

INSIGHTS

For the Mainstream Investor

WEEK ENDING JULY 28, 2017 EDITION 204



NEW IMPACT INVESTING BODY

New group hopes to mobilize impact capital

The [US Impact Investing Alliance](#) was launched this week with the intent to mobilize a supply of impact capital. Building on the efforts of the US National Advisory Board on Impact Investing, the new US body consists of leaders from 20 private foundations, with a combined USD 60 billion in endowed assets. The goal is to lead the growing momentum of impact investing and drive "social and environmental change in the U.S. and around the world." [READ MORE](#)

WE'RE WATCHING

State Street, the firm behind the [Fearless Girl statue](#), voted against the re-election of the "chair or most senior member of a board's nominating and governance committee at 400 companies with men-only boards this year". [READ MORE](#)

SEC ON SHAREHOLDER PROPOSALS

SEC boss tackles fiduciary rule and proposals

SEC Chairman Jay Clayton raised concerns about the power that shareholders and proxy voting advisory firms have over corporate governance. Consumer groups and activist investors pushed back noting the willingness of large investors to incorporate proposals that may have previously been dismissed. For example, BlackRock recently backed a proposal asking Exxon Mobil to increase transparency on risks associated with climate change.

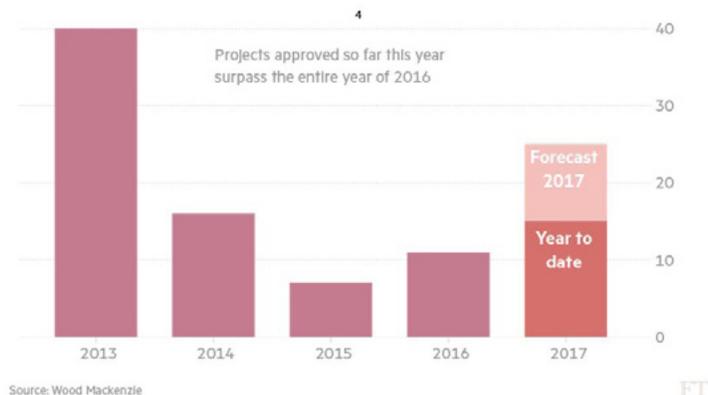
In an appearance at the US Chamber of Commerce, Clayton asked whether the "idiosyncratic interests of a few shareholders should lead to increased costs for the 'ordinary shareholder' and said the SEC was looking closely at the 'fair amount of influence' the proxy advisory firms have".

[READ MORE](#)

INFOGRAPHIC OF THE WEEK

New oil and gas projects

Number of new oil and gas projects jumps
Greater than 50m barrels of oil equivalent



Source: FT

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THIS WEEK IN NUMBERS

2040

is the year by which the UK plans to ban the sale of all diesel and gasoline fueled cars

400

out of the 476 companies were voted against due to a lack of board diversity by State Street

91

percent of all plastic is not recycled

23

million dollar project was launched in Zurich in an attempt to suck 1% of the global carbon emissions out of the air by 2025

22

minute phone call took place between Energy Secretary Rick Perry and man he thought was the prime minister of Ukraine, but were actually "Russian pranksters"

20

million dollars was paid to McKesson Chief Executive despite a recent USD 150 million settlement to resolve issues surrounding suspicious orders of addictive painkillers

5

years from now FTSE Russell will only include companies with at least 5% of voting rights in the hands of public shareholders

1.1

million utility customers in Oklahoma will be provided electricity by Invenergy and GE's new \$4.5B wind farm — the largest in the US

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CALSTRS AND CLIMATE CHANGE

Pension fund advocates for disclosure

In a lecture hosted by the CFA institute this week, Chris Ailman, Chief Investment Officer of CalSTRS, pinpointed some of the major issues that ESG investors face today. As topics like climate change and corporate governance permeate the investment sphere it has become increasingly difficult to define ESG. "I describe ESG risk as long term operational business risk, material operational business risk," he told the audience, but his definition frequently does not meet that of others.

Speaking to his experience at PRI, where Ailman has been on the board for a year, he noted "every money manager in the USA has signed up and then hasn't done a darned thing about it," he said. "There's maybe five to 10 that have done something but that's been the PRI's challenge." Ailman advocated for the use of the SASB disclosure framework to alleviate some of the frustration, "We're not going to wait on the SEC, that's a lost cause." [READ MORE](#)

UPDATE

The UK's Air Quality Plan is under fire. [ClientEarth](#), an environmental law firm, slammed the government's plan for being "underwhelming and lacking in urgency". [READ MORE](#)

BAD NEWS

Texas is reporting a case of Zika transmitted by a mosquito, making it the [first case of Zika](#) from a local mosquito in the US this year.

BIG OIL ON THE RISE?

May be reaching 2014 levels

Oil and gas producers are greenlighting projects at a similar rate to the the days pre-oil price crash three years ago, further evidence that "big oil" is fighting back. Fifteen conventional upstream oil and gas projects have been given the greenlight in the first half of 2017 (which is still low compared to the 40 projects approved on average per year between 2007 – 2013). Moreover, the average costs of development have fallen 40 percent since 2014.

Producers are looking at 'brownfield' sites as a lower cost, less risky alternative to greenfield developments. Immediate competition from US shale gas as well as longer term competition from renewable energy sources and electric vehicles may limit future development. [READ MORE](#)

DID YOU SEE?

The [Sustainable Insurance Forum](#) (SIF) – an international network of insurance supervisors and regulators from 16 jurisdictions – [supported the recommendations](#) and guidance from the Financial Stability Board's Task Force on Climate-related Financial Disclosures ([TCFD](#)).

GOOD NEWS

The [first automated container ship](#), set to be completed in 2018, will save "40,000 journeys a year in terms of carbon emissions".

VIDEO OF THE WEEK



Reuters

[Engineering an end to climate change](#)

BELIEVE IT OR NOT

Your money has a footprint – and now a lower one! The carbon footprint of the new polymer £5 note is 16 per cent lower than the old paper note, and the new £10 note's footprint is eight per cent lower. [READ MORE](#)

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