

# INSIGHTS

## For the Mainstream Investor

WEEK ENDING MAY 18, 2018 EDITION 245



### GREEN RATINGS

*Regulation necessary?*

Green bond issuance continues its rise. The [Climate Bond Initiative \(CBI\)](#) has recorded \$41 billion of green bonds so far issued in 2018. But this total includes only green bonds meeting CBI definitions; a further \$19 billion have been labeled green by other issuers. So when are green bonds actually green?

The two main voluntary [standards](#) are the [Green Bond Principles](#) and the [Climate Bonds Standards](#). However, there are other standards and verifiers, such as [accountancy forms](#) and [research institutes](#). China has its own [guidelines](#) which it set up at the end of last year.

The [European Commission](#) is working towards 'establishing a common language for sustainable finance, i.e. a unified classification system – or taxonomy...'. So, will regulators move in and check the certification process and the issuing of credit opinions?

### RECYCLING

*In a downturn*

The recycling industry needs to make money, like other businesses. But the price of scrap paper and plastic has plummeted causing [recycling](#) plants to stop running. This has coincided with tighter Chinese restrictions on the acceptance of scrap metal and paper as well as plastics, which filled shipping containers on the return journey from the US. This means that some recyclables will be heading for expensive landfill sites. But how should the [economics](#) of recycling be calculated?

Basing it purely on the price of the end-product would seem narrow. Apart from conserving natural resources, recycling reduces CO2 emissions as well as methane, which landfills emit. [Governments](#) can help with a range of measures which can include making collection easier to financial incentives. Finally there is our own [behavior](#). A study in 2016 showed that recycling is more likely if the item has not been distorted and/or has their name on it.

### THIS WEEK IN NUMBERS

99

% of Costa Rica's electricity comes from renewable sources; it's aiming for 100%

89

countries recorded a decline in their democracy score in 2017, according to the Economist Intelligence Unit

46

percent faster is the growth in Unilever's green brands when compared to the rest of the business

39

% of total email traffic was global spam in 2017 and the largest proportion is related to health care (27%)

11

US counties and cities have filed lawsuits against the world's five largest oil companies for damages incurred by climate change

4

countries have energy-efficiency standards for heavy trucks compared to 40 for passenger vehicles

1.1

million GBP (US\$ 1.5m) was the personal fine imposed on the Barclays CEO for trying to identify a whistle-blower

1

developed country is increasing its capacity in coal-fired power and it's Japan

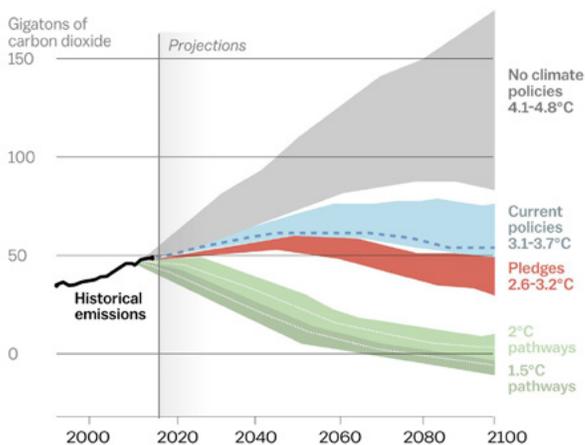
0

could be the number of glaciers in Montana's Glacier National Park in 15 years

### INFOGRAPHIC OF THE WEEK

#### Effect of current pledges and policies

Global greenhouse gas emissions



Source: Climate Action Tracker



Source: VOX

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### PROTECTING THE SEAS

*A new horizon?*

Presently, the UN Convention on the Law of the Sea (UNCLOS) provides the framework for 'all issues relating to the law of the sea'. Presently there are 168 parties to this convention which was signed in 1982. The UN is looking to [upgrade](#) this treaty in September when parties meet in New York City. The intention is to safeguard the oceans by setting aside conservation areas and establishing rules for deep-sea mining. Some hope that more marine protected areas (MPAs) will be established, such as the Sargasso Sea. Presently, about 3% of the ocean is protected in this way.

### WE'RE HOPING

A [report](#) by the Food and Agriculture Organization suggests that solar irrigation offers affordable technology in developing countries as well as being climate friendly. However, the FAO report warns that water use needs to be regulated otherwise it could lead to wasteful use or over-abstraction.

### WORRYING PREDICTION

[Research](#) suggests that developing countries are most at risk from climate change. Not only are they exposed from rising global temperatures but also the variability of temperatures. The analysis proposes that as the planet warms and soil near the equator dries, it will reduce its ability to dampen temperature swings.

### TERM OF THE WEEK

**Blue Carbon** - carbon captured and stored in coastal ecosystems such as mangrove forests, seagrass meadows or intertidal saltmarshes.

### INVESTING IN WATER

*Public health issue*

The case for investing in water is that considerable investment is needed to meet present and future water demand. The World Health Organization estimates that **2.1 billion** people do not use safely managed water services. [Sustainable Development Goal 6](#) states that 'access to safe water and sanitation and sound management of freshwater ecosystems are essential to human health and to environmental sustainability and economic prosperity'. Annual investments of **\$449 billion** by 2030 may be required to meet SDG 6. However, water [projects](#) take a long time, carry political risks and raise environmental issues. It's a tall order.

### WE'RE WATCHING

There are claims that 500 million people rely on coral reefs for food, protection and livelihoods. The Nature Conservancy Council and Mexican municipal governments [have established](#) the Coastal Zone Management Trust to provide funding for reef maintenance projects. If insurance is purchased it will pay for reef rebuilding following a major event, such as a hurricane.

### DID YOU SEE?

India's Supreme Court upheld an earlier ruling that Monsanto cannot [claim patents](#) on genetically modified cotton seeds. It stated that plant varieties and seeds cannot be patented.

### WATCH LIST



*Recycling, Once Embraced by Businesses and Environmentalists, Now Under Siege*

### LISTENING LIST



*How is LGPS pooling driving responsible investment?*  
[Pensions Expert](#)

*For top CEOs, did pay match performance?*  
[WSJ](#)

*AI, the new frontier*  
[FT](#)

### BELIEVE IT OR NOT

Diesel generator exhaust, in which the cooled soot particles are captured, can be used by ink manufacturers. [READ MORE](#)

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