

INSIGHTS

For the Mainstream Investor

WEEK ENDING JANUARY 26, 2018 EDITION 229



WAR ON PLASTIC

Getting the message?

Are corporates beginning to understand the threat of plastic to the global environment? A look at the [ten](#) largest plastic-makers globally does not reveal a large list of household names. Certainly Dow Chemical, Exxon Mobil and BASF will be recognized by many, but not the likes of HanWool Corp., Matsui Technologies India, LyondellBasell and Acros Pvt.

However, some well-known [corporations](#) have been announced plastic free strategies. In the UK, the food retailer, Iceland Foods announced a plan to eliminate plastic packaging from its own products by 2023. Furthermore, McDonald's announced that it will use packaging from 'renewable, recycled or certified sources' by 2025 as well as providing recycling at its outlets. Also important have been [pledges](#) by Evian, which will use only recycled bottles by 2025, and Coca-Cola, which will collect and recycle all of its packaging by 2030. Are plastic-free supermarket aisles on the way?

WEF TALKS INEQUALITY

An alternative to GDP

This was [World Economic Forum \(WEF\)](#) week, when the great and good assembled in snowbound Davos-Klosters. The conference kicked off with the WEF proposing a new measure of economic performance, an alternative to GDP. The [Inclusive Development Index \(IDI\)](#) highlights that economies are "prioritizing policies that support short-term growth over inclusion and sustainability, despite concerns about social inequality".

The IDI [annual assessment](#) measures 103 countries and their performance on 11 dimensions of economic progress, in addition to GDP. It is built on the three pillars of growth and development, inclusion and intergenerational equity (i.e. sustainable stewardship of natural and financial resources). The most inclusive advanced economy in the world is Norway, while of the G7 countries Germany is the highest ranked.

THIS WEEK IN NUMBERS

60

million A\$ (US\$48m) Great Barrier Reef protection plan has been announced by the Australian Government

30

percent of food produced globally is lost or wasted each year

10.5

% is the estimated earnings growth for Q4 2017, year-on-year and revenue growth estimated at 6.7%, for the S&P 500

8

men now own the same wealth as the poorest half of the world, claims Oxfam

7

European Union countries have announced coal exit plans

3.9

% is the IMF's latest forecast for world economic growth in 2018, up 0.2% from its October forecast

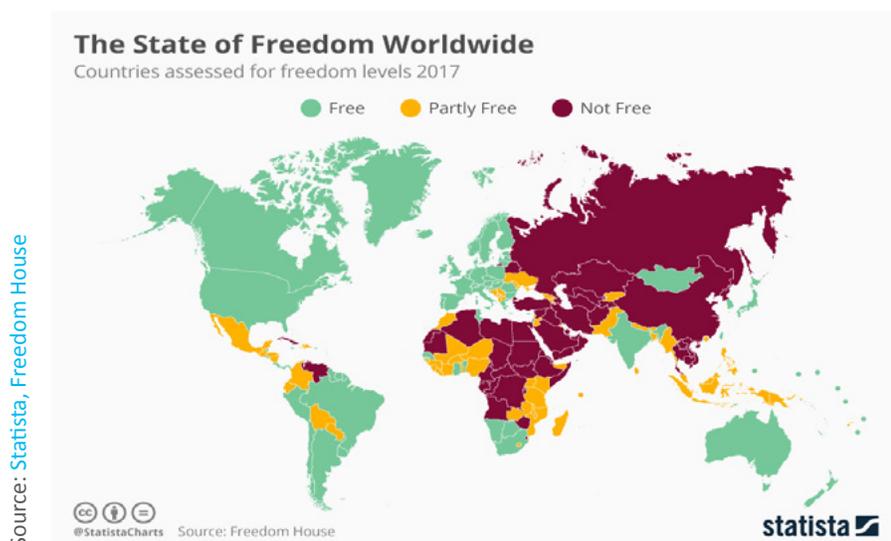
3.3

million indices have been created globally, reveals the Index Industry Association

1.5

percent was the estimated growth in sustainable assets under management in the US in 2017

INFOGRAPHIC OF THE WEEK



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STOCK EXCHANGES RE-CONSIDER

Concessions to win business

Mahatma Gandhi said, "All compromise is based on give and take, but there can be no give and take on fundamentals". This raises the question of whether good corporate governance is fundamental to the running of a company. The Hong Kong Stock Exchange (HKEX) has decided to [reassess](#) its listing process when considering dual-class shares. HKEX lost out on the listing of Alibaba in 2014, to the New York Stock Exchange, which permits different voting rights for shares. Now HKEX will allow different share structures in the case of 'innovative' companies.

This will include [biotech](#) companies as well. Interestingly, some index providers have been excluding companies with dual-class shares. [FTSE Russell](#) excluded Snap from its indices. MSCI is still reviewing this issue. The last line of defense will be the asset managers and owners who will have to decide whether to invest in companies with unequal voting rights. [Blackrock](#) believes it should make the decision, not the index providers.

DID YOU SEE?

An [analysis](#) by researchers at the University of Michigan on Gender examined eight leading textbooks on economics. When examples were provided they noted their gender and professions. Of the 2,800 mentions, three-quarters were men. Does this help promote the gender imbalance in economics?

WORTH A LOOK

How much warmer is your city in 2017. The [AccuWeather database](#) has 3,800 cities. Data shows that 88% of cities recorded annual mean temperatures higher than normal (1981-2010).

CHINA'S NEW EMISSION RULES

Normalizing compliance

China is pushing on with pollution controls. The government has announced [plans](#) to impose 'special emissions restrictions' on industrial sectors in 28 cities in northern China, by the year-end. China's Ministry of Environmental Protection appears intent on turning temporary environmental campaigns into a more sustained compliance regime. As of March 1st, all new industrial projects will have to meet the tougher emission standards.

These regulations will effect sulphur dioxide, nitrogen oxides, particulate matter and volatile organic compounds. The sectors most exposed to these regulations are cement, chemicals, non-ferrous metals, petrochemicals, power generation and steel. There are plans underway for a real-time, 24 hour monitoring system to ensure ongoing compliance.

IN CASE YOU MISSED IT

Lloyd's of London, the insurance market, has announced plans to [stop investing in coal](#). From April this year, it will start excluding coal from its investment strategy. However the definition of a coal company and divestment rules are yet to be agreed.

WE'RE WATCHING

Will Cape Town, with a population of 3.7 million, become the first major city to [run out of water](#)? Presently 'Day Zero', when there will be no more water, is estimated to be 12th April. Then, residents will be limited to 25 litres per day and will have to collect water from government-controlled distribution points. The city has suffered from three years of drought.

READING LIST

State of clean energy investment
[Bloomberg New Energy Finance](#)

Bad Air to Better Oceans: 6 environment and development stories to watch in 2018
[WRI](#)

An Economy for the 99%
[Oxfam](#)

LISTENING LIST



More or Less: Real Lives Behind the Numbers
[BBC World Service](#)

WATCH LIST



Fostering Inclusive Growth
[World Economic Forum](#)



See how the rest of the world lives, organized by income
[TED – Anna Rosling Rönnlund](#)

BELIEVE IT OR NOT

93% of all register receipts, including ATMs, contain the phenol chemicals BPA and BPS. BPA is already banned in some products such as baby bottles and formula packaging. Now retailers are looking at cash receipts. [READ MORE](#)

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