

# ACTION!

THE RESPONSIBLE SHAREHOLDER'S REVIEW

## THE MONTH AT A GLANCE

According to Charles Kenny, journalist at "The Atlantic", 2015 has been **"the best year in history"** for the average human being".

**Homicide rates** have dropped by 6% globally.

**Famine deaths** are increasingly rare and limited to the few areas suffering complete state collapse. The proportion of the world's population that is **undernourished** has slipped from 19% to 11% between 1990 and today. **Global child mortality** from all causes has more than halved since 1990. That means 6.7 million fewer kids under the age of five are dying each year compared to 1990. The world is "better-educated, better-fed, healthier, freer, and more tolerant – and it looks set to get richer, too", writes Kenny. The World Bank declared in September that, for the first time ever, **less than 10%** of the global population lived in **extreme poverty**, on less than \$1.90 per day. That is down from 37% as recently as 1990. At the Paris climate conference, countries demonstrated renewed resolve to tackle global climate change together while the countries that spend the most on research and development of renewable-energy technology agreed to **double R&D budgets for renewables** by 2020. If current trends are confirmed, 2016 will almost certainly be even better than 2015. However, in order to achieve this, our committed action will be needed. In this sense, Happy New Year 2016!

## IN ONE WORD

**Emissions scandal** German emissions scandal threatens to engulf **Daimler** and **BMW**. The results of the nitric oxide tests carried out by environmental group Deutsche Umwelthilfe (DUH) and German state broadcaster ZDF appeared to show similar discrepancies between "test mode" and road conditions to those found in **Volkswagen** cars earlier this year. In the documentary, ZDF tested three diesel cars - a Mercedes, a BMW, and a VW showing that all three produced several times more nitric oxide on the road than they did in an official laboratory test. While the German government is maintaining a stony silence, Daimler threatened DUH with a lawsuit. (Source: Deutsche Welle)

## ENI, SHELL HIDING THE TRUTH ON OPL 245?

New evidence from leaked internal emails between senior **Eni** and **Shell** managers show that the companies were fully aware and actively arranged for their \$1.1bn payment for the Nigerian Oil Prospecting Licence 245 (OPL 245) to be sent to **Malabu Oil and Gas**, a company owned by the former Nigerian oil minister **Dan Etete** (convicted for money laundering in France in 2007), in spite of their claims to the contrary. The emails, published by the Italian journalist **Claudio Gatti**, show that in 2011 Eni and Shell arranged for Malabu to receive the companies' US\$1.1bn in exchange for OPL 245, and conspired to hide this arrangement. The two companies claim, however, that their payments were "unrelated to the cash flow to Malabu", as Eni said in a statement. The emails reveal that, not only did Eni and Shell know the money was destined for Malabu, but that they were intimately involved in the design, negotiation, and execution of the arrangements to ensure the funds were sent to Malabu via the Nigerian government. Global Witness put it to Eni and Shell that they have therefore been lying to have stated that they only paid the Federal Government of Nigeria, when in reality they were intimately involved in the construction of the arrangements to send the funds to Malabu. (Source: Global Witness)

## UK TO CLOSE COAL PLANTS BY 2025

Britain aims to close its coal-fired power plants by 2025 under plans announced in November, becoming **the first major economy** to put a date on shutting coal plants to curb carbon emissions. Instead, the country will look to **nuclear and natural gas-fired power plants** to complement **intermittent renewable energy**, Secretary of State for Energy and Climate Change **Amber Rudd** said. "It cannot be satisfactory for an advanced economy like the UK to be relying on polluting, carbon-intensive 50-year-old coal-fired power stations," she said. Around a third of Britain's electricity came from **coal-fired plants** last year but many of the 12 still operating are **old and due to close** over the next decade under tightening EU environmental standards. Rudd said the government is committed to meeting a legally binding target to cut carbon dioxide emissions by 2050 to **80 percent below 1990 levels**. "One of the greatest and most cost-effective contributions we can make to emission reductions in electricity is by **replacing coal-fired power stations with gas**," Rudd said. However, some campaigners criticised the new emphasis on burning gas instead. "Switching from coal to gas is like an alcoholic switching from two bottles of whisky a day to two bottles of port," said Simon Bullock of **Friends of the Earth**. (Source: Reuters)

## STATOIL ABANDONS ALASKA

**Statoil** has followed **Shell** in abandoning its exploration projects in Alaska, dealing another blow to developing oil in the Arctic. The Norwegian state-controlled oil major said it would exit 16 exploration leases in the Chukchi Sea that it owned and its stakes in 50 further leases operated by ConocoPhillips. Tim Dodson, head of exploration at Statoil, said that the Alaskan leases were "no longer considered competitive". Shell's decision in September to end an ill-fated \$7bn exploration effort in the remote Chukchi Sea deep in the Arctic was hailed by **environmental campaigners** as a landmark decision. The sharp fall in the oil price has forced oil groups to **cut costs**, particularly in exploration. Arctic projects have been hard hit with companies stopping projects in the US, Canada, Greenland, Norway and Russia. Norway's **Barents Sea** remains the one significant region within the Arctic Circle where oil companies still have substantial exploration plans. Several wells will be drilled there next year, while Norway is opening up its first acreage in decades, close to the border with Russia. The Arctic is said to contain up to **13 per cent of the world's undiscovered oil and 30 per cent of its gas**, according to the US Geographical Survey. (Source: Financial Times)

