WEEKLY BRIEF: SUSTAINABLE FINANCE

– RANKINGS –

Tech, Clean Energy Drove Top ESG Funds in 2017

BY EMILY CHASAN

Bets on environmentally and socially conscious companies last year paid off for several U.S.-based sustainable funds, which found that they could beat a robust bull market.

The Brown Advisory Sustainable Growth Fund, which focuses on finding large-cap growth companies with sustainable advantages in their businesses, took the top spot in Bloomberg's second-annual ranking of ESG funds, after delivering a 28% return for 2017, outpacing the 19% advance for the S&P 500.

"Sustainability sometimes leads us into areas and markets where we think other growth managers don't tend to look," said David Powell, who co-manages the $458 million fund with Karina Funk.

ESG is still a relatively new strategy, with hundreds of funds started in the past three years. The rankings looked only at established funds with a five-year track record and at least $100 million in assets, equally weighting performance over one-, three- and five-year periods. Ten of the 15 funds on the list posted returns last year that beat the Russell 3000 index.

Fund managers focused on renewable energy said they were able to take advantage of a dip in clean-energy stocks following the U.S. presidential election, building positions in companies that performed well throughout the year. Renewable stocks delivered on earnings and dividends and the WilderHill New Energy Global Innovation Index returned almost 29%.

While a perceived lack of government support pushed down renewable stocks early in the year, "I was a little more confident given my conversations with utilities, which were ultimately the customers who were going to be buying wind power," said Kevin Walenta, portfolio manager of the Fidelity Select Environment & Alternative Energy Portfolio, which placed fourth in the Bloomberg ranking this year. "They were saying it was cost-competitive."
Technology stocks, which often disclose more sustainability data and have relatively light carbon footprints, also played a large role in propelling the performance of the funds. The most common top 10 holdings across the 15 best performing funds were Alphabet, Microsoft and Danaher. "Google and Facebook really stuck out among data-center companies in having extremely efficient data-center operations in terms of energy use," Brown Advisory's Powell said about his bet on tech firms, which helped carry the fund last year.

Financial companies, which have also been favorites of ESG managers, played less of a role in driving momentum in 2017, but several of the ESG fund managers said Visa was a good bet, as the world's biggest payments network surged 46%. Managers who focused more heavily on finding sustainable companies in Europe last year said that wager also paid off.

ESG fund managers said they're cautious about volatility in 2018, while looking for opportunities to buy sustainable companies that can continue to grow, even though they may be temporarily undervalued.

"It's clearly been a long bull market and we think we're in the later innings of that, but we definitely feel this is the right time to own these sustainable businesses," said Joe Hudepohl, a portfolio manager at Atlanta Capital, who oversees the Calvert Equity Fund, which placed fifth in the ranking. "We think they'll participate in a rising market, but if there is volatility on the horizon, they provide really good downside protection."
Top U.S. ESG Funds

<table>
<thead>
<tr>
<th>Rank</th>
<th>Fund</th>
<th>Assets ($M)</th>
<th>1-year total return</th>
<th>5-year total return</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brown Advisory Sustainable Growth (BIAWX)</td>
<td>458.2</td>
<td>27.9</td>
<td>16.6</td>
</tr>
<tr>
<td>2</td>
<td>Parnassus Endeavor (PARWX)</td>
<td>5,217.0</td>
<td>19.8</td>
<td>18.5</td>
</tr>
<tr>
<td>3</td>
<td>Calvert International Opportunities (CIOAX)</td>
<td>231.2</td>
<td>37.9</td>
<td>11.4</td>
</tr>
<tr>
<td>4</td>
<td>Fidelity Select Environment &amp; Alternative Energy (FSLEX)</td>
<td>196.4</td>
<td>25.3</td>
<td>14.7</td>
</tr>
<tr>
<td>5</td>
<td>Calvert Equity (CSIEX)</td>
<td>2,200.0</td>
<td>25.8</td>
<td>14.1</td>
</tr>
<tr>
<td>6</td>
<td>Pax Global Environmental Markets (PGRNX)</td>
<td>609.3</td>
<td>26.4</td>
<td>12.1</td>
</tr>
<tr>
<td>7</td>
<td>Green Century Equity (GCEQX)</td>
<td>242.5</td>
<td>22.0</td>
<td>15.2</td>
</tr>
<tr>
<td>8</td>
<td>Portfolio 21 Global Equity (PORTX)</td>
<td>501.0</td>
<td>27.9</td>
<td>10.5</td>
</tr>
<tr>
<td>9</td>
<td>TIAA-CREF Social Choice Equity (TICRX)</td>
<td>3,320.0</td>
<td>20.6</td>
<td>14.6</td>
</tr>
<tr>
<td>10</td>
<td>Pax ESG Beta Quality (PXWGX)</td>
<td>212.6</td>
<td>21.9</td>
<td>13.0</td>
</tr>
<tr>
<td>11</td>
<td>Crossmark Steward Global Equity Income (SIGDX)</td>
<td>295.0</td>
<td>21.9</td>
<td>12.2</td>
</tr>
<tr>
<td>12</td>
<td>Neuberger Berman Socially Responsive (NBSRX)</td>
<td>2,500.0</td>
<td>18.8</td>
<td>14.7</td>
</tr>
<tr>
<td>13</td>
<td>Parnassus (PARNX)</td>
<td>1,086.0</td>
<td>16.1</td>
<td>15.2</td>
</tr>
<tr>
<td>14</td>
<td>New Alternatives (NALFX)</td>
<td>213.1</td>
<td>21.1</td>
<td>11.8</td>
</tr>
<tr>
<td>15</td>
<td>Calvert Small Cap Fund (CCVAX)</td>
<td>319.0</td>
<td>13.2</td>
<td>15.2</td>
</tr>
</tbody>
</table>

