

THE STRUGGLE TO DEFINE MATERIALITY

FASB and the SEC criticized, European authority approached to address climate risk

Several investors, including Anne Sheehan of CalSTRS, expressed concern over new proposals about materiality from the Financial Accounting Standards Board (FASB), saying that their proposed definition of materiality is too narrow. FASB also proposed widening the discretion of companies to decide what information is material (*subscription required*).

Meanwhile, the Securities and Exchange Commission (SEC) has also recently been criticized. An alliance of more than 60 institutional investors called for [more scrutiny](#) of climate-related disclosures from energy companies, saying that the SEC is “underreacting” to a serious issue.

Finally, a group that includes ClientEarth and CDP is calling on the European Securities and Markets Authority (ESMA) to ensure [climate risk disclosures](#) are included in corporate reports.

SASB'S CLIMATE RISK FRAMEWORK



This week the Sustainability Accounting Standards Board (SASB) released a working draft of [Technical Bulletin 2016-01—Climate Risk](#). It presents an analysis of its industry-specific climate risks and their financial implications plus what it means for investors.

@SICMGMT TWEET OF THE WEEK

 @CFiguere: “If you don’t already make decisions based on a shadow price on carbon, you should” #investorsummit

BIG COAL HASN'T GIVEN UP

California Insurance Commissioner Dave Jones is urging the insurance industry to [voluntarily divest from thermal coal](#). He is also requiring insurers to annually disclose their carbon-based investments, including holdings in oil, gas and coal. Insurers are [not all on board](#) and many want to “retain the freedom to manage their investments.”

West Virginia is not bowing out quietly. A group of states led by Texas and West Virginia [asked the U.S. Supreme Court](#) to stop President Obama’s carbon emissions reduction plan.

Has coal demand peaked already? No says oil giant ExxonMobil. It predicts that global demand for coal will [peak in about 2025](#).

THIS WEEK IN NUMBERS

2,000

tonnes of carbon dioxide per year will be captured at the Klemetsrud (Norway) waste to energy incinerator, in a global first

130

million British Pounds was paid by Google to the UK Government in back taxes, covering a ten-year period (*subscription required*).

41

million children globally (in 2013), under the age of 5, were obese or overweight according to WHO

21

countries have been affected by the Zika virus according to WHO

18

percent of delegates at the Davos World Economic Forum were female

3

billion British Pounds has been pledged to fight malaria by the UK Government and Bill & Melinda Gates Foundation

3

months is the time given by the PM of Lower Saxony (VW’s second largest shareholder) for VW to provide ‘complete clarification’ on the emissions scandal

3

minutes to midnight remains the time on The Doomsday Clock



HOW MUCH WILL IT COST TO CUT POLLUTION IN THE US?

A study published this week in the journal *Nature Climate Change* found that a shift from fossil fuels to wind and solar power would allow the U.S. to reduce greenhouse-gas emissions from electricity production by as much as 80 percent without raising power costs. It also concluded that a shift to a mix of renewable- and natural-gas fired power may “cut electric costs by about 10 percent in 2030”.

“What the model suggests is we can get a long way, and wind and solar and natural gas can be a bridge,” co-author Christopher Clack, a physicist at the University of Colorado at Boulder, said in an interview. “There is a path that could be possible to achieve those goals, and it doesn’t necessarily need to drive up costs.”

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WE’RE KEEPING AN EYE ON: IORP LEGISLATION

The European Parliament proposed a [series of amendments](#) to European occupational pension funds – or Institutions for Occupational Retirement Provision (IORPs). One of the amendments will create an environment that will make it easier to establish and operate cross-border pensions schemes. UK responsible investment charity ShareAction also “welcomed the vote, after MEPs reinserted language on environmental risk assessment initially removed by member states.”

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WORD OF THE WEEK

Negawatt. A “negawatt” refers to the conservation instead of generation of electricity from fossil fuels.

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BELIEVE IT OR NOT

Researchers are using nuclear bomb radiocarbon, which winds up in the turtles’ shells through their diet, to estimate the birth dates, growth rates and age of reproductive maturity of the critically endangered hawksbill sea turtles.

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The Zika virus: Where is it?

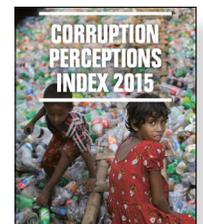


Source: [The Economist](#)

WHAT WE’RE READING



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