

# INSIGHTS

## For the Mainstream Investor

WEEK ENDING FEBRUARY 17, 2017 EDITION 181



### EXECUTIVE PAY BATTLE

*Will UK shareholders rise against executive pay?*

Some of the world's largest asset managers appear prepared for a [spring rebellion](#), when AGMs take place. We have already had the warning shots as the [Pension and Lifetime Savings Association](#) (PLSA) reported that 87% of its members believed that executive pay was too high.

2016 was a peak year for shareholder revolts, with more than 50% of shareholders unresponsive of executive pay policies. UK casualties included BP, Smith & Nephew, Shire, Babcock and Anglo American. [Blackrock](#) has already urged caution on the pay front.

### GOVERNANCE: IN THE SPOTLIGHT

*When governance goes awry the numbers are large*

Last week provided a very real example of why investors need worry about governance issues. Two international companies reported significant losses, causing sharp share price moves. [Toshiba](#) announced a US\$ 6.3 billion write down because of issues in its nuclear power department. The company will be closing down this activity and the Chairman has announced his resignation. In the UK, the Serious Fraud Officer (SFO) questioned the former CEO of [Rolls-Royce](#).

Meanwhile, India's [Infosys](#) has rejected allegations of governance failures following comments by the founding chairman and chief executive, which follows on from similar concerns at the Tata Group.

### THIS WEEK IN NUMBERS

120,000

people (including 30,000 customers) urged HSBC to cease funding palm oil companies

89,000

US\$ a year was the price planned for a muscular dystrophy drug from Marathon Pharmaceuticals. The launch has been delayed

75,000

deaths related to NOx in Europe each year

1,700

PRI signatories are to be encouraged to engage collaboratively on tax avoidance

60

percent of assets managed for EU investors incorporate sustainable investment strategies says the London Stock Exchange

32

percent decline in offshore wind energy costs has been recorded since 2012

30

million US\$ of planned investment by Waste Management will be used to capture methane from landfill to fuel the company's trucks

11.3

billion US\$ of assets, clearly defined as ESG, was run by Bank of America's investment business, up 14% on the year

3

firms have been excluded from Nordea's investable universe because of their association with the Dakota Access Pipeline

### INFOGRAPHIC OF THE WEEK:

#### DEATHS ATTRIBUTABLE TO PM2.5 EXPOSURE IN THE MOST POPULOUS COUNTRIES



Source: State of Global Air

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### TAX AVOIDANCE

*It has returned to the corporate agenda*

Ever since the OECD started its **BEPS** analysis, identifying gaps in global tax rules, finance directors have walked a tightrope between minimizing corporate tax yet paying their fair share of a country's tax bill. The Swiss Government, under pressure for low corporate taxes, has just attempted to reform its tax code. However, in a **referendum**, the people are for no change. Now the Swiss can't meet a deadline for tax reform. Meanwhile, the UK has threatened to lower its tax rates if EU members refuse to negotiate fairly over **Brexit**. In the US, corporations eagerly await the Trump administration's **tax proposals**. Big tax cuts were promised for both corporates and voters; will the President deliver? On the tax front it looks like open season.

### POLLUTION IN THE OCEAN

*Pollution can be found 10,000m below the surface*

**Man-made chemicals** have been found on the ocean floor, previously thought untouched by humans. Formerly, it was believed that inaccessible regions would be pollution free. Instead, scientists found persistent organic pollutants, notably higher than levels found in areas of heavy industrialization. The presence of PCBs and PBDEs, both widely banned or restricted, in marine organisms is particularly alarming.

Perhaps there are no pristine environments left with marine trenches possibly acting as sinks for contaminants.

[READ MORE](#)

### WHAT WE'RE READING



#### The Anthropocene Equation

This research paper looks at the influence of humans on Earth System during its 4.5 billion year existence

### WHAT WE'RE WATCHING

India may not require any **new investment** in coal, gas or nuclear capacity until 2026, when existing and capacity under construction is taken into account.

### DID YOU SEE?

The **London Stock Exchange** has provided guidance for issuers on the integration of ESG in investor reporting and communication. The guide aims to make companies more aware of the importance of providing high quality ESG information, help issuers with ESG reporting, support global reporting and assist investors.

### IN CASE YOU MISSED IT

London' Mayor has called for a **diesel vehicle scrappage fund** which would include vans, minibuses, cars and taxis. The Mayor estimates it will achieve a 40% reduction in road nitrogen oxide emissions in the capital.

### IN MEMORY OF... Hans Rosling

Take Rosling's '**ignorance test**' and see how much you know about the world's population. Maybe the world is in better shape than you think?

### BREAKING NEWS

The European Parliament has backed plans to reform the **EU's carbon market** by reducing carbon credits and absorbing excess allowances.

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