Source: Bloomberg

Methodology: Ranking includes open-end funds with ESG (Environmental, Social and Governance) as a general attribute in the fund prospectus, total assets of at least $100 million, and a five-year history. Takes into consideration one-year, three-year and five-year returns, weighted equally. Total returns and assets are as of December 31, 2017. Funds are either the primary or class A shares. Excludes ETFs.

*Effective June 30, 2016, the Pax Growth Fund was renamed Pax ESG Beta Quality Fund. Performance prior to that date is for predecessor fund.

Top Trades From ESG Fund Managers

What propelled performance last year and what do fund managers expect in 2018? The portfolio managers and other representatives behind the top funds in Bloomberg's ESG ranking spoke to Emily Chasan over the past week about their performance, contrarian ideas that worked and the best momentum drivers in their funds. Comments have been edited and condensed.

David Powell, Brown Advisory Sustainable Growth

ESG Strategy: We look for companies that are using sustainability strategies to really do better on the bottom line: Companies that are helping their customers become more efficient; companies that are really good sustainability stewards with industry-leading cost positions; and companies that increase sustainability for their consumers in a way that increases customer loyalty.

Top Trades: Amazon has been a tremendous performer for us. We've made almost five-times our money on Amazon over the past few years. Facebook and Google have also been big winners, and other technology companies that have helped us quite a bit are Adobe and Red Hat. For various reasons, they meet our criteria of great fundamental companies that are using sustainability to become better.

Contrarian Idea: One stock we like that has traded sideways recently is American Tower, a wireless tower REIT. It has good long-term cash flow generation and is pretty unique in that they've established markets internationally. They've transitioned customers from having diesel generators, and are helping them use more renewable energy or solar-powered back up. It helps
its customers save money and reduce their carbon footprint. REITs have been trading lower lately amid concerns about higher interest rates, but this is a name we expect to hold for a long time.

Jeremy Dodson, Parnassus Endeavor

ESG Strategy: We pursue a combination of buying out-of-favor stocks, looking for discounted values and social and environmental factors. It's a lot of intangibles. We want to make sure there are good working conditions and employees are motivated. We think that increases productivity.

Top Trade: One company that did really well for us was Micron Technology. We bought it a few years ago at $10 a share. They are a semiconductor manufacturer that's done a very good job recycling water, being careful with the chemicals they use and being a good place to work. Demand for their type of semiconductors has also increased substantially.

Contrarian Idea: Qualcomm has been in the news quite a bit lately. It's been having a feud with Apple over royalties for its chip used in the iPhone. It's a really confusing situation. In my opinion, Apple will have to make a deal with Qualcomm, but in the meantime people are very nervous. The company is primarily a really good place to work, environmentally responsible, and they've got a nice culture. We have a huge percentage of that stock in our portfolio. Normally we don't invest more than 5%, but in the case of Qualcomm, we're so confident we've invested 10%.

Aidan Farrell, Calvert International Opportunities

Momentum Driver: Europe was a significant part of driving our returns last year. The U.S. equity market has performed very well for multiple years and the European market has been a laggard, but that changed significantly last year and that was very good for small caps.

