SUSTAINABLE INSIGHTS

For the Mainstream Investor

Sustainable Insight CAPITAL MANAGEMENT

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Week ending October 16, 2015

Edition 114

GENDER DIVERSITY: ASSET OWNERS, ASSET MANAGERS AND CORPORATES OPINE

Recommendations from Australian and Canadian coalitions, Hermes Investment Management and Columbia Threadneedle

The Australian Council of Superannuation Investors (ACSI), which collectively manages A$450bn (€288bn) on behalf of 8 million beneficiaries, says it will consider recommending against the re-election of directors of listed companies which perform poorly on board gender diversity measures.

The Canadian Coalition for Good Governance (CCGG) also summarized its view on gender diversity in this new position paper.

Meanwhile, a study by Columbia Threadneedle indicates that 28 per cent of investment professionals are women, down from 29 per cent in December 2014. In Insights 96 we noted that only 2 percent of fund management assets are managed by women.

A new Hermes report, Responsible Capitalism and Diversity, has revealed that despite some progress on gender diversity, less than a quarter of institutional investors surveyed believe female representation at board level to be important.

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PROXY VOTING: HOW INFLUENTIAL ARE ADVISORY FIRMS?

A new survey of 1,086 investors by Proxy Insights found that only about one in five institutional investors (20.6 percent) claim to use the proxy voting policy of an advisory service such as ISS when voting their proxies. Seventy-one percent vote their proxies based on their own corporate voting policies while another 8.5% delegate voting decisions to a sub-manager or another asset manager. This may point to a larger trend that proxy advisory service firms are not as influential as preivously thought.

Read more about shareholders who plan to get tough on boards who ignore shareholder wishes.

THIS WEEK IN NUMBERS

154
was the reading of Singapore's pollution index this week. Readings above 100 are classified as 'unhealthy'.

108
million dollars is how much a California-based company that makes meat and cheese from plant ingredients has raised, enabling it to start producing its burger.

100
signatories has been reached for The Montreal Pledge, which commits investors to declaring the carbon footprint of their portfolios.

80
percent is the increase in Andra AP-fonden (AP2) green bond portfolio at the end of June 2015.

26
years is the length of time that Norway has had a carbon tax.

19
major investors, with GBP625 bn under management, have written to 11 auto companies requesting improved reporting on emission standards lobbying.

14
heavyweight corporations voice support for a new global climate agreement, as the lobby group C2ES.

3
degrees C is the present cap on global warming from national pledges submitted so far; the hope was for a 2^{o} C cap.

MEDIA CONTACT: CAROLYN ROOSE carolyn.roose@sicm.com

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GERMANY'S TWO-TRACK ENERGY POLICY: RENEWABLES AND COAL

In Insights 94 we wrote that Germany's green credentials were being tested – with cheap coal partially to blame. Germany is now facing the task of demonstrating to the world that its energy is clean. Germany has supported innovation around renewables. In fact rising efficiency of wind and biomass technology means that Germany may well surpass its target of renewables comprising 35 percent of electricity generation by 2020. However, coal production will need to decrease in order for the country to meet its targets.

Meanwhile, Yvo de Boer, the former United Nations climate change secretariat chief, publicly supported highly efficient coal plants.

READ MORE (subscription required)

WATCH THIS SPACE: CLIMATE CHANGE FINANCING

A question is dividing development banks: If climate-related aid is lent to developing countries at market rate, is it still considered aid? To be discussed at UN Climate Conference next month.
READ MORE

CENTRAL BANKERS AND CLIMATE CHANGE – RUMBLINGS CONTINUE

Two weeks ago Mark Carney, Bank of England Governor, said in a speech at Lloyds of London, that "companies must be more open about their 'climate change footprint' to avoid abrupt changes in asset prices that could destabilize markets". This drew praise and criticism. This week, Norges Bank Investment Management Chief Executive Officer Yngve Slyngstad said that Mark Carney raised important considerations and that "yes, all investors have started to price into the market the issue of stranded assets and pricing of oil companies". Also an ECB governing council member supported him.

Read our coverage HERE and HERE

BELIEVE IT OR NOT

A linguistic analysis of the IPCC Summary for Policy Makers stands out in terms of low readability. By contrast, scientific and high quality newspaper coverage has become increasingly readable and emotive. READ MORE

KEEP AN EYE ON

HARVARD STUDENTS

Harvard Climate Justice Coalition, the student-based divestment group, is appealing a recent decision, asking Harvard to consider allowing students to make arguments that the Univeristy divest its endowment from fossil fuels in court.

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