

INSIGHTS

For the Mainstream Investor

WEEK ENDING SEPTEMBER 15, 2017 EDITION 211



COMBUSTION ENGINE DEMISE?

China joins UK & France

China looks set to join France and the UK in phasing out the combustion engine. China has announced that it is preparing a timetable which will end the use of fossil fuel-powered vehicles. China has promised to cap its carbon emissions by 2030 and is taking steps to limit air pollution, notably in its cities.

France has already announced plans to ban sales of petrol and diesel cars by 2040. The **UK** has also announced its intention to stop sales of fossil fuel-powered sales by the same year.

TAKE NOTE

New York court rules that Exxon Mobil may not use 'accountant-client privilege' to avoid sharing audit documents with the New York Attorney General, Eric Schneiderman. He is investigating whether Exxon Mobil investors were misled about the impact of climate change on the firm's energy business.

GERMANY STRUGGLING ON CO₂

Challenging target

Germany's Chancellor Angela Merkel, who is viewed as a leader in the fight against global **warming**, may miss the country's CO₂ reduction target. The Government set a target of a 40% reduction in 2012, but **Agora Energiewende** believes this will be missed by a significant margin, a claim denied by the country's Environment Ministry.

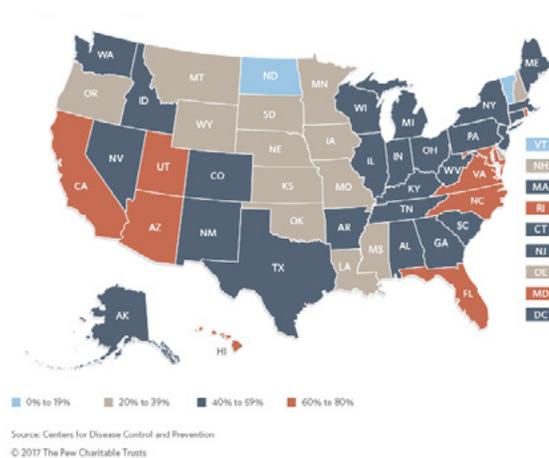
Should the election results require a coalition, then the Greens have already laid out their requirement that the 20 **dirtiest** coal-fired plants be closed as a pre-condition for talks. The German federal election is held on 24 September.

DID YOU SEE?

The European Union has revealed the 12 members of the new Expert Group on Technical Aspects of Corporate Governance. The first meeting is to be held on September 29th. [READ MORE](#)

INFOGRAPHIC OF THE WEEK

Percentage of US hospitals implementing all core elements of the CDC's Antibiotic Stewardship Programs by state



Source: [Centers for Disease Control and Prevention](#)

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THIS WEEK IN NUMBERS

528

people have died in a cholera epidemic in the Democratic Republic of Congo, says WHO

164

billion US\$ of ESG assets was reached in Q2 of this year, while the average fund size was US\$562 million

84

billion US\$ is the amount VW has announced it will spend on electric cars and batteries

57.5

GBP per MWh (US\$75.86) will be the price the UK Government will use for new offshore wind projects generating power from 2022-23, a 51% drop from the first auction in 2015

38

consecutive years is how long global temperatures have exceeded the long-term average

30

November is the official end of the Atlantic Hurricane Season

8

sectors in the S&P 500 Index are expected to report earnings growth for Q3 2017, led by Energy

3.1

years is the estimated reduction in lifespan for those living in northern China compared to those in the south

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Sustainable Insight
CAPITAL MANAGEMENT

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THE INEQUALITY OF TAX EVASION

Evasion and havens

Using the data from [tax](#) leaks, notably from HSBC Switzerland and the 'Panama Papers' from Mossack Fonesca, and then compared against wealth records, the research indicates that tax evasion rises sharply with wealth. In Scandinavia, on average 3% of personal taxes are evaded. But this figure rises ten-fold for the top 0.01% of the wealth distribution.

A further [analysis](#) examines where the super-rich hold their savings. The research indicates that 10% of the World's GDP is in tax havens. However, in Continental Europe 15% is in tax havens, rising to 60% in Gulf countries and parts of Latin America.

WORTH WATCHING

Will [coffee lovers](#) face steeply rising prices because of climate change? A study in the Proceedings of the National Academy of Sciences suggest that coffee growing areas in Latin America could shrink by 88% by 2050, if global temperatures rose 2.6 degrees C by 20580.

HURRICANE FREQUENCY

Fewer but stronger

Despite the last couple of weeks, data from the National Oceanic and Atmospheric Administration (NOAA) show that Atlantic hurricanes making landfall in the US are actually decreasing. The data stretches back to 1850 with the number of hurricanes per decade trending down to just above 15. However, major hurricanes – defined as Category 3 and above – are rising. This appears in line with the majority of climate models which predict that global warming will not lead to more tropical cyclones but they are likely to become more intense. [READ MORE](#)

GOOD NEWS

Designated [Marine](#) Protection Areas continue to demonstrate how successfully they can provide evidence of a return of marine life. This time it's in the UK's overseas territories in the South Atlantic.

KEEPING AN EYE ON

[Catastrophe](#) (Cat) bonds, high-yielding bonds that insurance companies use to transfer some of their risk exposure to financial markets, may not suffer as much as originally believed because of recent hurricanes. Only a proportion of the US\$26 billion in cat bonds looks to be at risk and none may face a principal reduction

READING LIST



UK leads the G20 in clean growth



Has the sustainable fashion industry reached a tipping point?



A \$150 billion misfire



Climate change: redefining the risks – Carbon VaR

LISTENING LIST



BBC CrowdScience podcast: How could humanity become extinct?

BELIEVE IT OR NOT

Not many countries encourage their citizens to eat their national animal which appears on the country's coat of arms. Australia does. [READ MORE](#)

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