Top Trade: We had good performance in information technology. A theme that played well for us there last year was a focus on chip manufacturing for 3D sensing technologies that can be used for facial recognition in your iPhone. Luxury also performed well. We played into the burgeoning education market in China. With growing wealth, the demand for every parent to have their children in the best performing schools is incredible.

Outlook: Brexit is going to be a front-and-center risk so we're looking at our sensitivity to the U.K. economy. Some companies will benefit as well. In the broader global economy, this is the most shared economic recovery around the world in history. There is a nervous tension that we are very late in the economic cycle and the era of low interest rates is coming to an end, so that sets a degree of tension in stocks. When those periods of volatility emerge you have to be opportunistic.

Kevin Walenta, Fidelity Select Environment & Alternative Energy Portfolio

ESG Strategy: I try not to define success and failure based on one- or two-year periods. I focus on buying strong franchises I believe are trading at a discount for hopefully temporary or transitory reasons. Volatility, I think, is the biggest opportunity.

Momentum Driver: In the second half of 2017 you saw the price of oil sort of bottom out and start to rise. That made the payback period on energy efficiency projects more attractive and you started to see orders and backlog for companies in that space. That increase in oil prices really helped drive momentum for alternative energy and energy efficiency.

Contrarian Idea: I always get a lot of questions about John Deere and how it pertains to ESG. The company has high scores on environmental performance and they've done a pretty good job from an ESG perspective. Their end markets are tied to agriculture and crop prices that seem to be in a multi-year trough, rather than at a peak level. The company has done a terrific job using its brand name to take market share in that period.

Joseph Hudepohl, Atlanta Capital Management, Calvert Equity Portfolio
ESG Strategy: Sustainable companies with consistent growth are a great place to be in uncertain times because of stability in the business. We think they'll participate in a rising market, but if there is volatility on the horizon, we think our stocks provide really good downside protection.

Top Trade: A couple of our bigger positions did pretty well in the year. Visa and Mastercard were two of our better performers for the fund. They are very well run and respected businesses – leaders in their industry, and the types of businesses we want with high returns on capital, high margins and high free-cash flow.

Contrarian Idea: It's kind of the anti-Amazon trade. People are very concerned about what industries they will disrupt. But we like Thermo Fisher. There’s a portion of their business that distributes products to labs and hospitals that people think Amazon can get into. We think they've been doing this for a long time and are pretty well insulated.

Bruce Jenkyn-Jones, Impax Asset Management, Pax Global Environmental Markets

Momentum Driver: We invest across renewable energy, energy efficiency, water and sustainable agriculture. What really drove performance during the year was earnings. These companies delivered on their expected earnings growth and that drove share price performance.

Top Trades: Electric vehicles have certainly been a catalyst. We're investing in a number of businesses in the value chain that are enabling them. We're also increasingly focused on plastic pollution. The big alternative to plastics is increased use of fiber in packaging, so we've been looking at businesses that have fiber-based packaging that can break down, water businesses that are alternatives to plastic bottles and also recycling.

ESG Strategy: At the stock level, we find that by understanding how the management team and the business manages risk, we understand companies better. Engaging and staying close with the companies you are invested in also helps you understand the companies better and lets you provide them some guidance about how to better understand risk in their businesses.

Leslie Samuelrich, Green Century Equity

ESG Strategy: The fund is a fossil fuel-free customized version of the longest running sustainability index that is based on ESG performance ratings by MSCI. The screen we use excludes coal, oil or gas companies that explore for, extract, produce, refine or transmit fossil fuels. It also excludes utilities that burn fossil fuels to produce electricity and any remaining companies with proven carbon reserves. It makes the index smaller by about 35 holdings.

Momentum Drivers: The custom screen that avoids all coal, oil and gas companies contributed to the fund’s performance, as did the allocations to industrials, IT and real estate. Energy underperformed in the S&P, and since we were not in energy we were outperforming.

Outlook: We expect poor performance from the energy sector to continue. It's a highly volatile sector and there are substantial challenges they face in terms of renewables being more cost competitive, and expensive proposed offshore and arctic drilling. Coal has also been a financially losing industry as a whole.

Anthony Tursich, Trillium Asset Management, Portfolio 21 Global Equity

ESG Strategy: We view quality as multi-dimensional and an integrated approach gives us better insight into a company's true prospects and risk profile. Companies we're focused on are mitigating environmental risks and capitalizing on related opportunities.

