

INSIGHTS

For the Mainstream Investor

WEEK ENDING FEBRUARY 24, 2017 EDITION 182



THE REGULATOR'S WARNING

Australian regulator warns on climate risk

Australia's Prudential Regulation Authority (APRA) has warned the insurance industry 'why climate-related risks are likely to be relevant and important'. The APRA noted three recent developments that have made climate change more immediate: The Paris Agreement, the FSB Taskforce on Climate-related Financial Disclosures and a recent legal opinion on Australian directors' duties in relation to the impact of climate change. APRA stressed that some climate risks are financial in nature and that many of these risks 'are foreseeable, material and actionable now'.

Read the [full speech here](#).

GENDER PAY

24 years needed to close the gap

The UK Parliamentary Committee on [Women and Equalities](#) criticized the UK Government for [failing to tackle](#) the structural causes of the gender pay gap. A report published in March 2016 received a formal Government response last month. Recommendations from the Committee proposed protecting the pay of flexible working, allowing both partners to share childcare, permitting an easier return to work and addressing low pay sectors traditionally dominated by women. The [UK gender pay gap](#) for all employees was 18% in 2016 with the financial sector at 34%.

Read the Gender Pay Gap Report [here](#).

THIS WEEK IN NUMBERS

2019

is the year in which Singapore plans to introduce a carbon tax

78

hydrogen fueling stations will be in operation in the US by the end of this year, according to Information Trends

54

percent of Swedish government ministries are women

18

percent of premature babies are associated with exposure to outdoor fine particulate pollution

14th

Administrator of the EPA, Scott Pruitt, was sworn in having won Senate confirmation by 52 - 46 votes

10

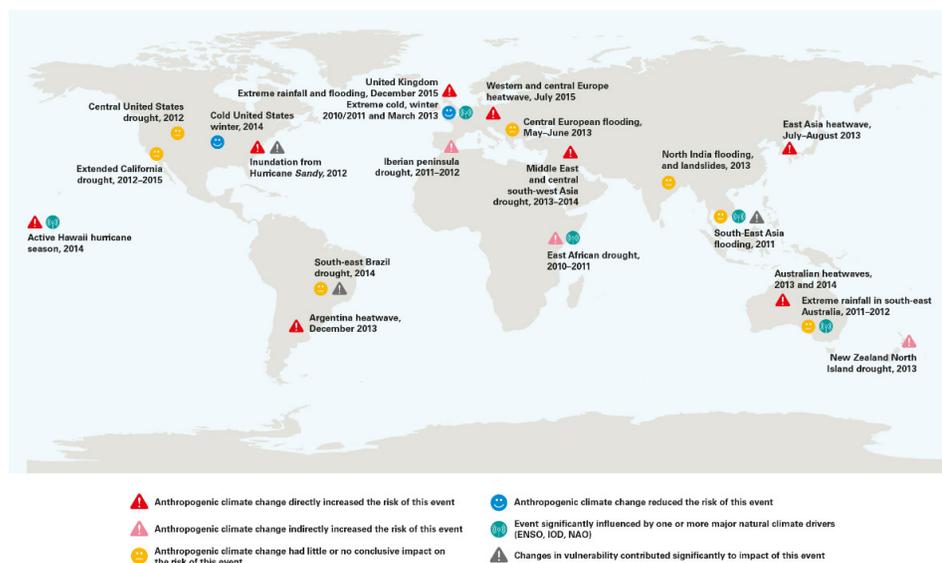
GBP (US\$12.50) 'toxicity charge' is to be introduced for polluting cars entering London from October this year

4.9

million people in South Sudan are in urgent need of food

INFOGRAPHIC OF THE WEEK:

CLIMATE CHAOS



Source: The World Meteorological Organisation

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ESG IN THE IT SECTOR

Does IT set its own rules?

Snap, the owners of Snapchat, are offering investors second class shares only in their IPO.

These shares give investors no voting rights in the company. Management appears keen to maintain as much **secrecy** as possible, despite a public listing. This is a **test** for asset managers with some of the largest ones recently launching an initiative to improve governance. CalSTRS and CalPERS have encouraged the management to issue a single class share. Silicon Valley is developing a liking for **dual-class voting** stock, having surpassed S&P 100 companies in both 2015 and 2016 in issuing such stock structures. IT companies with dual class shares include Facebook, Google and Zynga.

SUPERBUGS

Are we prepared?

One of the imminent megatrends facing the world is superbugs, along with climate change and artificial intelligence. So warned Bill Gates and the UN at the **Munich Security Conference**. He **stated** that 'the threat of deadly pandemics [is] right up there with nuclear war and climate change'.

He encouraged world leaders to be prepared and noted that 67 countries are expected to have completed independent assessments of their epidemic readiness by the end of this year. When preparing he stated, 'We need to prepare for epidemics the way the military prepares for war'.

[READ MORE](#)

WHAT WE'RE READING



The PLSA and Sustainalytics examine the ESG risks in UK defined contribution pension plans

IN CASE YOU MISSED IT

HSBC has agreed to cut business ties with those companies linked to the **destruction of rainforests**. It will follow the policies agreed by the palm oil industry which supports no deforestation, no peat and no exploitation. Greenpeace is encouraging other banks to follow HSBC's move.

See [Insights 181](#).

DID YOU SEE?

On the anniversary of the Paris commitments to end the use of children in conflict, **UNICEF** announced that 65,000 children have been released from armed forces and groups in the last 10 years, of which 20,000 were in the DRC, 9,000 in the Central African Republic and 1,600 in Chad.

WHAT WE'RE WATCHING

The Australian Government is proposing to **subsidize the building of new coal power plants** to boost energy security and protect 50,000 jobs.

WORD OF THE WEEK

returnship

noun
(plural returnships)

later life work experience for those returning to work, often after caring for families.

BELIEVE IT OR NOT

Snail venom may provide a compound providing long-lasting pain relief.

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