

OIL COMPANIES MIXED ON PARIS CLIMATE TALK EXPECTATIONS

Positioning prior to the Paris climate talks reveals a strategy split in the oil sector

Six European oil companies have [written](#) to Financial Times arguing the December UN talks on climate change should result in 'widespread carbon pricing in all countries'. The US oil majors chose not to participate in the letter. The companies encourage 'realistic, workable solutions to the challenge of providing more energy while tackling climate change'. (*subscription required above*)

The Europeans and US oil companies appear to have different expectations from their shareholders. While both Shell's and BP's Boards backed shareholder resolutions to look more closely into the effects on greenhouse gas emissions on their businesses, there was only about 20% voting in favor of the appointment of a director with expertise on climate and environmental issues at the [Exxon](#) and [Chevron](#) AGMs.

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MERCER: ARE INVESTORS FOOLISH TO IGNORE CLIMATE CHANGE?

Mercer advises investors to take climate change seriously

A new [report](#) from [Mercer](#), the investment consultant, has recommended that investors stop ignoring the effect that climate change can have on investment returns. The research recommends that investors manage their risk by factoring climate change into their modeling.

The consultancy states that 'a significant behavioral shift' for most investors is required. In

the report various scenarios are modeled leading to the conclusion that it will 'inevitably have an impact on investment returns' so it should be viewed as a 'new return variable'. Although the research shows that a 2°C scenario does not have a negative return implication for long-term, diversified investors, some asset class returns could be material and industry sector impacts 'will be the most meaningful'.

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Breaking news

This just in: On Friday June 4th, Norway's \$890 billion government pension fund [voted to sell](#) off its investments in companies whose businesses rely at least 30 percent [on coal](#)

THIS WEEK IN NUMBERS

11,000

plus people have died from the Ebola epidemic, mainly in Liberia, Sierra Leone and Guinea, which started in March 2014.

2030

that date by which a Japanese consultative committee recommended that the country should generate 20-22% of its electricity from nuclear power.

196

is the number of countries expected to be discussing climate change at the Paris climate conference in December.

21

percent is the annual return between 2010 and 2014 (inclusive) from investing in UK forests, a better investment than the FTSE 100 share index.

14

percent is the forecasted increase in the strength of typhoons in the north-west Pacific under a moderate climate change scenario.

0.1

is the percent of Saudi Arabia's solar power capacity compared to Germany's installed solar power.

MORE PREP FOR PARIS 2015

At the end of this year Paris holds the next UN Convention on Climate Change. There's a lot to be done.

The UN hopes to hash out a new international agreement on climate with the aim of keeping global warming below 2°C. To try and keep the process on target participants are presently meeting in [Bonn](#). Organizations such as the World Resources Institute ([WRI](#)) have provided discussion documents for negotiators to consider. The WRI argues that a new financing plan needs to be discussed as developed countries will not

provide [USD 100bn](#) annually to tackle climate change. However, developing countries are expressing concern over placing a price on carbon and prefer direct aid instead. Governments are still submitting their greenhouse emission targets, the latest being [Japan](#). However, their proposed emission reduction of 26% by 2030 is being viewed as disappointing by some other countries. Clearly, there's still a long way to go before general optimism over a new climate treaty is likely to rise.

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WE'RE KEEPING AN EYE ON...

Global pandemics, post Ebola crisis.

Médecins Sans Frontières, the global public health organization, issued a statement saying the global health system is unable to handle another mass epidemic like the Ebola outbreak in West Africa and urging wealthy nations to develop coordinated response plans and drugs to fight neglected diseases. Patterns include late and slow international response, the absence of solid leadership as well as the lack of treatments and vaccines

"If a global pandemic were to strike tomorrow, there is still no well-resourced, coordinated international response in place to kick in," Joanne Liu, the international president of Médecins Sans Frontières said in a statement this week.

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PROXY VOTING IS "FOR THE LAZY"

JP Morgan's CEO says investors who use proxy voting are lazy and irresponsible

Jamie Dimon described shareholders who use shareholder advisory services as '[irresponsible](#)', 'lazy' and they 'aren't a very good investor'. This came shortly after both Institutional Shareholder Services ([ISS](#)) and [Glass Lewis](#) recommended shareholders vote against Dimon's pay and for an independent chairman of the board.

Proxy advisers, organizations which advise investors how to vote on governance issues, have remained quiet, but some [commentators](#) are expressing sympathy with the CEO's view, arguing that institutions should not sub-contract such important decisions. There is also concern over the power wielded by the two leading proxy advisory firms, as well as possible conflicts of interest. Are asset managers being lazy or practical?

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