Top Trade: Volatility around Brexit gave us an opportunity to add British Land to our portfolio. The thesis was that the stock was trading at a trough valuation as investors were worried about real estate and how it would fair in Brexit. But demand continues to be strong for desirable real estate in the U.K., despite the vote. The company has become more of a long-term holder of high-quality properties, investing in flexible work spaces and more energy-efficient buildings that help attract and retain tenants.

Outlook: Climate-related risk is core to this strategy and 2017 was a huge year for catastrophe-related costs. We don’t know if 2018 will look like 2017, but over time catastrophes caused by
climate change will increase. For 2018 specifically, we've seen more populism and isolationism throughout the world, and we believe that this is bad for global economic growth. The opportunity in Europe still exists and we think Asia is equally as interesting. We've been overweight Europe since 1999. ESG is more ingrained there and companies really understand the business case around sustainability.

Jim Campagna, TIAA-CREF Social Choice Equity Fund

**ESG Strategy:** We designed the fund to approximate the overall risk and return on a recognizable broad-based benchmark, with a high focus on environmental, social and governance issues. We hold about 700 to 800 names that are going to model the Russell 3000 over the long term.

**Top Trades:** 3M was a top performer for us last year. We replaced GE with 3M in our portfolio on ESG considerations. 3M scores higher on environmental and labor issues. We also replaced Apple with Nvidia. Nvidia doesn't have those labor relationship issues that Apple has, and one of their strengths is their human capital development.

**Outlook:** Volatility is really picking up and it is always challenging to work with. As volatility increases, whatever your bets are, it magnifies performance variability.

Steve Falci, Pax ESG Beta Quality

**ESG Strategy:** We've tried to position the portfolio to be weighted toward a number of smart beta factors academic research and practice has shown to add value over market cycles. Our premise is that multi-factor smart beta investors have been looking to diversify, and adding ESG could provide an element of diversification.

**Momentum Driver:** It was a very tough year for value stocks, so the value factors underperformed and our earnings yield factor struggled. The smart beta factor that really worked though was momentum. Stocks that started outperforming right after the 2016 presidential election just kept outperforming.

**Outlook:** We believe we're on top of a rotation back to value, as there's more and more consideration paid to risk.

Ingrid Dyott, Neuberger Berman Socially Responsive Fund

**Top Trade:** Texas Instruments was a very strong performer last year and continues to be one of our top holdings because the stock price has functionally appreciated with earnings growth. It's well-positioned within the analog device space and it still looks attractive to us from a valuation perspective. Texas Instruments is manufacturing chips with less energy and water than peers, and the device itself goes into a whole host of products and electronics that functionally deliver more power with less energy.

**Contrarian Idea:** Many of the top stock performers in the broader market, from Amazon to Netflix to Tesla, have been disruptors of traditional businesses. That's created the opportunity over this past year for many traditional businesses that have been overlooked. Companies such as Grainger or Advanced Auto have felt this pressure, but we think businesses like these that are thoughtfully run and do not compete on price alone will be strong competitors.

**Outlook:** We're concerned on the margins about what inflation could mean for several business models and we've focused on companies that historically have had the ability to pass through inflation. We're also keeping a close watch on the tight labor market and the ability of companies to attract and retain talent.

Robert Klaber and Ian Sexsmith, Parnassus

**ESG Strategy:** (RK) This is a high-conviction strategy with about 35 to 40 names. We're able to go anywhere and be highly opportunistic. We tend to be contrarian and look for businesses that are out of favor that we think can rebound. We layer on top of that a process to focus on ESG. ESG helps us avoid hidden risks.

**Top Trade:** (RK) One stock that has done very well for us over the last year is Praxair. The
A company is merging with a European industrial gases company, Linde, and we expect to see accelerated earnings growth due to that this year. (IS) They’ve got a fantastic environmental story as well. Praxair products reduce the emissions for their customers by two times more than the emissions that they use to be created.

Contrarian Idea: (RK) The auto insurance market has been interesting this year since you’ve had some pretty devastating hurricanes. Progressive has seen revenue up significantly. Despite the hurricanes, they just did a really great job selecting safe drivers. (IS) Their governance is strong with an independent chair, and they’re one of the companies that has a female CEO, which we always like to see. They have a low environmental footprint since they are mostly digital.

Outlook: (IS) We think the opportunity is if value outperforms growth. In 2017, growth significantly outperformed value. If the market goes down, we think value is a much better place to be.

