

CLIMATE CHANGE RISK IS LIKELY INFLATIONARY

Schroders survey of investment banks finds that climate change mitigation is hurt by short-termism


UK asset management house, Schroders, surveyed economists at several investment banks last December about the risks associated with climate change. Five of the 18 banks surveyed responded. "The results supported our own analysis that climate change represents a significant threat and will likely be inflationary,

while short-termism hampers mitigation efforts," Schroders said.

Schroders noted that "Uncertainty about the overall effects and the long time horizons involved were cited as reasons for the lack of inclusion, rather than denying there would be any effect."

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@SICMGMT TWEET OF THE WEEK

 Unilever CEO: Why #Sustainability Is No Longer a Choice (Op-Ed) <https://shar.es/1C43uq> via @LiveScience

WHO ARE THE ESG RATING AGENCIES?



ESG ratings proliferate. Investors are putting a lot of faith in them. How much do we know about the rating agencies? SICM asks... *Who are the ESG rating agencies?* Check out our new research [here](#).

'SUPER' ESG

Recent research from the Australian Council of Superannuation Investors (ACSI) found about 33 percent of top 200 companies still sit within the ACSI's lowest two categories when it comes to environmental, social and governance [practices and reporting](#). Sally Loane, chief executive of the Financial Services

Council (FSC), wants boards to lead the charge. "ESG reporting is a journey. It started many years ago and it's getting to the point now where it's becoming a must-have for companies and I think [there is] going to be pressure from investors," Ms. Loane said.

THIS WEEK IN NUMBERS

20,000

funds on the [Morningstar](#) platform have been given a sustainability rating.

18

Hong Kong companies have been deleted from MSCI Indexes following client pressure over shareholder transparency.

12

major fossil fuel projects are being targeted by activists for a shutdown in May 2016.

10

percent of the world's land is owned by indigenous people.

6

million Chinese workers could lose their jobs over pollution and industrial overcapacity concerns.

4.2

billion GBP is the value of the UK Green Investment Bank privatization.

4

billion people could face severe water scarcity for at least one month a year.

1

day before fines for sodium warning violations in New York City were set to be imposed, the National Restaurant Association won a delay enforcement.

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DID YOU SEE: WARREN BUFFET'S ANNUAL LETTER



Warren Buffett's [annual letter](#), in summary: The world should be worried about climate change and prepare for

find climate change keeping you up nights. As a homeowner in a low-lying area, you may wish to consider moving. But when you are thinking only as a shareholder of a major insurer, climate change should not be on your list of worries."

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climate change, but it's [not my problem](#). He writes: "As a citizen, you may understandably

WHAT WE'RE WATCHING

Nasdaq Nordic – including exchanges in Stockholm, Helsinki, Copenhagen, and Reykjavik – is joining the UN Sustainable Stock Exchanges (SSE) initiative's [Campaign to Close the ESG Guidance Gap](#).

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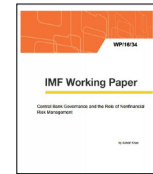
BIG THREE CUSTODY BANKS SHOULD BECOME CLIMATE CUSTODIANS

A forthcoming Harvard Business School [Working Paper](#) asks the question: Can custody banks become key players in climate change? The paper makes the case for large custody banks assuming the role of climate custodians for corporations and institutions. In a [post](#)

in the [MIT Sloan Management Review](#), the authors note that custody banks have been missing from the conversation that their role of climate custodian is actually required by the regulations under which they operate.

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WHAT WE'RE READING THIS WEEK



[IMF Working Paper: Central Bank Governance and the Role of Nonfinancial Risk Management](#)

This paper argues that nonfinancial risk management is an essential element of good governance of central banks.

[READ THE REPORT HERE](#)

BELIEVE IT OR NOT

So as it turns out, the humble air conditioner is causing a major an impact on the cost of energy... How is this helping the environment?

"It's doing so in multiple ways. It is reducing energy consumption but, more importantly, it is increasing the uptake of rooftop solar by lessening its cost relative to grid energy. Plus, with the emergence of battery storage, the grid as we know it today may cease to exist in the near future..."

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