SUSTAINABLE INSIGHTS

Sustainable Insight CAPITAL MANAGEMENT

Week ending 03 January 2014

Edition 23

CHINA'S ANTI-POLLUTION DRIVE TO INCREASE VALUE OF CLEAN-TECH MARKET TO USD550BN

Lagging local supply creates growth opportunity for international players.

The US Department of Commerce estimates that China's clean-tech market will grow to USD555bn by 2020, driven by the central government's pledge to spend more than 3tr yuan (USD490bn) to meet the country's pollution targets.

The inability of Chinese firms to keep up with the rapidly growing demand for clean-tech products has led to international firms such as Fuel Tech (FTEK US), WS Atkins (ATK LN), and LP Amina experiencing considerable growth by entering the Chinese market.

The potential for growth is substantial with Amina claiming that the cost of retrofitting all of China's power plants over a five-year period will be USD11bn.

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CHINA DEVISES RATINGS SYSTEM TO PENALIZE POLLUTING FIRMS

Companies with poor ratings will not be eligible for bank loans and subsidies until they reduce emissions.

Effective 1st March, China will assign credit ratings to companies in industries with heavy pollution or overcapacity based on their efforts to protect the environment.

The rating will provide a reference to banks for reviewing credit for the companies and to authorities for arranging subsidies. Companies will be ranked on a four-level color-coded scale, with green representing the best and red the worst.

Banks have been advised not to provide new loans to red-rated companies until they take steps to curb emissions and have their rating revised.

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US & EU COMPANIES FACE MORE PRESSURE TO IMPROVE NONFINANCIAL REPORTING

EU asking companies for non-financial information; US-based SASB hopes to get SEC approval to set nonfinancial reporting standards

The American National Standards Institute in Washington has accredited San Francisco based non-profit Sustainability Accounting Standards Board (SASB) to set standards for how publicly listed companies disclose sustainability information in their annual 10K filings to the SEC.

SASB uses the Supreme Court's definition of materiality, which states that information is material if a "responsible investor" would consider it important.

The European Union is already asking companies to disclose non-financial information. EU legislation, which won't take effect until mid-2014, will require large public and private companies in the EU and listed on EU-regulated markets to disclosure relevant environmental, social and governance risks, policies, and results.

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