Fracking can cause drinking water contamination says the EPA*

The EPA has [reversed](#) an earlier finding, saying that fracking can contaminate drinking water. "This report acknowledges what far too many communities across this country know to be true — fracking is a threat to our clean drinking water," said Madeleine Foote, the legislative representative for the League of Conservation Voters.

In 2015 the [environmental agency](#) concluded that there was "no evidence that fracking systemically contaminates water". They have removed this line in the latest report. This comes at a time when president-elect Trump has vowed to roll-back fracking regulations.

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### METHANE BUDGET

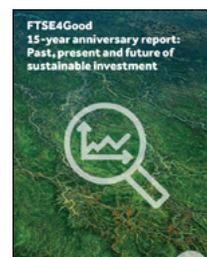
*Is methane actually the GHG we should be keeping an eye on?*

Methane concentrations in the atmosphere have surged in the last 10 years, concerning scientists. The primary cause for concern is that methane emissions warm the planet by more than **20 times** as much as similar volumes of carbon dioxide. Some speculate that agriculture is the main source of additional methane.

"The leveling off we've seen in the last three years for carbon dioxide emissions is strikingly different from the recent rapid increase in methane" said Robert Jackson, professor of earth system science at Stanford University.

[READ MORE](#)

### WHAT WE'RE READING



FTSE4GOOD

[15-year anniversary report: Past, present and future of sustainable investment](#)



ISS

[Firearms Divestment: State-of-Play and Implications for Investors](#)

### IN THE NEWS

A G20 task force – led by Michael Bloomberg and backed by governor of the Bank of England, Mark Carney – has [recommended](#) that companies disclose how they identify, assess, and manage climate risks and opportunities.

### WE'RE WATCHING...

A new smog mitigation project using jet engines will be tested in Dehli next year. The jet will act as a "virtual chimney", effectively blasting emissions from a coal-fired power plant into high altitudes, hopefully reducing the toxic smog that blankets the city. [READ MORE](#)

### DID YOU SEE...?

bfinance has released a new study that examines the importance of ESG in manager selection. One of the big takeaways: It's increasingly challenging to distinguish between "box-ticking" and substance. [READ MORE](#)

### BELIEVE IT OR NOT

A grinch-worthy Believe it or Not: Scientists have warned that the world's largest wild reindeer herd has fallen by 40% since 2000.

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