

DROUGHT WORSENING IN CA; WATER SCARCITY A POLITICALLY CHARGED ISSUE IN BRAZIL

Record-setting drought in CA; Brazil's water shortage has political implications right before election

The National Oceanic and Atmospheric Administration reported this week that California's [severe drought](#) will "likely persist or even intensify in large parts of the state". The drought—which has lasted nearly four years—is expected to continue, despite higher than average predicted rainfall this winter. "Complete drought recovery in California this winter is highly unlikely," said Mike Halpert, acting director of NOAA's Climate Prediction Center. Agriculture is feeling the burden. It is expected that due to drought, nearly 25 percent of the rice crop will be lost this year.

Meanwhile, residents in Sao Paulo have also been experiencing shortages in their water supplies. Sixty percent of residents have experienced some restrictions on water supply in the last month. This comes at the heels of a [highly contested election](#). President Dilma Rousseff—days before the Oct. 26 runoff election against Aécio Neves—has increased attacks on the state's handling of this water crisis.

Is it time for new water standards? The ISO Water Footprint Standard hopes to simplify and streamline water reporting though the organization is still working on solidifying a definition of a water footprint.

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COMPETITIVE ADVANTAGE OF BIG DATA

Companies are spending more money on big data analytics to gain insights into everything from operational efficiency to new revenue streams. Interestingly, environmental emissions also tops the list. According to a [study](#) by Accenture and General Electric, companies list the following reasons for adopting a big data strategy: "Increasing profitability (60%), gaining a competitive advantage (57%) and improving environmental safety and emissions compliance (55%) are the three highest industry priorities according to the survey."

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HEDGING CLIMATE RISK: DISAGREEMENT ON THE BEST APPROACH

AP4 publishes paper on 'decarbonizing' portfolio; IP&E's Martin Steward disagrees

The CEO of Swedish Pension fund AP4, Mats Andersson co-authored a [paper](#) this week on his fund, which is in its third year of "decarbonizing" its portfolio. The authors argue that currently financial markets currently "underprice carbon risk" and it is only a matter of time before markets catch up.

Investment & Pensions Europe's Martin Steward responded in an [opinion piece](#). He urges readers to frame it as a risk management issue. "Removing your money protects you from the risk that the company doesn't change and goes out of business. But it leaves you exposed to the risk that the company does change – because when that change happens, it will be priced-in by the discounting mechanism that is the market, and you will be left on the outside looking in."

EUROPEAN LEADERS AGREE TO CUT GHG EMISSIONS

Ambitious agreement to cut greenhouse gas emissions by 40 percent by 2030 reached Friday

EU leaders have struck a deal on a climate change pact that will obligate all members states to cut greenhouse gas emissions by at [least 40 percent](#) by 2030. Details of the deal have not yet been

finalized but are expected to be by the UN climate meeting in Paris at the end of 2015. "This package is very good news for our fight against climate change," the European Commission president, Jose Manuel Barroso, added. "No player in the world is as ambitious as the EU."

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STAT OF THE WEEK

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INSURERS WITHDRAW IN FACE OF MORE WEATHER DISASTERS

Fearing increased intensity of climate-change related weather disasters, insurers retreat

It appears the insurance industry has "quietly engaged in what looks like a retreat." Given the increase in weather disasters and the bleak outlook for coastal properties, insurers are backing out of markets they are deeming not profitable. In a [new report](#), sustainability

advocate Ceres writes: "Over the past 30 years annual losses from natural catastrophes have continued to increase while the insured portion has declined." According to reinsurer Swiss Re, less than one third of \$116M suffered in damages from weather, less than one-third was covered by insurance. What does this mean for public institutions and local communities?

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BELIEVE IT OR NOT

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