

EPA & OBAMA UNVEIL PLAN TO CUT CARBON EMISSIONS FROM POWER PLANTS BY 30 PERCENT

Similar to Obama's Healthcare Plan, states will have authority to design own implementation plans

The Environmental Protection Agency [EPA] proposed a [new rule](#) this week that will cut CO₂ emissions from existing coal plants by 30 percent by 2030, as compared to 2005 levels. Existing power plants are the largest source of CO₂ emissions in the United States, coming from over 950 operating coal-fired units. Of the plants currently in operation, 63 percent are over 40 years old.

Some say this represents the boldest step the Obama administration has taken to address global warming. Renewable-energy producers stand to benefit as it may provide utilities with

an incentive to invest in no and low-carbon alternatives. As expected, the announcement generated a wave of criticism from the coal-state lawmakers and coal lobbyists, asserting that the proposal will cut jobs and raise utility prices.

States will have the autonomy to meet the EPA's emissions targets for power plants within their borders through a variety of ways. Some of these [measures include](#) plant upgrades, switching from coal to natural gas, improving energy efficiency or promoting renewable energy "outside the fence," meaning outside the plant site. California and nine Northeastern states already rely on cap-and-trade programs to curb carbon pollution.

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BANK TRACK RELEASES 2013 ANNUAL REPORT

BankTrack's [annual report](#) gives a summary of BankTrack's activities and achievements. Notably, it names financial institutions behind controversial projects and practices and reports on "dodgy deals". This year the group launched *Banking on Coal*, a report in conjunction with the UN Climate Change Conference, part of a growing campaign that urges banks to "quit the dirty coal industry". [According to the report](#), the top commercial banks financing the coal mining industry from 2005-2013 were Citi, Morgan Stanley, and Bank of America.

SUSTAINABLE STOCK EXCHANGES INITIATIVE GAINS MOMENTUM

London Exchange becomes newest partner this week

The London Stock Exchange Group (LSE) joined the United Nations [Sustainable Stock Exchanges Initiative](#) this week. The initiative, which aims to promote sustainable practices among publicly listed companies, includes nine other stock exchanges worldwide. These include the NYSE

Euronext, NASDAQ OMX, Bombay Exchange, BM&F Bovespa, and the Johannesburg Exchange. The London Stock Exchange has committed to upholding the core principles, including working with investors, companies and regulators to promote long-term sustainable investment ESG disclosure.

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JAPAN'S GOVERNMENT PENSION FUND MAKES COMMITMENT TO STEWARDSHIP

World's largest pension fund will require managers to disclose voting and engagement practices

The Japan Government Pension Investment Fund (GPIF), the world's largest pension fund, announced [its commitment](#) to the Japanese Stewardship Code.

The USD 1.3T fund will require its asset managers to sign the Stewardship Code, demonstrating a commitment to the Code's seven Principles for Responsible Institutional Investors. These include committing to voting their shares and engaging with investee companies.

The change comes as part of a series of [corporate governance changes](#) under the "Revitalization Strategy" for Japan and closely mirrors the UK Stewardship Code, which also encourages asset managers to vote their shares and publish their voting record.

Other Principles include requirements that managers demonstrate a clear policy on managing conflicts of interest in fulfilling its stewardship responsibilities, monitoring investee companies, engaging constructively with companies, and reporting periodically on how they are fulfilling their stewardship duties.

STAT OF THE WEEK

Do you know the percentage of mutual funds that are categorized as "ESG funds"? Less than one percent according to research firm Morningstar. Test your knowledge of ESG investing with [this week's WSJ quiz](#).

STATE STREET CIO BACKS 'PROJECT DELPHI' AS INDUSTRY STANDARD ESG FRAMEWORK

Rick Lacaille backs framework which will be released in mid-2014

Project Delphi, an initiative to develop ESG "super factors", aims to be the "standard" framework for the industry according to State Street CIO, Rick Lacaille. He noted that the

framework will be used within the State Street Global Exchange trading, research, and data arm, just launched last year. The project brings together asset managers, sell-side analysts, and asset owners among others to help guide investors and corporations in decision-making.

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BELIEVE IT OR NOT

Term of the week: "Hair Pollution". Conopco, a Unilever subsidiary, agreed to pay a fine to settle two cases after it was revealed that two of its hair products contained illegal levels of volatile organic compounds.

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