Murray Rosenblith, New Alternatives

ESG Strategy: We try to identify the companies that we think are doing the best work in energy conservation, resource management and also being profitable and expanding. Then we invest in them for the long term.

Top Trade: Better performance from major wind turbine manufacturers put a lot on our bottom line, as far as stock price appreciation in 2017. It’s not doing a lot for us in 2018, but we take a long view of our investments. We think wind power is probably the most rapidly expanding form of renewable energy, especially offshore wind.

Contrarian Idea: We had a fairly substantial investment in a group of yieldco companies that were sort of out of favor, but they staged somewhat of a comeback which really drove our portfolio. After a slew of these launched in 2014, they were paying fairly good dividends, but they weren’t doing as well as anticipated and some were not structured that well. The whole sector had become somewhat undervalued.

– INVESTING –

Assets devoted to ESG investment strategies rose 37% in 2017, topping $445 billion, according to Bloomberg Intelligence analyst Greg Elders. Twice as many funds were created in 2017 as in 2014, fueled by ETFs. Asset growth was only partly due to performance, with the MSCI World Index returning 23% on the year. ESG is still a niche market, with U.S. ESG ETFs having the least assets among 11 Bloomberg smart beta categories.

ESG ETFs had inflows of $1.3 billion in the first two months of 2018 versus $3.2 billion for all of last year, according to BI’s Elders. "Growth is gaining momentum," he said. Assets increased 71%
in 2017, with flows accounting for more than half the increase. Five of six large ESG ETFs, including two UBS ETFs and the MSCI World and EMU Socially Responsible funds outperformed their non-ESG equivalents over the past year through March 3.

The world's first energy storage fund is set to list in London later this month. Gore Street Capital, a London-based private equity firm, is seeking to raise 100 million pounds ($139 million) from the initial public offering. The fund will use a yieldco model to invest in large-scale batteries and already has commitments from NEC Energy Solutions and Nippon Koei. Read more on Bloomberg here.

Calvert CEO John Streur said the strategy of divesting gun companies is a failure, and he now sees shedding stocks as a last resort. "This isn’t working – it hasn’t solved the problem," said Streur, whose Washington-based firm, now a part of Eaton Vance, manages more than $11 billion. Investors like Calvert should take a broader approach to guns, and engage big companies in the battle for better gun regulation, he said.

French investment bank Natixis issued the world's first green fixed income structured note on March 8. The note, which is collateralized by the government's sovereign green bond, is the first green derivative product issued by a non-government organization, according to Bloomberg New Energy Finance analyst Daniel Shurey. The green structured bond "will open a wider debate on a new green asset class for structured products," he said.

French President Emmanuel Macron said March 12 his country's international development agency would provide 700 million euros ($865 million) to the International Solar Alliance, a treaty-based organization that will identify and arrange financing for solar projects worldwide. He said 100 solar projects have been identified in 36 countries so far. The funding is in addition to 300 million euros France committed two years ago.

Chinese green bond issuance declined 12% in 2017 from a year earlier, according to BNEF, and China's share of that debt globally fell to 23% from 38%. Despite the slowdown, the nation remains the world's largest country-source of green bonds, selling $30 billion of the debt last year. However, the U.S. would have topped China if green asset-backed securities were included.

Sunrun, the largest U.S. residential-solar company, is seeking about $500 million to fund more rooftop-power systems, according to people familiar. The deal would be company's biggest non-recourse debt financing to date, and would refinance and expand its existing credit facility. South African bank Investec is leading the five-year deal.

JA Solar Holdings shareholders approved a proposal from a group led by its CEO to take the company private in an all-cash deal valuing it at about $360 million. More than 90% of shares voted at a general meeting approved the plan, according to a March 12 statement from the China-based panel maker.

Trillium Asset Management is asking the SEC to rethink whether oil explorer EOG Resources can prevent shareholders from voting on setting a carbon-cutting goal. The agency's decision to allow the company to bar the vote is "out of step" with the recent groundswell of investor support for corporate climate action, the $2.5 billion asset manager said in a March 7 letter.

The $27 billion Stanford endowment "is not a tool for social activism," Robert Wallace, the CEO who oversees the university's fund, said last week. We "do not believe it is our job to try to achieve particular social outcomes unless they are consistent with our direct divestment policy or our long-term economic goals," he said. In 2016, Stanford rejected a proposal to divest from fossil-fuel companies.
Falling solar installation costs are applying downward pressure on offtake prices in renewable power purchase agreements that U.S. companies use to buy clean energy, according to BNEF. Average prices for solar power purchase agreements (PPAs) fell over 70% from 2006 to 2016. Steep cost reductions and tax credits have also driven down prices toward that of wholesale energy, leaving little room for them to fall further in the next five years.

