

INSIGHTS

For the Mainstream Investor

WEEK ENDING MAY 25, 2018 EDITION 246



EUROPE BOOSTS SUSTAINABILITY

Finance proposals

As expected, the European Commission has outlined its plans to strengthen its sustainable finance agenda. A science-based classification system is to be established to assist with sustainable definitions. The Commission aims to stop greenwashing and establish a single market for sustainable investments.

Secondly, those institutions responsible for running money – from investment managers to insurers – will have to disclose how they incorporate sustainability issues. For retail customers, financial institutions will have to ask about their non-financial objectives. Finally, the Commission will require clear benchmarks which measure 2°C compliance in line with the Paris Agreement, as well as low-carbon ones.

CARBON FOOTPRINTS

Comparing indices

S&P Dow Jones Indices along with its subsidiary, Trucost, has written a report that examines the carbon characteristics of various indices. It aims to provide investors with an insight into the indices' exposure to the risk of governments imposing a price on carbon.

The research indicates that absolute emissions have decreased for many indices including the S&P Europe 350, S&P Asia 50 and S&P Global 1200. Furthermore, all indices recorded an increase in renewable power generation and decrease in fossil fuel generation except S&P/ASX All Australia 50 and S&P Asia 50. The highest carbon intensity can be found in the S&P/TSX 60 while the smallest coal exposure score is evident in the S&P/TOPIX 150 index.

THIS WEEK IN NUMBERS

119

asset owners write to companies opposing attempts to drill for oil and gas in the Arctic National Wildlife Refuge

110

million Americans could have contaminated drinking water

95

% of respondents to the Lloyds Bank Financial Institutions Sentiment survey (2018) are confident that their organization can recover from a cyber-attack

90

percent of the water mass in Lake Chad has been lost in the last 50 years

32

GW of new power generating capacity is forecast to come on line in the US in 2018, 66% being gas-fired

19

percent of board seats of S&P 1500 Index companies were women, up from 13% in 2008

18

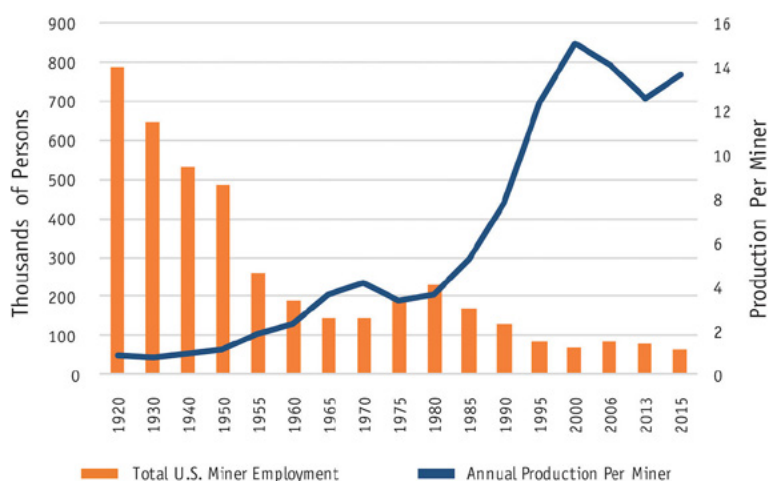
Scandinavian companies write to EU Energy Ministers to encourage them to agree a 'strong EU Clean Energy Package'

6

principles are outlined in the first Australian stewardship code

INFOGRAPHIC OF THE WEEK

Total Coal Miner Employment vs. Productivity



Source: [Think Progress](#)

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US LIFE EXPECTANCY

Three in a row?

The [Centers for Disease Control and Prevention](#) in the US believes that the [life expectancy](#) in the country is likely to decline for the third year in a row. This forecast is based on preliminary data only. The last time a three-year decline was recorded was from 1916 to 1918, when the worst flu pandemic in modern times occurred. The good news is that the cancer death rate, the number two killer, fell almost 2% while HIV and blood infection death rates also fell. The marginal decline in heart disease (-0.3%) was probably counterbalanced by rising obesity. Unfortunately, death rates from Alzheimer's, diabetes, flu and pneumonia all rose while death from drug overdoses, suicides and firearms are all expected to have increased. Final data are awaited.

DID YOU KNOW

The Earth is protected from solar radiation by the planet's [magnetic waves](#) by deflecting the particles. This magnetic field is drifting westwards as measured by the difference between true north and magnetic north. This drift is believed to result from waves within the outer core of the Earth which move westward, opposite to the eastward rotation of the Earth.

DID YOU SEE?

At the [Shell AGM](#), 5.1% of shareholders supported the climate resolution filed by [Follow This](#) and [ShareAction](#), which required the company to align itself with Paris Agreement targets. There were abstentions of 7.1%. Last year there was 6% support for the climate resolution.

QUOTE OF THE WEEK

“So, coal is not coming back. The question should be what can we do for what used to be coal country — not what can we do to bring coal jobs back, because that's about as practical as bringing back the buggy whip industry.”
— [Paul Krugman](#), Economist, Nobel Laureate – CAP Ideas Conference, May 2018

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SUPERBUGS

Grim warning

Superbugs, defined as strains of bacteria that have become resistant to antibiotics, remain as frightening as ever. Both the Gates Foundation and the UK Government have [pledged \\$50 million](#) to re-invigorate the search for new drugs which will combat antimicrobial-resistant (AMR) infections. This brings the total fund size to above \$500 million. The [World Health Organization](#) estimates that 490,000 people developed multi-drug resistant TB in 2016. This week, England's [Chief Medical Officer](#), Professor Dame Sally Davies, commented that common infections and minor injuries could kill once again and that routine operations could become 'extremely dangerous'.

WE'RE WATCHING

The UN Development Programme's SDG Impact Finance (UNISIF) is offering \$40,00 for the [best affordable housing](#) design. This is intended to provide housing for low-income workers in Phnom Penh. The aim of UNISIF is to align capital markets with the SDGs.

YOU HAVE BEEN WARNED!

The probability that there will be another [El Nino](#) in the Northern Hemisphere in the winter 2018-19 is 75%, according to the [NOAA](#). The last one was two years ago when significant weather extremes developed. The NOAA warns that El Nino predictions at this time of year have 'considerable uncertainty'.

LISTENING LIST



Could a single injection help rid us of polio?
[BBC: Health Check](#)

The antibiotics problem
[BBC: Business Daily](#)

READING LIST



Passive sustainable funds: the global landscape
[Morningstar](#)

Enhancing the contribution of sport to the Sustainable Development goals
[Commonwealth Secretariat](#)

Mercer touts ESG integration
[Top 1000 Funds](#)

US Board Study
[ISS](#)

BELIEVE IT OR NOT

Manatees (sea cows) have the lowest brain-to-body ratio of any marine mammal but are as able as dolphins when undertaking experimental tasks. [READ MORE](#)