

# INSIGHTS

## For the Mainstream Investor

WEEK ENDING JULY 13, 2018 EDITION 253



### CITIES LEAD THE WAY

*New York goes first*

We have witnessed a number of cities around the world take on climate change, even if central governments are proving more hesitant. [C40 Cities](#) now has 96 affiliated cities accounting for 25% of global GDP.

Perhaps inspired by this, [New York](#) has become the first city to reveal how it intends to meet the 17 Sustainable Development Goals (SDGs), approved by 193 countries in 2015.

“Cities and local communities play a crucial role in ensuring that we achieve the sustainable and equitable future envisioned by the Global Goals,” said Penny Abeywardena, New York’s commissioner for international affairs. The UN hopes that other cities will follow.

### LEFT BEHIND?

*Fewer countries off track*

As part of the Sustainable Development Goals (SDGs) and the subsequent High-level Political forum on sustainable Development (HLPF) it was agreed to ‘leave no one behind’. The Overseas Development Institute (ODI) launched an index to monitor the extent to which government systems were set up and ready to meet the ‘leave no one behind’ commitment.

The [index](#) measures 86 countries and provides a new ‘leave no one behind’ outcome score for each country and [shows](#) there is an improvement with 55 countries ready to meet the commitment and 24 ‘partially ready’. 15 are viewed as clearly ‘off track’.

### THIS WEEK IN NUMBERS

28,000

Starbucks stores globally are to eliminate plastic straws by 2020

88

percent of WFE member exchanges embrace some form of ESG initiative and 43% of exchanges have increased the number of initiatives

50

percent less water is used by Cape Town residents today, compared to 2015 before the water crisis

32

antimicrobial R&D projects are to be halted by Novartis as it shuts down its antibiotics research unit

23

percent plus earnings growth is anticipated for S&P 500 companies, another quarter above 20% according to Factset

10

percent increase in the supply of food, drinking water and energy is needed globally by 2050, compared with projections for the same year in 2002

5

to 8.1 GW of power demand could be the additional peak load by 2030 because of electric cars, representing 9-14% of 2017 UK peak power demand

4

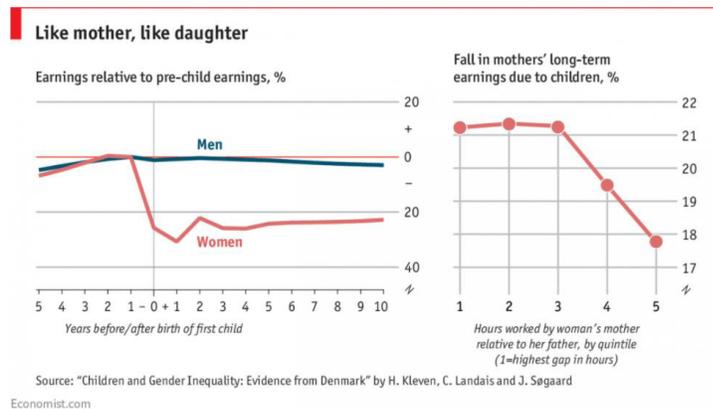
of the biggest banks in the world, ranked by Tier-1 capital, are all Chinese

### TERM OF THE WEEK

**Renewable Natural Gas** Using methane from the waste produced by animals such as hogs and pigs or from wastewater

### INFOGRAPHIC OF THE WEEK

The roots of the gender pay gap lie in childhood



Source: [The Economist](#)

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Sustainable Insight  
CAPITAL MANAGEMENT

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### ESG DATA MERGERS

*It continues*

As demand for ESG data has risen, so has the corporate activity between the ESG vendors. [Grizzly Responsible Investment](#), a service and research company focused on sustainable development, corporate social responsibility and responsible investment has merged with [Beyond Ratings](#), the first Credit Rating Agency (CRA) to systematically integrate Environmental, Social and Governance factors into financial ratings.

Both companies are based in Paris and the Grizzly name will be [dropped](#) from the merged company. Beyond Ratings hopes that with access to qualitative and quantitative analysis, the company will become an approved credit rating agency.

### GOOD NEWS

Aldi, the German retailer, has [announced](#) plans to add How2Recycle labels on all of its own brand products within two years. LEGO and Colgate Palmolive have also made similar promises.

### ON ITS WAY

The Republic of Ireland is to be the first country to [divest](#) from fossil fuels. The country's lower house passed a bill requiring the sovereign wealth fund to sell off its holdings in fossil fuels 'as soon as practicable'. It now passes to the upper house in the autumn. Approval is expected.

### WE'RE WATCHING

The [US Public Company Accounting Oversight Board](#) has launched an [investigation](#) to determine whether 'there is need for regulatory action... in light of concerns from investors about the effectiveness of auditor going concern reporting'.

### REFORM ON US VOTING?

*Probably not*

In the final weeks of the Obama Administration the Securities and Exchange Commission (SEC) formulated a new [proposal](#) that aimed to give shareholders greater freedom in voting for board candidates.

The reform would have permitted those shareholders voting remotely to mix and match from competing lists of board candidates – one from management and another from a competing list, as allowed in some other countries. Presently you can only vote for one or the other unless you turn up in person. However, recent leaks from the SEC suggest the idea is being shelved.

### THEY KEEP COMING

Another stewardship code has been [released](#), this time from the association of Dutch pension funds, [Eumedion](#). Eumedion will start monitoring firms in 2019 and argues that the new code 'is congruent with an investee company's objective of promoting long-term value creation'.

### DID YOU SEE?

The Chinese Government has created a [cross-ministerial group](#) – including environment, housing, finance and transportation – headed by the vice-premier Han Zheng. It intends to tackle pollution in the northern regions around Beijing.

### NOT THAT SURPRISING

Do you struggle to think straight in a heatwave? [Researchers](#) from Harvard have shown that students suffering from heat performed worse in cognitive tests. They compared students in dorms with and without air conditioning.

### READING LIST



*One Planet SWF Working Group Publish Framework on Climate Change*  
[One Planet Summit](#)

*WFE Sustainability Survey*  
[WFE Research](#)

*The Relationship between Investor Materiality and the Sustainable Development Goals: A Methodological Framework*  
[Sustainability](#)

*The most reputable CEOs worldwide*  
[CEO Rep Talk](#)

### LISTENING LIST



*Fighting fraud in the food chain*  
[Business Daily](#)

*How to switch off for summer*  
[Financial Times](#)

### BELIEVE IT OR NOT

Killing rats could help coral reefs survive. This is because the rats kill the seabirds which in turn is reducing the volume of bird dropping, a fertiliser for the reefs.

[READ MORE](#)

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