EPA administrator Scott Pruitt signaled a coming showdown with California, warning the state won't dictate the future of ambitious automobile fuel economy regulations enacted by the Obama administration. "California is not the arbiter of these issues," Pruitt said. California regulates greenhouse gas emissions at the state level, "but that shouldn't and can't dictate to the rest of the country what these levels are going to be."

China is creating a stronger environmental watchdog as it aims to cap world-leading carbon dioxide emissions and clear smoggy skies. The newly created Ministry of Ecology & Environment will be tasked with cutting emissions and leading the nation's fight against climate change, responsibilities held previously by the National Development & Reform Commission, according to a March 13 proposal.

Volkswagen secured 20 billion euros ($25 billion) in battery supplies to underpin an aggressive push into electric cars in coming years, putting pressure on Tesla as it struggles to overcome production bottlenecks for the mass-market Model 3. The German automaker plans to equip 16 plants for electric autos by 2022, and is working on cutting the amount of cobalt needed for the cars.

President Trump's 25% tariff on imports of steel and a 10% levy on aluminum imports will cause a modest increase in U.S. wind and solar project costs and complicate the policy environment for electrified transport, according to BNEF. An onshore wind turbine could cost 2.7% to 3.5% more, while utility scale solar project levies should total no more than 2% of capital costs.

Utility shares jumped after California Gov. Jerry Brown pledged on March 13 to update the state's fire liability rules. PG&E CEO Geisha Williams last week called on California lawmakers to
do away with the law that could leave the utility owner on the hook for billions of dollars of wildfire damages. Climate change is the real culprit, she said. The rule known as inverse condemnation holds utilities responsible when their power lines spark blazes.

**Britain should have done more** to protect the environmental credentials of the Green Investment Bank when it sold out to Macquarie Group for 2.3 billion pounds ($3.1 billion) last year, U.K. lawmakers said March 14. In pushing the sale through, the government prioritized reducing public debt over hitting green investment targets, the Committee of Public Accounts said in a report.

**India’s electric vehicle market** doubled in 2017, with the country selling an estimated 2,000 electric cars, according to BNEF. The government’s recent announcement that it wouldn’t introduce a separate EV policy could impede growth in the next five years, analyst Allen Tom Abraham said. He expects sales to be driven mainly by large government tenders and some bulk orders from fleet operators.

---

**– SOCIAL –**

**Sturm Ruger** addressed shareholder concerns in a letter defending the company’s commitment to firearms safety and calling gun violence a law enforcement issue. Retailers including Walmart and Dick’s Sporting Goods restricted gun sales in the wake of the Parkland school shooting. Sturm Ruger said it doesn’t plan to discontinue the manufacture or sale of rifles designed to fire semi-automatically.

**Apple** uncovered 44 violations in its supply chain last year in labor and human rights areas, according to its 12th annual supplier responsibility report on March 7. The firm said it discovered two cases of child labor where workers aged 14 and 15 used false IDs to obtain employment. Both children were returned home, enrolled in school and will be offered jobs in the future, the firm said. It also returned about $1.9 million in recruitment fees to employees.

**The world’s wealthiest women** are a rare breed. There’s a lopsided gender ratio at the top of the world’s wealth pyramid. Women make up just 13% of the 500 richest people and only seven – a mere 1.4% of the Bloomberg Billionaires Index – are self-made. Men who built their own fortunes comprise 63%.

**Just 25% of U.K. companies** have reported gender pay gap information with a reporting deadline looming on April 4. Salary data so far show some large gaps, which widen further for bonuses. Women are unrepresented in many high growth industries. GlaxoSmithKline, however, this week reported one of the slimmest gaps, saying women make about 3% less than men, compared to the national average of about 17%.

**Women are getting board seats** at Australia’s biggest companies at a faster pace than last year. Some 47% of people appointed as directors of ASX 200 Index firms in January and February were female, compared with 36% during all of 2017, according to the Australian Institute of Company Directors. The institute is aiming for 30% of board seats to be filled by women by the end of 2018.
Anglo American CEO Mark Cutifani said mining doesn’t have to be a dirty business. The miner of everything from copper to diamonds to iron ore is overhauling its sustainability targets, and predicts it can earn an extra $9 billion through 2030 by improving the way it mines and boosting relations with governments and communities. “We need access to resources,” he said. “If you don’t have good relationships you don’t get access to ground.”

