

INSIGHTS

For the Mainstream Investor

WEEK ENDING AUGUST 4, 2017 EDITION 205



CIGARETTES TARGETED BY FDA

Nicotine levels to be cut

Last Friday, FDA Commissioner, Scott Gottlieb, shocked Washington and Wall Street as he announced the agencies plan to reduce the amount of nicotine in cigarettes to non-addictive levels. Companies like Altria Group Inc. and British American Tobacco experienced the largest one day drop in share price since 2008. The ability to monitor the nicotine levels in cigarettes was granted to the FDA by the 2009 “Family Smoking Prevention and Tobacco Control Act” passed by the democratic congress under Obama, but this is the first attempt by the agency to utilize its power.

Gottlieb’s commitment to the issue is part of a larger fight against opioid addiction and the high cost of prescription drugs in the US, which he pledged to address earlier this year. At the same time, the FDA has made a compromise to extend the date that companies developing these new technologies must submit applications back five years to 2022. There is some concern as the health effects of new technologies are largely unknown. [READ MORE](#)

AUTOMAKERS LOOK FOR FIX

Hope to fix diesel emissions

German auto executives met with government officials in Berlin to discuss the measures that must be taken to avoid car bans in cities. Political pressure to clean up diesel cars has been growing in tandem with public pressure since 2015 when Volkswagen’s emissions-cheating scandal erupted. The scandal cost the company their reputation as well as billions of dollars. Last year, Volkswagen bought back 475,000 diesel vehicles that had been sold in the US. By the end of May, Volkswagen had 37 secure storage housing close to 275,000 vehicles.

On Thursday, the EPA and California Air Resources Board approved a fix for 326,000 Volkswagen diesel cars. The changes include hardware and software upgrades, including replacing an emissions catalyst, but will also reduce vehicle fuel economy ratings by as much as 2 miles per gallon. The resale plan for these vehicles still needs approval. [READ MORE](#)

THIS WEEK IN NUMBERS

320,000

acres (129,500 hectares) of forest in China, certified by the Forest Stewardship Council, covers all the paper used in packaging for Apple products

2,310

calorie entrée is on the menu of the Cheesecake Factory, winner of the Xtreme Eating Awards

2018

is the date that a German judge has ruled that the worst polluting diesel cars should be banned from the city of Stuttgart

795

million people are undernourished globally

310

miles (499 km) is the range of the new Tesla 3 (long range) all-electric car

200

billion USD of clean energy financing is to be facilitated by JP Morgan Chase by 2025

157

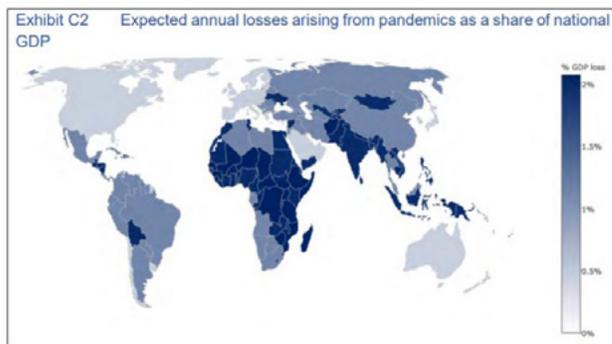
countries have now ratified The Paris Agreement; 197 countries signed the agreement in December 2015

6

countries only have evaluated their ability to withstand a global pandemic

INFOGRAPHIC OF THE WEEK

Estimated regional vulnerability to economic losses from pandemics



Source: [World Bank](#)

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INDEPENDENT DIRECTORS

Study says they don't limit risk taking

Academics from the University of Leeds in England conducted [a study](#) on the impact of independent directors, ultimately finding that they have had no impact on institutions' risk-taking. The study surveyed 60 banks across the globe from 2004 and 2014. Since the financial crisis of 2008 banks have been encouraged to hire more independent directors to "[safeguard](#) the interests of bank creditors and taxpayers".

"Governance in large banks, especially board information, seems to be of minor importance," said the report's author Francesco Vallasca. "The key impact [of the findings] is that we need to rely primarily on the role of regulation rather than the role of governance." [READ MORE](#)

WE'RE WATCHING

Artificial intelligence is being used to predict deforestation in the Democratic Republic of Congo (DRC). The rainforest is currently under pressure from farms, mines, logging and infrastructure development. [READ MORE](#)

UPDATE

According to Moody's, USD 32.2bn of green bonds were issued in Q2 – a new quarterly high. [READ MORE](#)

PROBLEM SOLVERS

Google's parent company, Alphabet, Inc., is working on a secret project that is trying to solve the renewable energy storage problem – and it involves vats of salt and antifreeze. [READ MORE](#)

GM CROPS IN INDIA

Court demands a delay

The expansion of [genetically modified food crops](#) has yet to triumph in India, the world's second-most populous nation. Today, approximately 90% of the cotton produced in India (the world's largest cotton producer) is genetically modified; However, the use of GM food crops has yet to be legalized, hampering the growth of GM.

In 2010, the government rejected the use of genetically modified eggplant seeds on the grounds that there was no overriding food security argument. On Monday, taking into account the health and environmental risks associated with genetically modified crops, India's top court put the release of commercial genetically-modified mustard variety on hold. According to the federal government's affidavit in the court, a study produced by the government found the common risks highlighted by activists to be "unfounded perceptions and false propaganda." Advocates argue that genetically modified mustard could facilitate a reduction in imports of cooking oils, resulting in substantial savings in foreign exchange for the country. The next court date is scheduled for September.

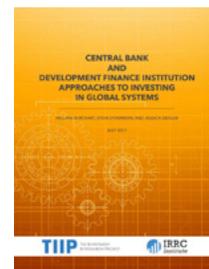
DID YOU SEE?

Germany's environment ministry rejects tax incentive requests to promote sales of low-emission cars. [READ MORE](#)

NOTEWORTHY

[SASB](#) released its [2017 technical agenda](#) which sets the priorities and [research areas](#) for the SASB staff in maintaining its standards.

WHAT WE'RE READING



TIIP & IRRC

[Central Bank and Development Finance Institution Approaches to Investing in Global Systems](#)

BELIEVE IT OR NOT

Eating vegetables may not only make you healthier but also clever. [READ MORE](#)

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