

INSIGHTS

For the Mainstream Investor

WEEK ENDING JANUARY 5, 2018 EDITION 226



US CLIMATE AND ENERGY

Arguing over recent weather

The extreme cold gripping the East Coast of the U.S. right now has several groups arguing over the **power sources** warming our houses and workplaces. In New England, where oil is the primary source of power, some oil inventories are being depleted. Proponents of nuclear power praise the power source's reliability. However, just yesterday, a **688-megawatt nuclear power plant** in eastern Massachusetts was shut down because of the failure of one of the two lines that connect the reactor to the New England electric grid. Meanwhile, coal advocates see demand rising, thanks to higher natural gas prices. "Coal shines when temperatures plunge," said Luke Popovich, spokesman for the National Mining Association. Later this month, the Federal Energy Regulatory Commission will decide whether or not to "bail out some coal and nuclear plants" – something opponents say is unnecessary at a time of record gas production and steadily growing renewable energy.

DID YOU KNOW?

Indonesia' capital Jakarta is **sinking**, probably faster than any other city. This is not only due to rising sea levels in the Javan sea but also the fact that numerous illegal wells tap into underground aquifers. About 40% of the city is now below sea level.

DID YOU SEE?

The **trustees** of the NYC pension funds are to be asked by the Comptroller to examine ways to decarbonize portfolios, a process that will review 'the feasibility of ceasing additional investments in fossil fuels, divesting current holdings in fossil fuel companies, and increasing investments in clean energy'.

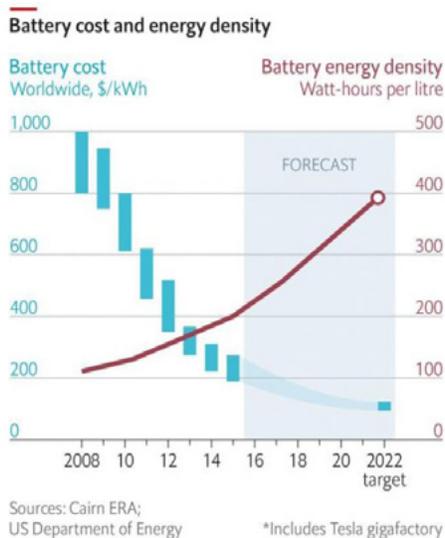
FUEL POLLUTION

Gas worse than coal?

Is it possible that natural gas is more **polluting** than coal? The concern stems from the fact that methane, the main component in natural gas, can seep into the air at various points between extraction and delivery. While natural gas emits half the CO₂ of coal when burned, it becomes more polluting than coal if just 3.5 percent of the methane escapes, according to Royal Dutch Shell.

Some investors are taking notice. "This is such an important issue," said Tim Goodman, a director at asset manager Hermes EOS who has urged oil companies to address climate matters in their quarterly updates. "The less methane is lost to the environment, the less dirty methane and natural gas is, and the longer gas might be a viable fuel."

INFOGRAPHIC OF THE WEEK



Source: [The Economist](#)

THIS WEEK IN NUMBERS

2025

is the year, or thereabouts, that Toyota aims to have every new vehicle model as an electrified version, whether hybrid, plug-in hybrid or battery version

50

percent renewable target for California could be reached a decade ahead of schedule

47.5

% of UK power generation was generated from fossil fuel sources, down from 75.4% in 2010

36

percent of new directors for S&P 500 company boards were females in 2017

20

minutes plus of work is needed to earn breakfast in Latin America and Sub-Saharan Africa, while in North America and Western Europe it's 7

11.8

percent is the estimated earnings growth rate for the S&P 500 for calendar 2018, according to Factset

3

hottest years on record will likely include 2017

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BOARD COMPOSITION

What's changed?

Investor interest in boards continues to escalate. [Spencer Stuart](#), a global management consulting firm, has analyzed the composition of [US S&P 500](#) and [UK 150 FTSE](#) boards of directors.

In the US, boards are evolving. The number of new independent directors elected to S&P 500 boards during the 2017 proxy year rose to 397, the most since 2004 and an increase of 15% from 2016. In addition, new directors are more likely to be serving on their first public corporate board and are less likely to be C-suite executives and more likely to have other executive experiences such as division/subsidiary leadership.

Meanwhile, in the UK, the review found that five- and ten-year trends were similar, but also highlighted some unexpected changes. For example, despite the influx of women and so-called 'next generation directors' bringing much-needed skills into the boardroom, the average age of non-executives has risen from 57.9 to 60.3 since 2007. However, we anticipate that the average age may have reached its peak.

GOOD NEWS

Forests are growing in some areas of the world. [READ MORE](#)

WE'RE WATCHING

[Electric trucking](#) continues to grow. A number of large US corporations have been submitting orders for Tesla all-electric trucks including JB Hunt Transport, Syco, Walmart and UPS. They cost about \$200,000 each.

MUTUAL FUNDS & CLIMATE CHANGE

Who supports climate change

[Ceres](#) has partnered with Fund Votes to rank the largest mutual fund companies based on how strongly they support [climate-related shareholder proposals](#). This year, four of the top ten largest asset managers, together accounting for \$12.8 trillion in assets under management, voted for a climate proposal for the first time ever. Several firms voted for the first time ever "for" a climate-related proposal. The first-timers (and their global size ranking according to assets under management) are: BlackRock (1), Vanguard (2), Fidelity (4), and American Funds (8).

IN CASE YOU MISSED IT

What's happened over the last two weeks?

[China](#) has established the largest carbon trading market in the world. Approximately 1,700 companies are involved accounting for [3.3 billion](#) metric tons of carbon emissions. The system will start with coal and natural gas-fired production trading, which accounts for about one-third of China's emissions.

The [Philippines](#) has passed into law a sugar-sweetened beverage law which imposes a Pp6 (US\$ 0.12) per litre tax (approx. 14% price increase) on sweetened beverages.

[BHP Billiton](#) has announced that it is to withdraw from the World Coal Association because of differences in climate and energy policies.

[The Tokyo stock Exchange](#) is to launch a platform for green and social bonds.

READING LIST

10 things we learned in 2017
[The Economist](#)

Raising the Stakes on Board Gender Diversity
[Glass Lewis](#)

Lignite of the living dead
[Carbon Tracker](#)

Investment Consultant Services Review
[PRI](#)

2017 year in review: key health issues
[World Health Organization](#)

LISTENING LIST



The Impacts of Illegal Fishing
[The Pew Charitable Trusts](#)

Top company news of 2017
[Financial Times](#)

BELIEVE IT OR NOT

Is coal the new solar? Deserted coal mines are being converted to large solar farms. Is coal rising from the ashes? [READ MORE](#)

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