

# INSIGHTS

## For the Mainstream Investor

WEEK ENDING JULY 6, 2018 EDITION 252



### DUAL LISTING APPROVAL

*Singapore makes headway*

The hope of increased business has won the day. The Singapore Exchange (SGX) has announced plans to allow dual-class share companies to list on its exchange. This will put it on an equal footing with Hong Kong which permitted this practice in April. Allowing this controversial share structure has not been without controversy as some argued such a structure gives some shareholders an advantage over others.

A consultation period was undertaken in both 2017 and 2018. Some safeguards have been included such as limiting multiple-vote shares to one vote per share for major decisions and that multiple-vote shares be capped at 10 votes each. SGX's CEO commented that, 'SGX today joins global exchanges in Canada, Europe and the U.S. where companies led by founder-entrepreneurs who require funding for a rapid ramp-up of the business while retaining the ability to execute on a long-term strategy, are able to list'.

### GENDER QUOTAS

*California Senate approval*

California looks set to become the first US state to mandate gender quotas on boards. Senate Bill (SB 826) requires 'No later than the close of the 2019 calendar year, a publicly held domestic or foreign corporation whose principal executive offices, according to the corporation's SEC 10-K form, are located in California shall have a minimum of one female director on its board'.

From the close of 2021 these same corporations are required to have a minimum of two female directors where the corporation has five directors and three female where the number of 'directors is six or more'. For the first violation 'an amount equal to the average annual cash compensation for the directors of the corporation' will be paid. For the second violation it shall be three times this amount. Glass Lewis points out that in Q1 2018 the percentage of women on Russell 3000 boards increased from 16.5% to 16.9%.

### THIS WEEK IN NUMBERS

620

billion US\$ of agricultural support to producers was given by 51 countries between 2015-17, annually

169

million US\$ was the cost of Pakistan's Billion Tree Tsunami Project

168

billion US\$ could be the added interest cost to poor countries over the next decade, as extreme weather affects credit ratings

104

countries ban women from working in some jobs

52

percent of executives from 37 countries expect at least 50% of their products and services to be low carbon by 2028

45

percent of companies in North America have a section on sustainability and corporate responsibility on their website, while Asia has 71% and Europe 70%

44

percent more of the Earth's land is covered by rivers and streams than previously believed, as revealed by new satellite imagery

1

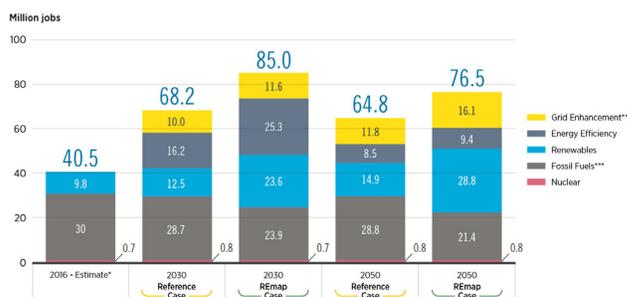
st will be the position of ENI, the Italian oil company, if it achieves a net zero carbon footprint. No date is yet set.

### TERM OF THE WEEK

**Integrity rating agency** A new rating agency which examines compliance, conduct and regulatory risk analysis.

### INFOGRAPHIC OF THE WEEK

The energy transition would generate over 11 million additional energy jobs by 2050.



\* Estimates for jobs in energy efficiency and grid enhancement are not available for 2016.  
 \*\* The jobs in grid enhancement make reference to the jobs for T&D grids and Energy Flexibility, created in the development, operation and maintenance of infrastructure to enable the integration of RES into the grid.  
 \*\*\* Includes all jobs in the fossil fuel industry including in their extraction, processing and consumption.

Source: IRENA

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### PEAK EMISSIONS?

*China delivers*

As part of the Paris Agreement, China pledged to peak its CO<sub>2</sub> emissions by 2030. [Research](#) led by the [University of East Anglia](#) (UEA) in the UK, suggests that such a peak may have already been reached in 2013, at 9.5 Gigatons of CO<sub>2</sub>, and since we have seen three years of decline through to the end of 2016. The [decline](#) looks to have been driven by a fall in the use of coal used for energy and changes in the industrial structure. Furthermore, energy intensity (energy per unit of GDP) and emissions intensity (emissions per unit of energy) both assisted.

So can the researchers be sure the peak has been reached? The answer is no, as other factors such as slower economic growth could have helped emissions to fall, hence a new growth surge could turn this emission profile around. Preliminary data for 2017 suggests an increase is on the cards. However, new emission controls are being introduced such as shutting outdated steel capacity.

### BAD NEWS

Extreme weather events, caused by climate change, could result in significant costs for poor countries largely dependent on agriculture. A report by [Imperial College London](#) suggests that rising sea levels and droughts could push up borrowing costs, as credit agencies [downgrade](#) their ratings, increasing debt costs by between US\$ 146-168 billion over the next ten years.

### WE'RE WATCHING

The London Metal Exchange (LME), the world's largest metal exchange, is [requiring](#) all companies that source 25% of their metal from mines in the Democratic Republic of Congo (DRC) to undergo an audit. 60% of cobalt comes from the DRC. The LME is concerned about the use of child labor in the supply chain.

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### LISTENING TO THE YOUNG

*Concerned by inaction*

The [Energy Institute](#), a chartered professional body on global energy, [polled](#) 1,300 young people to ask them five questions ranging from whether adults were doing enough to prevent global warming, to what they were personally doing about climate change. Ninety-five percent of respondents stated that they 'don't believe enough is being done by adults to tackle the damaging effects of climate change'. When asked whether they were taking action to help, 70% claimed they thought about climate change a lot and take action in their daily lives. Eighty percent would like renewables to be the largest contributor to the future energy mix in the future. Thirty-eight percent wanted to have a job in which they can make a difference in energy or climate science.

### EVEN CLOSER

The global aviation industry is making [progress](#) in establishing the standards for a Carbon Offsetting and Reduction Scheme for International Aviation (CORSA). The plan aims to keep CO<sub>2</sub> emissions at the same level as 2020 onward.

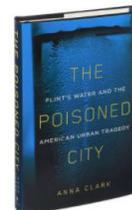
### DID YOU SEE?

[Carbon Tracker](#) has made an electric vehicle (EV) oil demand interactive [tool](#) available on its website. The variables that can be tested comprise the growth rate in EVs, the growth in annual mileage per EV and the efficiency gains of new internal combustion engines (ICEs). The most important variable is the size of the EV fleet.

### CONNECTING THE DOTS

A [study](#) by the National University of Singapore, notes that 'Board gender diversity was found to have a positive and statistically significant impact on corporate governance score'. In turn, 'Corporate governance score was found to have a positive and statistically significant impact on company financial performance'.

### READING LIST



*The Poisoned City*  
Anna Clark

### LISTENING LIST



*Saving the white rhino*  
Babbage

*The Compass – Work – Futureproof yourself*  
BBC World Service

*The solar-powered lamp and charger*  
BBC Radio 4

### PLAYING CATCH UP

The 'S' in ESG was always the weaker member of the trinity. Now 100 plus investors have backed a survey by the Workforce Disclosure Initiative (WDI) to question 500 companies in 30 countries on topics like diversity, workers' rights and health & safety.

### BELIEVE IT OR NOT

The risk of death from any cause, notably cancer and heart disease, declined as coffee consumption increased. So caffeine is good? No, as the results were similar for both caffeinated and decaffeinated, as well as ground and instant coffees. [READ MORE](#)