

INSIGHTS

For the Mainstream Investor

WEEK ENDING JUNE 29, 2018 EDITION 251



CENTRAL BANKS

Further greening details

In January of this year, the [first meeting](#) of the Central Banks and Supervisors Network for Greening the Financial system (NGFS) took place. The Network [aims](#) to 'strengthen the global response required to meet the goals of the Paris agreement and to enhance the role of the financial system to manage risks and to mobilize capital for green and low-carbon investments'. Further [details](#) are now emerging as the workstreams are formed.

The three workstreams cover: scaling-up green finance, supervisory issues and macrofinance. The Network acknowledges the possibility of overlap with existing initiatives like the UNEP and European Commission Action Plan. It also recognises that central banks should lead by example by incorporating ESG into their operational activities.

PRICING POLLUTION

Lessons from China

A [study](#) by the National Bureau of Economic Research (NBER) sheds new light on the costs of pollution. Using credit and debit card transactions in China from 2013 to 2015, the researchers compared this to air pollution in 367 Chinese cities. They found that when fine particulate matter (PM2.5) was high, consumers increased their spend on health care services and goods. Rising air pollution led to higher spending in hospitals and pharmacies but lower spending in supermarkets.

The authors calculate that if [World Health Organization](#) pollution standards were met, savings would 'amount to \$42 billion, or nearly 7% of China's total healthcare spending in 2015'.

Most interesting is the finding that the 'morbidity cost of air pollution is about two-thirds of the mortality cost'.

THIS WEEK IN NUMBERS

294,000

sq. km (113,000 sq. m) of tree loss cover was recorded last year according to [Global Forest Watch](#)

760

million US\$ is how much Southern Californian Edison intends to spend on an electric charging network

417

executives and celebrities have been accused of sexual misconduct since December 2015

140

million people are at risk of moving because of climate change in three regions of the developing world

30

years ago a public warning was given to the US Congress by a NASA director on global warming

27.9

billion US dollars was spent on climate mitigation by the world's six largest multilateral development banks (MDBs)

9

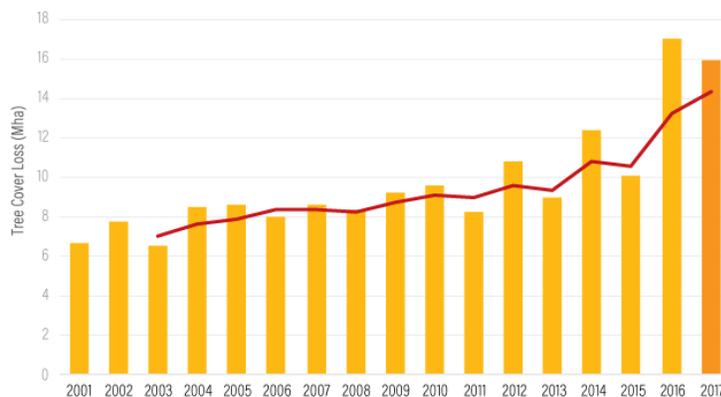
Australian companies are to be named and shamed by the Australian Council of Superannuation Investors for not producing a sustainability report

3.7

percent is the proportion of female managers at listed companies in Japan. The Government is aiming for 10% by 2020

INFOGRAPHIC OF THE WEEK

Tropical Tree Cover Loss



— Three-year moving average. The three-year moving average may represent a more accurate picture of the data trends to uncertainty in year-to-year comparisons. All figures calculated with a 30% minimum tree cover canopy density.



WORLD RESOURCES INSTITUTE

Source: [World Resources Institute](#)

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WORLD HAPPINESS

Happy or sad?

The [World Happiness Report](#) (2018) ranks 156 countries by the happiness of the population in general and of its immigrants. There are six key variables which support well-being: income, healthy life expectancy, social support, freedom, trust and generosity. The ten happiest countries in the overall rankings also fill ten of the top eleven spots in the ranking of immigrant happiness.

Finland is at the top of both rankings in this report, with the happiest immigrants and the happiest population in general. Four different countries have held top spot in the four most recent reports – Denmark, Switzerland, Norway and now Finland. The analysis of happiness changes from 2008-2010 to 2015-2015 shows Togo as the biggest gainer and Venezuela the biggest loser. The report states, ‘Perhaps the most striking finding of the whole report is that a ranking of countries according to the happiness of their immigrant populations is almost exactly the same as for the rest of the population’.

BAD NEWS

In early June there were concerns of a [polio](#) outbreak in Venezuela. It proved to be a false alarm. However, Papua New Guinea has reported three cases. Only Afghanistan, Nigeria and Pakistan are known to still have wild polio viruses. A major immunization program is underway.

WE'RE WATCHING

The Roundtable on Sustainable Palm Oil (RSPO) has [suspended](#) Nestle’s membership for failing to submit a report on how it will ensure the use of certified palm oil. Nestle, which didn’t file a report in 2016 and then omitted parts in 2017, has stated that it hopes to re-qualify for membership in the near future.

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LOCAL GOVERNMENT DILEMMA

Lawful investment guidance

When a local government authority is running a pension fund, does it have to align itself with central government policy? In late 2016, the UK’s Government permitted ethical and social objections to particular investments, however, it prevented the funds from pursuing ‘boycotts, divestment and sanctions against foreign nations and UK defense industries’ or pursuing policies ‘contrary to foreign policy or UK defense policy’.

The [High Court](#) ruled the guidance was unlawful as it did not act for a pension purpose. Now, the [Court of Appeal](#) has overturned this ruling stating that the funds ‘should not pursue policies that are contrary to UK foreign policy or UK defense policy’.

GOOD NEWS

UNESCO has [removed](#) the Belize Barrier Reef from its list of ‘World Heritage in Danger’. The Belize Government adopted conservation policies to protect the reef, notably the suspension of offshore drilling.

DID YOU SEE?

A US District Judge ruled that lawsuits by local government [against oil companies](#) for climate change damages, should be addressed by the government’s legislative and executive branches rather than a district judge.

SOMETHING NEW

The UK Government has announced plans to ‘explicitly [evaluate](#) social value where appropriate, rather than just consider it’ when grading central government contracts. Company values are to be considered when looking at bids.

READING LIST



What the world would look like if there were only 100 people?

[World Economic Forum](#)

‘G’ is just one part of the ESG story
[MSCI](#)

Responsible Investment and Blockchain
[PRI](#)

New energy Outlook 2018
[BloombergNEF](#)

WATCHING LIST

[#Groundswell Preparing for internal climate migration](#)
[World Bank](#)

Corruption Perception Index 2017
[Transparency International](#)

2048 Aid Transparency Index
[Brookings](#)

LISTENING LIST

 *Where does all our plastic waste go?*
[Financial Times](#)

BELIEVE IT OR NOT

There are more than 393 million civilian-owned firearms in the United States, enough for every man, woman and child to own one and still have 67 million guns left over.

[READ MORE](#)