

SUSTAINABLE INSIGHTS: 2015

Mid-Year Review



EDITION II

July 2015

At the beginning of 2015 we made [seven predictions](#). Having passed the half-year stage, we examine whether our predictions are on track.

- 1 Sustainable Financial Products.** We predicted that we would see a rapid growth in the diversity of sustainable products on offer. We remain confident that this will be borne out, notably in the green bonds ([Sustainable Insights Edition 83 & 85](#)). Even private equity is looking at ESG standards ([Sustainable Insights Edition 81](#)). In terms of improved definitions this remains on course ([Sustainable Trends Edition 7](#)) with bodies such as the [SASB](#) on target to provide robust accounting definitions by the year-end and other organizations, such as the [EU](#) ([Sustainable Insights Edition 80](#)) and [WRI](#) ([Sustainable Insights Edition 86](#)), providing new measurement standards.
- 2 Climate change agreement.** Positioning and diplomacy prior to the Paris Conference on Climate Change ([COP21](#)) continues to unfold ([Sustainable Insights Edition 93, 95 & Sustainable Trends Edition 7](#)). In early April, the outlook appeared bleak as countries missed their deadlines for emission pledges ([Sustainable Insights Edition 86](#)). But, we remain comfortable forecasting that 'intended nationally determined contributions' ([INDC's](#)) will form the foundation of an international agreement. To date, we look correct that China will stick to its bilateral agreement with the US, that Australia will look evermore isolated, and that India will give priority to economic growth ([Sustainable Insights Edition 77 & 87](#)). We did not anticipate climate change receiving significant religious backing ([Sustainable Insights Edition 77, 90 & 97](#)).
- 3 The overuse of antibiotics.** There has been significant focus on the use of antibiotics by both humans and animals ([Sustainable Insights Edition 88](#)). The year started with some promising discoveries ([Sustainable Insights Edition 74 & Sustainable Trends Edition 7](#)); even algae have been suggested as a substitute ([Sustainable Insights Edition 87](#)). However, serious concerns over superbugs persist ([Sustainable Insights Edition 92](#)). What we did not forecast is that some developed countries would see a rise in vaccine-free pressure groups resulting in the re-emergence of previously dormant illnesses ([Sustainable Insights Edition 76, 78 & 88](#)).
- 4 Water and the corporates.** Water has been propelled up the agenda. Uncomfortable listening was the warning from the [IPCC](#) Chair that water scarcity could lead to conflict between nations ([Sustainable Insights Edition 78](#)). [NASA](#) warned on declining underground water levels ([Sustainable Insights Edition 97](#)). Certainly a prolonged drought on the US West coast ([Sustainable Insights Edition 88](#)) as well as water stress in China ([Sustainable Insights Edition 75](#)) and Brazil ([Sustainable Insights Edition 65](#)), has kept this topic in the media spotlight.

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- 5 The value of big data.** Big data remains rampant. Although there has been some cautioning about an over-reliance on the numbers, computing power keeps big data demand on the rise. It is proving invaluable in environmental mapping ([Sustainable Insights Edition 96](#)). It continues to be used for nutrition analysis ([Sustainable Insights Edition 76](#)). Despite the increasing use of big data for medical use ([Sustainable Insights Edition 86](#)) what has been disappointing is the lack of widespread data use in epidemics because of a failure to agree on how personal data can be used.

- 6 Exporting pollution.** News on this topic has been more subdued than we anticipated, although the [OECD](#) has highlighted the use of export subsidies ([Sustainable Insights Edition 86](#)). Of course, this prediction may come to the fore at the Paris Conference ([Sustainable Insights Edition 95](#)) or in its aftermath, as at present we have little detail on how 'intended nationally determined contributions' ([INDC's](#)) have been calculated.

- 7 The economics of sustainability.** We believe this remains one of the most exciting areas of economics. We have seen studies examining the connectivity between different disciplines – such as health, wealth and income ([Sustainable Insights Edition 88](#)). Sustainability has also been linked with the economics of inequality ([Sustainable Insights Edition 97](#)). The costing of sustainability – notably 'ecosystem services' in conservation economics – remains crucial to bringing this form of investing into the mainstream.

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