

INSIGHTS

For the Mainstream Investor

WEEK ENDING MAY 12, 2017 EDITION 193



PRESSURE TO KEEP COMMITMENTS

Paris agreement in spotlight

Investors representing USD 15tn in assets – including Calpers, Amundi and Schroders – have teamed up with other large investors to send a [letter](#) to the [G7 group](#) urging them to stand by their commitment to [fight climate change](#), as fears rise that US president Donald Trump will pull out of the Paris agreement.

Despite the urging to [stick to the agreement](#), President Trump has [delayed his decision](#), at one point saying that the agreement would cost the country "massive amounts of money."

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THIS JUST IN

Leading institutional investors [voted against](#) the climate change resolution at [Royal Dutch Shell](#) according to advance voting disclosures.

DILUTION OF EURO GOVERNANCE?

Will Brexit affect corporate governance?

One school of thought says that the UK will continue to have a strong influence on European corporate governance practices. Others say that post-Brexit "the UK's influence in Europe could diminish in ways that have negative effects for minority shareholder rights and institutional investors." For example, the UK's current voluntary approach could come under pressure going forward. [READ MORE](#)

DID YOU SEE?

Several banks – including Dutch bank [ING](#) – have pulled funding from the Dakota Access Pipeline following concerns from the public and investors.

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THIS WEEK IN NUMBERS

2025

is the date by which electric cars will no longer be at an economic disadvantage to combustion engines

2025

is the date that SAP, the German software company, aims to be carbon neutral

1,200

laws have been adopted by nations globally to tackle climate change

200

large investors urge the G7 to abide by their climate change commitments

50

Members of Parliament in the UK back fossil fuel divestment by their pension fund

31

cities in the US have committed themselves to having their energy sourced from 100% renewables

27

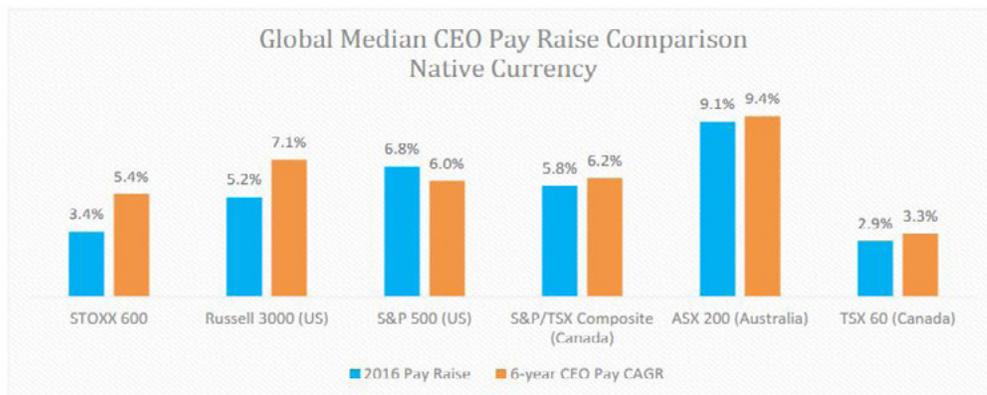
Catholic asset owners have divested from fossil fuel companies

7

pension funds have divested from Ryanair citing concerns over labor relations

INFOGRAPHIC OF THE WEEK

Mid season European CEO remuneration



**Australia information based on 3 years of remuneration data (pay changes since 2013)
Source: ISS Analytics*

Source: ISS

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Sustainable Insight
CAPITAL MANAGEMENT

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GREEN BOND STANDARDS

Rising demand for global rules

Green bond issuance is on the rise but to date any standards have been [voluntary](#). Some advocates are calling for one standard framework. "Only a bond for which the issuer can demonstrate measurable environmental benefits, certified by an independent party according to such widely-accepted, fully developed standards, should qualify as a green bond," said the WWF.

However, there are a few tools on the market to help investors assess green bonds. The Climate Bonds Initiative provides a [screening tool](#). Furthermore, the IMCA also provides a [voluntary code](#) for investors. [READ MORE](#)

WE'RE WATCHING

A renewed tobacco divestment campaign. Last year French insurer AXA divested from tobacco, saying it was "incompatible with its position as a provider of health coverage". Others, such as Scor, AMP Capital, and the Irish state's sovereign wealth fund, have also recently joined the tobacco divestment movement along with CalPERS and Sweden's AP4 pension fund.

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WILDLIFE CONSERVATION

Which countries protect best?

Botswana ranks as country with the best wildlife conservation records. A group of biologists in South Africa [posed the question](#): which of the 152 countries conserves megafauna the best? (Megafauna is defined as terrestrial mammals weighing 15kg or more as adults, if carnivores, or 100kg or more, if herbivores or omnivores.) The [resulting study](#) found that outside of the "safari belt", top performers include the US, Canada, and Scandinavia. Low scorers included the UK and China and overall, one-quarter of countries in Asia (25%) and Europe (21%) were identified as major underperformers.

WORTH A LOOK

- Morningstar is set to publish further details of its sustainability ratings for its funds, which take into account fund holdings. Some [criticize the current system](#) for 'size bias' within funds because large companies are more likely to be able to address ESG issues.
- Moody's released a new report which notes that the oil and natural gas industry "faces significant credit risk due to carbon-related global policy initiatives, changing consumer preferences and disruptive technological advancement." [Worth a read](#)

WHAT WE'RE READING



Forbes

[Western Europe's Most Trustworthy Companies](#)

GOOD NEWS CORNER

Microsoft cofounder, Paul Allen is using technology to save animals from poachers in Africa. He's hoping to bring smart sensors and drones to areas such as Kenya and Tanzania that are prone to poaching. The big data project will rely on ranger radios, animal tracker tags, and a variety of environmental sensors such as camera traps and satellites.

"By nature, I am attracted to tough problems—problems that, by definition, require innovative and dramatic solutions. [The project] is the ideal combination of two of my interests—technology and the preservation of [the savannah elephant,] one of Africa's most iconic species." – Paul Allen

BELIEVE IT OR NOT

Minefields provide a refuge for penguins which are too light to set them off.

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