

INSIGHTS

For the Mainstream Investor

WEEK ENDING DECEMBER 15, 2017 EDITION 224



CENTRAL BANKERS GO GREEN

New network on sustainability

Six **central banks** (China, France, Germany, Mexico, the Netherlands and the UK) as well as three supervisory authorities (Autorité de Contrôle Prudentiel et de Résolution (ACPR), Finansinspektionen (The Swedish FSA) and the Monetary Authority of Singapore) have established a group to examine risks associated with climate change in the financial system.

The group's financial **initiatives** are to 'strengthen the global response required to meet the goals of the Paris agreement and to enhance the role of the financial system to manage risks and to mobilize capital for green and low-carbon investments in the broader context of environmentally sustainable development'. The group will exchange experiences and share best practices, on a voluntary basis, and aims 'to mobilize mainstream finance to support the transition toward a sustainable economy'.

EXXON'S CLIMATE REVERSAL

Agreement to provide data

Exxon has announced in a **filing** that that it intends to comply with shareholder **demands** to improve climate change disclosure. The management **promise** 'energy demand sensitivities, the implications of two degree Celsius scenarios, and its positioning for a lower-carbon future'. Shareholders have been lobbying the company in order to understand how global warming impacts on its business.

But some are encouraging investors to be cautious. There is concern that Exxon may show disclosures based on unrealistic forecasts. Critics point to the company's underestimation of electric vehicle growth as well as renewable capacity. **Other energy companies** are now being targeted by activists to ensure similar disclosures.

THIS WEEK IN NUMBERS

2020

is when the World Bank will stop financing upstream oil and gas projects, although some of the poorest countries will be excluded

225

investors with more than US\$26.3tn in assets have joined the climate Action 100+ initiative

100

Tesla electric semi trucks have been ordered by PepsiCo

50

large corporations have called on the EU to set a renewables target of at least 35%, rather than the present proposal of 27%

13

US climate scientists have been awarded millions of Euros to relocate to France to continue their work

9.8

million people were employed in the renewable energy industry globally, in 2016, 3.1 million in solar alone

8

million tonnes of plastic are dumped in the world's oceans annually, says UNEP

6

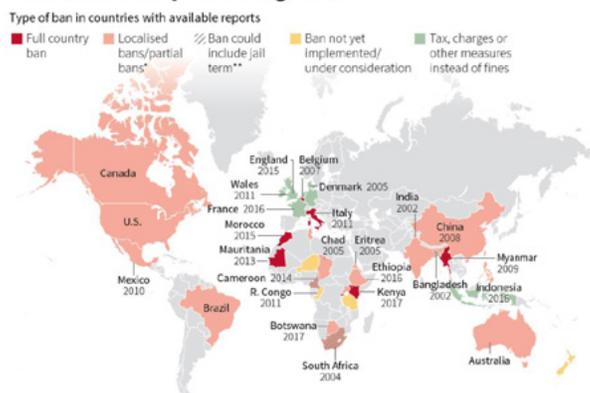
sovereign wealth funds have created a One Planet SWF working group to examine climate change issues

PREDICTION OF THE WEEK

"So far battery prices have been declining at a rapid pace, but the pace will moderate significantly or maintain the status quo by 2020." – Hyundai Motor Senior Vice-President, **Lee Ki-sang**

INFOGRAPHIC OF THE WEEK

Countries with plastic bag bans



Sources: UNEP; Greenpeace; national governments. *Countries without dates have bans placed on various dates. **For some cases. G. Cabrera, 28/08/2017

Source: Reuters

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Sustainable Insight
CAPITAL MANAGEMENT

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POSSIBLE MEAT TAXES?

For health and environment

Food has become an enticing target for tax. Usually this is for health reasons such as a soda or sugar tax. But meat could be a new target for two reasons: health and environmental. [Research](#) from Adelaide (Australia) suggests that meat is increasing obesity. Their analysis suggest that the availability of meat could account for 13% of the obesity rate, the same as sugar. But meat is under attack from environmentalists as well. Global livestock accounts for 15% of global greenhouse [emissions](#). With meat consumption increasing, particularly in Asia, this could rise further. [FAIRR](#) released a report – ‘The Livestock Levy’ – arguing that meat could be the next taxation target.

DID YOU SEE?

India’s Supreme Court has [demanded](#) that the federal government accelerate the implementation of emission limits for thermal power plants. Power producers missed the December deadline and an extension to 2022 was proposed by the environment ministry. The judges ruled the government should meet the emission norms as soon as possible.

GOOD NEWS

193 countries have signed an UN resolution to reduce the amount of [plastic](#) being dumped in the sea. It is hoped this will lead to a legally binding treaty within the next 18 months. In turn, it is hoped this will result in government bans, for example on plastic bags, and package redesign.

BAD NEWS

La Nina threat is to persist to the new year, according to the US climate Prediction Center. An [unusually cold](#) Pacific Ocean is likely to result in the northern half of the US becoming colder while the south becomes warmer and drier.

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ARCTIC TO UNFREEZE

Report card details changes

The National Oceanic and Atmospheric Administration (NOAA) in the USA has observed the second warmest year and the smallest sea ice cover in the Arctic in 2017. Its Arctic [report card](#), the 12th one, identifies a new normal whereby the region does not return to being a reliably frozen region. The Director of the Arctic Research Program stated ‘We’ve now left the refrigerator door open’. With surface air temperatures the second warmest since 1900, thicker sea ice cover down to 21% of total cover (45% in 1985), sea surface temperatures 4C above average, record permafrost warming and increased tundra greenness, change is looking inevitable.

FRANCE'S CLIMATE SUMMIT

Keeping the ball rolling

The French President delivered a bleak message on climate change at the [One Planet Summit](#) in Paris; ‘We are losing the battle’. The [absence](#) of President Trump highlighted the US intention to withdraw from the Paris Agreement but there were some positive [announcements](#) – the World Bank’s withdrawal from oil & gas project financing in the future and 50 plus countries joining the Powering Past Coal Alliance . Critics claimed little was achieved apart from vague promises and the conference followed too soon after Bonn’s COP 23. President Macron warned ‘We’re not moving quickly enough (on climate change)’.

WE'RE WATCHING

The organic cosmetic movement received a boost from L’Oreal’s recent [announcement](#) that it is launching a wholly plant-based hair dye. Younger customers appear to be rejecting cosmetics with chemical ingredients. Ernst & Young forecasts that the US\$11 billion natural beauty market will double by 2024.

READING LIST

Bloomberg

NEW ENERGY FINANCE

[Applications for Blockchain Grow in Energy, Transport – Bloomberg New Energy Finance](#)

LISTENING LIST



[Momentum for Change – United Nations Climate Change](#)

WATCH LIST



[Arctic Report Card – NOAA](#)

BELIEVE IT OR NOT

Waste not, want not says the proverb. A recent study suggests that consumers will eat food made from ‘surplus ingredients’ (presently called waste?). [READ MORE](#)