



Sustainability Snippets

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Are all resolutions created equal?

There have been a number of well publicized reports in the past few weeks on the number of shareholder proposals increasing (particularly in the US) and yet the level of support for these resolutions reducing. This may seem like asset managers are bowing to political pressures or failing in their responsibilities. BUT – there needs to be consideration of what these resolutions are. There is an insidious belief that voting in favour of all shareholder resolutions is a good thing and supporting management is a bad thing. The truth is more nuanced. With the massive increase in the quantum of resolutions comes the fact that the quality can sometimes be lacking – asking companies to do things that are already in progress or overly prescriptive so that they are erring into micromanagement territory. However, most worrying is the anti-ESG proposals, which are frequently dressed up to look like they are seeking to improve some social or environmental outcome, but in the body of the text are clearly seeking to reinforce the exact opposite. It is a reminder that we need to take every resolution on its own merit and vote in a considered way!



Climate Change has a Bite

Climate change is already impacting public health. According to health officials, Brazil could experience 5 million cases of dengue fever in 2024, a new record and a three-fold increase over 2023. Last year the country had 1.6 million cases and 1,079 deaths.

Mosquitoes, the main carriers of diseases like dengue fever, prefer hot and wet weather, and this is what the ongoing El Nino has brought to Brazil. Much of the Amazon region is facing drought conditions, while the south of the country is subject to flooding.

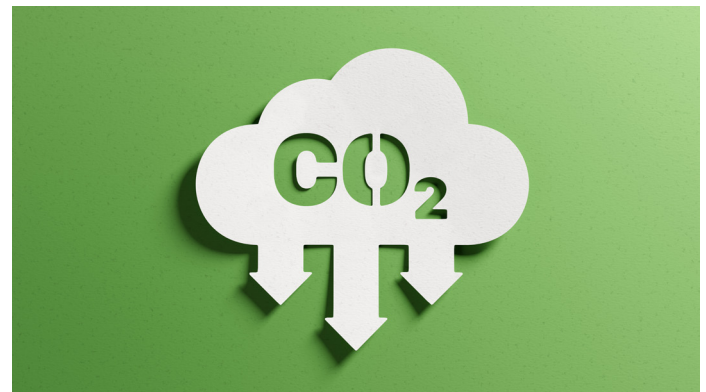


We may think of dengue fever as a tropical disease, but climate change means more areas of the planet will make ideal homes for disease-carrying mosquito species. In December, the UK Health Security Agency reported that even the UK could become exposed to dengue fever, chikungunya, and zika under certain warming scenarios. Italy and France have already seen cases in recent years.

Following the emissions trend

After two years of GHG emissions growth, the US returned to a downward trend in 2023. Emissions dipped nearly 2% year-over-year and now sit at 17.2% below 2005 levels.

The power sector drove almost all of that reduction as coal generation continues to fall to record lows. The building sector added to the decline after a milder than expected winter. However, increased air travel and record oil & gas production drove a slight uptick in transport and industrial emissions.



It's a small step in the right direction, but the pace of decarbonisation needs to increase if the country has any hope of meeting its target under the Paris climate agreement, which is to cut emissions by 50% below the 2005 levels by 2030.

With an upcoming US election, will potential policy changes accelerate or decelerate this ambition? Broker, Jefferies, has published some interesting statistics on previous administrations. The findings don't imply causality but over the past 20 years emissions have either stayed relatively neutral or trended downwards throughout both Republican and Democratic presidencies. The biggest absolute GHG reduction coming under President Trump - helped by Covid-19 of course. And renewable capacity additions increased every year during that 20 year period, regardless of whether it was a Republican or Democrat administration.



Bossing it (or not)

Gender parity in British boardrooms is making strides, but the journey to the CEO chair for women remains sluggish.

Research conducted by the 25x25 initiative highlights concerns regarding the slow advancement of female CEOs, attributing it to a lack of diversity in the UK executive pipeline. This initiative, backed by various major multinationals (<https://25x25.com/>), reveals that women occupy only 19% of FTSE 100 divisional head positions – a pivotal factor in the selection of chief executives. Currently, a mere 9% of FTSE 100 CEOs are women, a figure significantly lower than the representation of women in other leadership roles, such as MPs (35%), permanent secretaries (47%) and judges (42%).

25x25

The study finds that 19% of chief executives were previously CFOs, with women representing only 25% of these roles. Furthermore, 14% came from operations and supply positions, where women make up 21% of the workforce. The absence of a clear correlation between the number of women in an organisation and their presence in senior executive positions challenges the assumption that a higher number of talented women will naturally ascend to top roles. The 25x25 initiative underscores that the current situation points to structural or cultural issues within organisations.

The research also highlights that 13% of current chief executives held the same position at another company. Strikingly, no female FTSE 100 CEO previously occupied such a role elsewhere. Companies are increasingly promoting CEOs from within boardrooms, hiring former non-executive directors for chief executive positions.

And finally, the great Chieftain of the (sustainable) pudding race...

I hope while you were tucking into your haggis, neeps and tatties – along with a wee dram – for the annual Burns night celebration, you gave a thought to Scotland's fine sustainable history – and the fact that Scotland's national dish actually originated as a way to reduce food waste. Haggis (and this may put you off eating it again) is largely made up of offal, oatmeal and spices encased in an animal stomach. There are two reasons for this: offal has a shorter shelf life and because hunters were very aware of not allowing any part of that animal to go to waste. So you can burnish that halo knowing that you have helped the sustainable cause...while enjoying your Burns night supper.



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