

# INSIGHTS

## For the Mainstream Investor

WEEK ENDING SEPTEMBER 21, 2018 EDITION 262



### US INVESTORS

*Sustainable insights*

UBS surveyed more than 5,300 investors in ten markets on sustainable investing. They found that 72% of investors were confused about sustainable investing terminology as well as the various approaches and its impact. The survey found that the adoption of sustainable investing was very different across different markets.

Overall, 39% stated that they invested sustainably while in China the number was 60%. The UK had only 20% and the US 12%. In the next ten years, overall 58% believe that sustainable investments will be the new normal, the highest believers being in the UAE (75%) and china (74%) and the lowest the UK and US, both on 32%. In general, investors did not expect to forgo returns with 93% seeing no need to sacrifice performance. The primary area of concern too investors was pollution and waste (73%), followed by climate change (71%) water (70%) and products & services (also 70%).

### DJ SUSTAINABILITY INDEXES

*2018 results*

S&P Dow Jones Indices, the index provider, and RobecoSAM, the investment manager, have announced their review of the Dow Jones Sustainability Indices. The indices were launched in 1999 and annually 4,600 listed companies are asked 80-120 questions about ESG issues to reach a Corporate Sustainability Assessment.

This year, RobecoSAM added additional topics to its Corporate Governance measure, such as Family & Government Ownership and Dual Class Share Structures. The measurement of Climate Strategy has also been enhanced aligning it with TCFD recommendations.

The indices are some of the longest running available to investors. Along with sustainability and risk/return objectives, the indices are constructed. The largest additions to the DJSI World Indices were Salesforce.com, Schlumberger Ltd and Diageo. The largest deletions from the index were Bayer, Commonwealth Bank Australia and Samsung Electronics.

### THIS WEEK IN NUMBERS

264,500

employees at Wells Fargo, the US Bank which has suffered from a number of scandals, have been told to expect a 5 to 10% reduction in the workforce

2023

is the date by which Seattle University will no longer invest its US\$230 million endowment in fossil fuel companies

581

billion US\$ of corporate lending is to be moved towards meeting the 2 degree warming scenario, says ING

100

percent of Chicago's treasury's corporate investments are run through an ESG screen

58

million net new jobs will be created by the robot revolution in the next five years, says a WEF report

43

percent of CalPERS votes were cast against executive compensation proposals proposed by corporates

3

million plus people died from alcohol in 2016, according to WHO

### INFOGRAPHIC OF THE WEEK

#### The Jobs Landscape in 2022



Source: Future of Jobs Report 2018, World Economic Forum

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Sustainable Insight  
CAPITAL MANAGEMENT

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### REAL ESTATE

*Checking sustainability performance*

GRESB is the global ESG benchmark for real assets – real estate, infrastructure and debt. GRESB validates, scores and benchmarks ESG performance data, providing tools to investors and managers. For the 2018 Real Estate report, GRESB reported a record level of participation, with 903 real estate companies, funds and developers covering more than 79,000 assets across 64 countries, providing data.

GRESB's MD stated, 'Participation in GRESB has grown again in 2018 as investors seek standardized and validated ESG data to assess the sustainability of their real estate assets'. The global average GRESB Score increased to 68 out of 100 with increases recorded in all regions. The sector achieved a 5% reduction in greenhouse gas emissions year-on-year as well as an average 2.5% reduction in energy consumption.

### WE'RE WATCHING

JetBlue, the US low-cost airline, has launched a number of flights which partially use renewable jet fuel. The fuel is provided by Airbus and certified by BP. JetBlue's CEO states that the company's goal is 'to serve as a market-maker for renewable jet fuel, creating demand and therefore supporting supply'.

### UNDER PRESSURE

The Big Four Audit firms look to be under pressure in the UK with politicians asking whether they have become too powerful, which in turn may be leading to a decline in audit quality. The UK's Business Select Committee held discussion with the smaller audit companies where ideas such as creating an independent body to appoint auditors to a market share cap for the Big Four.

### CLEANING UP

*In space this time*

A UK university has commenced the experimental phase for cleaning up debris left in space. The University of Surrey designed RemoveDEBRIS, a spacecraft which uses a net to capture pieces of space debris. The Space Surveillance Network (SSN) has been tracking space objects since 1957 which are 10 centimeters in diameter or larger. It has a global network of 29 space surveillance sensor which it uses to track objects, taking between 380,000 to 420,000 observations per day. It estimates that there are more than 22,000 man-made objects orbiting the Earth which are 10 cm or more in size. Of these, about 5% are functioning payloads or satellites, 8% are rocket bodies and the balance fragmentation and inactive satellites. Following the successful capture in a net by RemoveDEBRIS, other low-cost options, such as harpooning, are also to be trialled.

### ALL CHANGE

Exxon Mobil, Chevron and Occidental have joined the Oil and Gas Climate Initiative (OGCI) having resisted since its formation in 2014. The OGCI is a CEO-led initiative which aims to lead the industry response to climate change. The 13 members of the OGCI represent 30% of global oil and gas production.

### DID YOU SEE?

SAP, a multinational software company, has created 'Plastic Cloud'. It compiles information on plastic consumption and recycling while helping service providers to meet demand. It aims to use the data collected to help solve the problem of plastic waste. SAP research has shown that businesses are often confused about the types of plastic that can be recycled.

### READING LIST

*Is Tesla or Exxon more sustainable? It depends whom you ask*  
Wall Street Journal

*Return on values*  
UBS Investor Watch



### LISTENING LIST



*Ending the plastic age – Costing the Earth*  
BBC

### WORD OF THE WEEK

**Snollygoster** A shrewd, unprincipled person, especially a politician

### BELIEVE IT OR NOT

Ever thought of using slingshots to plant trees? Seed balls covered in charcoal dust from the Kenya Forest Research Institute are provided to herders. [READ MORE](#)

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