Pax World Funds said March 13 it withdrew shareholder proposals on gender pay equity issues at HP, Discover and KeyCorp after the companies “agreed to publish commitments to pay equity, alongside detailed information on their processes for managing pay equity.”

New York State Comptroller Thomas DiNapoli scored a victory against Express Scripts in his push to force increased disclosures of the firm’s efforts to mitigate cyber risks. The prescription-benefits manager must include DiNapoli’s proposal in proxy materials this year, the SEC said March 8.

Discrimination against a worker based on gender identity or because a person is transitioning between genders is sex discrimination that violates federal law, a U.S. appeals court held in a landmark ruling March 7. The ruling by the Sixth Circuit was the second significant win in 10 days for LGBT Workers. The Second Circuit ruled Feb. 26 that discrimination against a worker who is gay, lesbian or bisexual is discrimination based on sex.

ING abandoned a plan to boost CEO Ralph Hamers’s pay by more than 50% after fierce criticism from Dutch leaders, including Prime Minister Mark Rutte and Finance Minister Wopke Hoekstra. The lender’s supervisory board said it underestimated the public response to its proposal, which signaled ongoing sensitivity over bank pay a decade after the financial crisis.

Newell Brands lost its fifth director this year, as the Crock-Pot maker faces a proxy fight with activist investor Starboard Value. Metro-Goldwyn-Mayer executive Kevin Conroy left the board, saying "change is needed" and he supports Starboard’s turnaround plan. Starboard is partnering with former executives of Jarden, which was bought by Newell two years ago, in its fight to replace the entire board.

Mellanox’s plan to delay its shareholder meeting drew protests from Starboard Value. The activist said it will submit a proposal to Mellanox to allow universal proxy card and plurality voting in contested elections with its support and without a delay. The company is looking to
postpone its annual shareholder meeting by three months. Starboard nominated a full slate of
directors to the Mellanox board in January.

**Singapore's stock exchange** aims to loosen some of the recommended restrictions it planned
to impose on dual-class listings, such as a minimum market cap, according to people familiar.
The latest proposals from the exchange would eliminate an earlier recommendation that a dual-
share listing have a market value of at least $500 million ($380 million), the people said. The
exchange is considering the listings amid efforts to attract tech IPOs.

**U.S. companies** that give shareholders little to no voting power over executive pay and other
issues should make clear the potential risks and benefits of owning their stock, the SEC's
investor advisory panel recommended to the agency March 8. It's "not always clear" to investors
buying dual-class stock that they have fewer votes than founders and early backers, so additional
disclosure would help, said Anne Sheehan, who chairs the panel.

**Disney shareholders** delivered an authoritative **thumbs down** in an advisory vote on the
company's executive pay plan, which delivered $36.3 million to CEO Bob Iger and is likely to
reward him even more in fiscal 2018. Investors voted 52% against the non-binding resolution on
executive pay at the Disney's annual meeting in Houston March 8.

**FTSE Russell** said it will review its decision this summer to bar stocks like Snap that don't give
shareholders at least 5% of voting power from its benchmarks. The index provider plans to put
out a paper on threshold options and show the impact of each one on the index, CEO Mark
Makepeace said March 13 at a Council of Institutional Investors Conference.

**Trillium Asset Management** lost a bid to get the SEC to reconsider whether oil explorer EOG
Resources could prevent shareholders from voting on setting a carbon-cutting goal. Trillium had
argued the agency's decision to stop the vote was "out of step" with the recent groundswell of
shareholder support for corporate climate action. But the SEC stood by its decision to block the
shareholder vote in a March 12 letter.

**Valeant** plans to kill a $29.8 million stock award it gave CEO Joe Papa, as the company revamps
its compensation program for senior managers. He will instead get smaller annual grants, the
firm said in a regulatory filing, noting that the decision was partly based on shareholder
feedback. The award could have yielded the CEO as many as 1.87 million shares worth about
$500 million if Valeant's stock price topped $270 within four years.

**British engineering firm GKN rejected** a sweetened 8.1 billion-pound ($11 billion) offer from
unwanted suitor Melrose Industries, setting up a shareholder vote to decide the biggest all-U.K.
hostile takeover battle in a decade. Investors have about two weeks to decide whether to take
the cash-and-stock offer, or stick with GKN's plan to sell its driveline business to U.S.-based Dana
in a $6.1 billion transaction and focus on aerospace.

