

INSIGHTS

For the Mainstream Investor

WEEK ENDING JANUARY 12, 2018 EDITION 227



PLASTIC UNDER ATTACK

A new tax target?

Plastic is everywhere, including the media channels. Ever since [China](#) announced its refusal to take certain recyclable waste from the developed countries, a number of OECD countries – Canada, Eire, Germany, Hong Kong and the UK – are seeing rubbish pile-up. In addition, the UK's ban on [microbeads](#) has come into effect; they can no longer be used in cosmetics and personal care products. The focus on plastic waste now seems to be moving on the plastic bottle culture. A [Greenpeace report](#) last year highlighted the quantity of plastic bottles. It estimates that [12.7](#) million tonnes of plastic end up in the oceans each year. The UK Government has also announced plans to cut all avoidable plastic waste by [2042](#). Most recently, the European Union has entered the fray, but as a tax opportunity. With the European Commission keen to fill the budget deficit once the UK has left the EU, it is rumored to be considering a plastic tax on packaging. Watch this space.

SUING BIG OIL

New York joins other cities

The City of New York's pension funds have filed a lawsuit against five oil majors – BP, Chevron, ConocoPhillips, Exxon Mobil and Royal Dutch Shell – accusing them of contributing to climate change. [Mayor de Blasio](#) stated that he wished to 'protect New Yorkers from the effects of climate change'. The Mayor claimed that the oil companies 'knew about the effects and intentionally misled the public' on climate change. Following on from this, Comptroller Scott Stringer is submitting a joint resolution to [pension fund trustees](#) to begin analyzing ways to divest fossil fuels 'in a responsible way'. Some of the oil companies have responded, with Chevron stating that the lawsuit would 'do nothing to address the serious issue of climate change'. New York is not the first city to file such a lawsuit. San Francisco, Oakland, Marin & San Mateo and Santa Cruz filed

THIS WEEK IN NUMBERS

10,000

plastic particles from gels can enter the sewage system in the course of a single shower

4,400

military aircraft have been parked at the Davis-Monthan Air Force Base in Tuscon, Arizona waiting to be preserved for reuse or a museum

306

billion US\$ was the cost of weather disasters in 2017, according to the NOAA

155.5

billion US\$ of global green bonds were issued in 2017, a record says Climate Bonds Initiative

100

French women questioned the #Metoo campaign against sexual harassment, claiming it was 'puritanism'

28

Chinese cities met their air quality targets for the final quarter of 2017, says the Environment Ministry

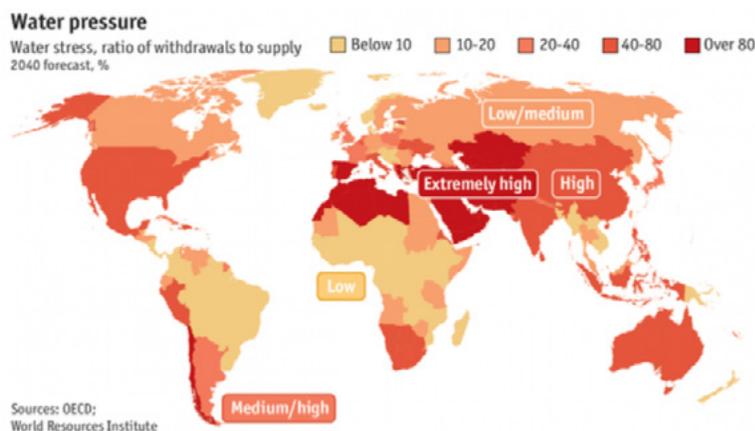
3

fold growth in seafloor exploration licenses has been filed with the International Seabed Authority in the past five years

1.3

million members of one of the UK's largest trade unions (Unison) have been encouraged to tell their pension fund managers to sell fossil fuel investments and go carbon free

INFOGRAPHIC OF THE WEEK



Source: [The Economist](#)

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Sustainable Insight
CAPITAL MANAGEMENT

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GREEN BONDS IN 2017

And looking at 2018

It was well signposted. 2017 was a record year for [green bonds](#) with an annual total of US\$ 155.5 billion issued, up 78% from 2016. The [report](#) by the Climate Bonds Initiative (CBI) shows that three countries led the way – China, France and the US – accounting for 56% of all issuance. The largest single bond was issued by the Republic of France totaling US\$ 10.7bn, followed by the China Development Bank and European Investment Bank, both with US\$ 4.6 billion. In total, there were over 1,500 green bond issues from 239 different issuers, of which 146 were new. In terms of the use of the proceeds, renewable energy dominated (33% of the total), followed by low carbon buildings and energy efficiency at 29%.

Looking forward, the CBI predict more sovereign and sub-sovereign issuance; further progress on international standards and greater links between green bonds, green finance and SDGs. Their forecasted total for 2018? The CBI is going for US\$ 250-300 billion.

GOOD NEWS

[Researchers](#) at Georgia Tech have developed a new approach to tackling bacteria, particularly important as antibiotic resistance is dwindling. They have developed a surface which contains nanospikes (about 25 nanometres long) which can pierce the bacteria cell. This could prove particularly valuable in the production of sterile medical equipment. It could also find uses in the food-processing industry. Humans are unaffected by these tiny spikes.

WE'RE WATCHING

China is continuing to invest in clean energy investments. The country spent US\$44 billion on international clean energy projects and acquisitions in 2017, up 38% on the previous year. The [report](#) claims that 'China is setting itself up as a global technology leader while the U.S. Government looks the other way'. India is following China's lead.

WEATHER AND INSURANCE

A high price in 2017

Weather related disasters in 2017 were costly for the insurance and re-insurance industry. The National Centers for Environmental Information (NCEI) monitors severe weather and climate events in the US. From 1980 to 2017 it [estimated](#) that the US has sustained 219 weather and climate disasters where damages and costs reached or exceeded US\$1 billion. The total cost of these 219 events exceeds US\$1.5 trillion.

[Munich Re](#), the global reinsurer, has released its review of natural catastrophes for 2017. It states that 'the hurricane trio of Harvey, Irma and Maria will cost the insurance industry a record amount in 2017'. It expects the final insurance bill for natural catastrophes 'to come to US\$ 135 billion – higher than ever before'. More worrying for many is that total losses, including uninsured losses, were estimated at US\$330 billion. The good news is that the reinsurance industry looks [resilient](#), despite this level of losses.

BAD NEWS

[Research](#) from the [Potsdam Institute for Climate Impact Research](#) has calculated that rainfall changes caused by global warming will increase river flooding. They estimate that 'more than half the United States must at least double their protection level within the next two decades'. In Asia they forecast 156 million people will be at risk from flooding

READING LIST

How ESG Affects Equity Valuation, risk and Performance

[MSCI](#)

ISS: friend or foe to stewardship?

[PWC](#)

We know how to save millions from dying on the world's roads
[World Resources Institute](#)

LISTENING LIST



The Coral Reef Economy
[BBC Business Daily](#)

Watersheds and Homelessness
[Infinite Earth Radio](#)

WATCH LIST



[Chasing Coral – The Ocean Agency](#)

DID YOU SEE?

[The Institute and Faculty of Actuaries](#), the global body of actuaries, is encouraging members to [discuss and consult](#) on 'how are actuaries relevant to the Sustainable Development Goals and how can they contribute to the goals being met?'. Submissions need to be in by 23 March this year which will then be developed into a document which will be used to 'liaise with policymakers and other influencers to play our part in meeting the SDGs'.

BELIEVE IT OR NOT

Grassland fires in Australia can be deliberately started by birds, called firehawks, who pick up smouldering grasses and branches to light new fires
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