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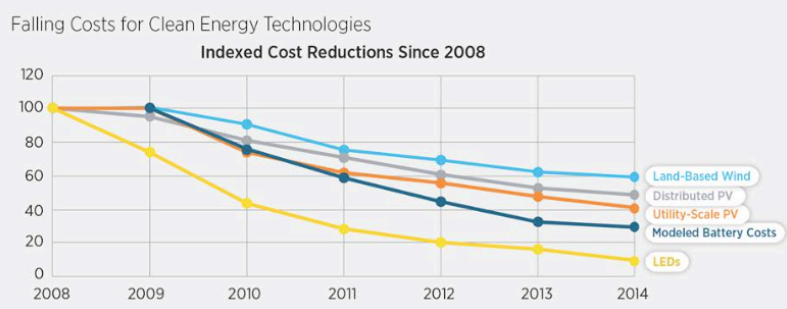
## VOICES FROM THE SOUTH

### Brazil's modern slavery hard to eradicate

A legion of forced labourers in Brazil has cleared vast stretches of the Amazon forest for cattle pasture, helping the region's more unscrupulous ranchers grow rich. Nearly **50,000 people** working under **slave-like conditions** have been **freed** in the country over the past 20 years. Their liberation came only after a concerted effort by police, prosecutors and labour officials. Many others are still suffering. Modern slavery in the Amazon is intimately linked with illegal deforestation, a notorious contributor to climate change. "This is a country still struggling to break with its past of slavery, a past still present in our society," says Ubiratan Cazetta, a public prosecutor in Pará. In fact, he and others argue, **the battle** against the trade **has become more difficult** over the past 10 years, since the ranchers and the agricultural lobby have fought back. The Brazilian supreme court has halted the blacklisting of farms and businesses that allegedly use slave labour, arguing that the list's publication violates the right of defence of those named. "Resistance has become a lot more sophisticated," Mr Cazetta says. "Culturally, Brazil is accustomed to tolerating conditions of labour in rural areas that amount to slavery." (Source: FT)



## GRAPH OF THE MONTH



### The future arrives for 5 clean energy technologies

In 2013, the U.S. Department of Energy (DOE) released the **Revolution Now** report, highlighting four transformational technologies: land-based wind power, silicon photovoltaic (PV) solar modules, light-emitting diodes (LEDs), and electric vehicles (EVs). That study and its 2014 update showed how **dramatic reductions in cost** are driving a surge in consumer, industrial, and commercial adoption for these clean energy technologies. The 2015 update divides PV plants into two categories (large utility-scale plants and small, distributed ones) while briefly introducing three additional technologies. (Source: U.S. Department of Energy, link: <http://goo.gl/D5cz67>).

## JUST BEFORE GOING TO PRESS

### Deutsche Bank's probe into Russian trades widened

Deutsche Bank's internal investigation into transactions involving its Russian business has identified \$10bn of potentially suspicious trades, rather than the \$6bn previously thought. These involved Russian clients buying securities in roubles through Deutsche Bank's Moscow office and then selling identical ones for foreign currency, including US dollars, through the bank's London office. In October the bank declared that it had "taken disciplinary measures with regards to certain individuals and will continue to do so with respect to others as warranted". (Source: Financial Times)

### Wind employs more people than Coal in the EU

In Europe the coal industry employs 240,000 workers whereas the wind industry exceeds that at 262,000. So, people can see careers in this industry. Globally, the average cost of wind is \$83 per megawatt-hour. The averages for coal and gas are \$84 and \$98, respectively. In the USA, gas is slightly cheaper than wind but this is the only large economy where that is the case. As a comparison, solar photovoltaic energy averages \$122 globally for each MW-hour. (Source: The Guardian)

## BOOKS, FILMS & MORE

### A new European Network for active shareholders

**ShareAction**, a ground-breaking UK-based charity that has championed Responsible Investment by pension funds and other investors for 10 years, has launched a new European network for civil society organisations. The aim of the network will be to enable sharing of best practice and skills in investor-focused campaigning across Europe – whether that's for the promotion of ethical and responsible investment among pension funds or for using shareholder activism to achieve environmental or social campaigning aims. ShareAction foresees the network to be a **platform for creating new campaigns and initiatives**, as well as for developing a strong combined voice of civil society on EU policy level to claim a fairer and more responsible investment system.

If you are curious to explore whether this could be of interest to your NGO, faith-based organisation or trade union, don't hesitate to get in touch with **Friederike Hanisch**, ShareAction's European Outreach Officer, on [friederike.hanisch@shareaction.org](mailto:friederike.hanisch@shareaction.org).