**Activist Marcato Capital Management** has dropped its stake in Ugg footwear maker Deckers
Outdoor, after it lost an almost year-long proxy battle for three board seats in December. The
firm reported it had no stake in the Ugg footwear maker in an amended 13D filing this week.

---

**CALENDAR**

<table>
<thead>
<tr>
<th>DATE (S)</th>
<th>EVENTS &amp; MEETINGS</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 19</td>
<td>Wall Street Green Summit</td>
<td>New York</td>
</tr>
<tr>
<td>March 20-21</td>
<td>Responsible Investment Forum</td>
<td>New York</td>
</tr>
<tr>
<td>March 20-21</td>
<td>Climate Bonds Initiative Annual Conference</td>
<td>London</td>
</tr>
<tr>
<td>March 20-22</td>
<td>Solar Power Finance &amp; Investment Summit</td>
<td>San Diego</td>
</tr>
<tr>
<td>March 20-22</td>
<td>Infrastructure Investor Global Summit</td>
<td>Berlin</td>
</tr>
<tr>
<td>March 26-27</td>
<td>Responsible Business Summit</td>
<td>New York</td>
</tr>
<tr>
<td>April 3-6</td>
<td>Sustainatopia</td>
<td>San Francisco</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
<td>Location</td>
</tr>
<tr>
<td>--------------</td>
<td>--------------------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>April 4-6</td>
<td>North American Carbon World</td>
<td>San Francisco</td>
</tr>
<tr>
<td>April 5</td>
<td>Skytop Strategies ESG4 Summit</td>
<td>New York</td>
</tr>
<tr>
<td>April 5</td>
<td>Wealth Management Series - ESG 360</td>
<td>San Francisco</td>
</tr>
<tr>
<td>April 6</td>
<td>Leveraging the Value of the Corporate Sustainability Assessment</td>
<td>New York</td>
</tr>
<tr>
<td>April 17</td>
<td>Active-Passive Investor Summit</td>
<td>New York</td>
</tr>
<tr>
<td>April 17-18</td>
<td>Impact Capitalism Summit</td>
<td>Chicago</td>
</tr>
<tr>
<td>April 24-26</td>
<td>Ceres Conference 2018</td>
<td>Boston</td>
</tr>
<tr>
<td>April 26-27</td>
<td>Total Impact</td>
<td>Philadelphia</td>
</tr>
<tr>
<td>April 26-27</td>
<td>Responsible Finance and Investment Summit</td>
<td>Zurich</td>
</tr>
<tr>
<td>May 14-18</td>
<td>Energy Storage World Forum</td>
<td>Berlin</td>
</tr>
<tr>
<td>May 17</td>
<td>Bloomberg Sustainable Business Summit</td>
<td>Seattle</td>
</tr>
<tr>
<td>May 30</td>
<td>Sustainable Finance Forum</td>
<td>Luxembourg</td>
</tr>
<tr>
<td>May 30-June 1</td>
<td>US SIF: Investing for a Sustainable World</td>
<td>Washington D.C.</td>
</tr>
<tr>
<td>June 12-14</td>
<td>Verge: Asia Pacific Clean Energy Summit</td>
<td>Honolulu</td>
</tr>
<tr>
<td>June 20</td>
<td>Sustainable Business Summit Series</td>
<td>Amsterdam</td>
</tr>
<tr>
<td>July 12-13</td>
<td>The Global Sustainable Finance Conference</td>
<td>Karlsruhe</td>
</tr>
<tr>
<td>July 18-19</td>
<td>Impact Capitalism Summit</td>
<td>Nantucket</td>
</tr>
<tr>
<td>Sept. 12-14</td>
<td>Global Climate Action Summit</td>
<td>San Francisco</td>
</tr>
<tr>
<td>Sept. 12-14</td>
<td>PRI In Person</td>
<td>San Francisco</td>
</tr>
<tr>
<td>Sept. 20</td>
<td>Bloomberg Sustainable Business Summit</td>
<td>Toronto</td>
</tr>
<tr>
<td>Sept. 24-30</td>
<td>Climate Week NYC</td>
<td>New York</td>
</tr>
<tr>
<td>Oct. 16-17</td>
<td>Bloomberg Sustainable Business Summit</td>
<td>New York</td>
</tr>
</tbody>
</table>

---

**CONTACT US**

**Editor Responsible**
Emily Chasan; echasan1@bloomberg.net

Subscribe at BRIEF<GO> or bsustainable@bloomberg.net