

## CORPORATES STEP UP ESG ACTIVITY

Possibly in response to shareholder pressure and some bad press, automakers, consumer product multinationals, and others announce new sustainability initiatives and achievements.

Consumer product giants P&G and Unilever both made sustainability commitments this week. Under pressure from Greenpeace, P&G announced that it has set a [new goal](#) to eliminate deforestation from its palm oil supply chain by 2020. Multinational Unilever announced that all European factories have achieved a milestone of [zero non-hazardous waste](#) to the landfill.

Two automakers under scrutiny for recent recalls have also stepped up their commitments. General Motors is the [only automaker](#) to sign the Climate Declaration, a campaign organized by Ceres and its Business for Innovative Climate & Energy Policy. Toyota said in a statement this week that it will release [new engines](#) that are expected to increase fuel efficiency by ten percent.

This week Southwest Airlines also operated its first commercial flight equipped with new winglets, designed to increase [annual fuel savings](#) approximately 3.5% per aircraft. In an effort to [cut its CO2 footprint](#), Maersk has increased sustainability initiatives, including maximizing fuel consumption by making slower journeys and maximizing capacity. The company reported savings of USD 764M on fuel in 2012.

Statoil, an oil and gas production company, plans to [decrease CO2 emissions](#) from its Canadian oil-sands projects by 20 percent by employing new technology. This announcement comes after the Alberta oil sands have been heavily criticized by the opposition of the Keystone XL pipeline.

## COAL UNDER ATTACK IN CHINA AND THE UK; MIXED OUTLOOK ON COAL IN GERMANY

China will ban imports of dirty coal as pollution soars; Meanwhile, Germany goes forward with a coal plant despite a promise to increase renewables.

China is cracking down on coal pollution. The head of the coal division of China's National Energy Administration announced that China—the world's largest coal consumer—will [ban imports](#) of the dirtiest coal with high-ash and high-sulfur.

This doesn't come as a surprise given China's soaring pollution levels and [new reporting standards](#). Nonetheless, China's environment ministry found that nearly [2,000 Chinese companies](#) are in breach of China's anti-pollution rules because they either failed to install pollution controls or provided false emissions data.

After it found "no value for money", the UK government announced it will [close two coal pits](#) next year. Citing rising costs, government pension liabilities, and competition from US shale gas, the UK hopes to phase out coal in favor of cleaner gas and renewables.

On the other hand, Germany is going forward with a [large new coal plant](#) project. In 2012 production of lignite, one of the dirtiest types of coal, hit its highest level in Germany in 20 years. Interestingly, this news comes on the heels of Germany's chancellor approving legislation which will generate 40 percent of [Germany's energy needs](#) through renewables.

### \*Stat of the Week\*

\$860: The price paid by a Beijing artist for a glass jar of clean French mountain air.

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## DESPITE FEWER GOVERNMENT SUBSIDIES FOR RENEWABLES, MAY STILL BE COMPETITIVE

The EU decreases government support for renewables while solar and wind become more financially viable in US.

The European Commission has decreased the amount that big manufacturers need to pay for Germany's [expensive expansion of renewables](#). Citing the size and scale of the renewable market, the EU's competition commissioner noted that renewable projects will no longer receive the same levels of government and industry support. While government subsidies have supported progress on energy goals, they have also caused "[serious market distortions](#) and increasing costs to customers".

Bloomberg New Energy Finance reported this week that [clean energy installation](#) will nearly triple by 2030, threatening the traditional utility business model. Even in oil rich places, such as Texas, electricity from wind and solar is now competitive on price. China is [topping the list](#) of countries investing in renewables.

Meanwhile, Poland's government bucked the trend by approving a law this week that will give long-term subsidies for renewable energy.

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## UPDATE: IPCC REPORT CRITICIZED FOR HIGHLIGHTING RISKY TECHNOLOGIES

Many nations wary of UN's recent climate change report, not just for its cost estimates but for its risky carbon extraction technologies.

Government officials meeting in Berlin this week want the UN report to "tone down" possible technology for [drawing down greenhouse gases](#) from the air to help fix global warming, citing the inherent risks the technologies the pose.

Carbon dioxide removal "technologies are currently not available and would be associated with high risks and adverse side-effects," the German government commented.

Although the study focuses on solutions to climate change, many nations such as Japan and the EU would like it to also include the uncertainties around the carbon extraction technologies that could limit global warming impacts.

## EUROPEAN COMMISSION TO REQUIRE ENGAGEMENT FROM INSTITUTIONAL INVESTORS

Comply-or-explain requirement will be amendment to existing legislation.

The EU's executive arm, the European Commission, will require institutional investors to [develop and disclose a policy](#) around shareholder engagement. Institutions will be asked to provide a detailed response to how their equity investment strategy is "aligned with the profile and duration of their liabilities" as well as the time horizon of performance.

The Commission noted that they believe the engagement of institutional investors and asset managers is currently insufficient. The hope is that long term shareholder engagement will contribute to improvement in performance, profitability and efficiency of companies.

### \*Believe it or not\*

UK Labour Peer raised concerns over the "emissions" resulting from the countries consumption of baked beans.

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