

ACTION!

THE RESPONSIBLE SHAREHOLDER'S REVIEW

THE MONTH AT A GLANCE

Volkswagen's installation of software to make its diesel cars emit more pollution on the road than in official tests is a disaster that has forced the resignation of Martin Winterkorn, the group's chief executive. It could tarnish the entire European auto industry, which has invested heavily in diesel technology. But it is hardly the first time that a vehicle manufacturer has behaved sneakily. It has become so common to game European fuel efficiency tests with tricks such as taping up doors and overinflating tyres to curb drag that **most diesel cars are less fuel-efficient and environmentally friendly than claimed**. The car industry is not alone in such behaviour. The same thing happens in many industries, from banking to pharmaceuticals. Cheating becomes normal practice and regulators turn a blind eye. Sooner or later, however, one company goes too far. There is bound to be a Libor super-rigger, a VW, or a GlaxoSmithKline in China, which flouts the law to such an extent that it cannot be concealed. Ethics are, however, absolute not comparative. "We don't behave as badly as our rivals" is a tempting but dangerous attitude. Many companies imperil themselves by clinging to this mantra. Volkswagen wins the dubious honour of being the worst-behaved company in its industry, but the whole industry is rotten. And urgently needs reform. (Source: Financial Times)

IN ONE WORD

Drug pricing in the USA

Daraprim, a drug treating toxoplasmosis, a life-threatening parasitic infection, was acquired in August by Turing, a start-up run by Martin Shkreli, a former hedge fund manager. Turing immediately raised the price to \$750 a tablet from \$13.50, bringing the annual cost of treatment for some patients to hundreds of thousands of dollars. Turing's price increase is not an isolated example. In the past year there has been much criticism of the price of Sovaldi, a hepatitis C drug, as well as the costs of cholesterol-reducing drugs. Specialists in infectious disease are protesting and calling to action. (Source: The New York Times)

LA SPEZIA AGAINST ENEL COAL PLANT

On 19 September in La Spezia, WWF Italy and the local committee "SpeziaViadalCarbone" (*Spezia away from coal*) organised a conference on climate change and the effects of coal plants on the environment and human health. The conference was part of WWF Italy's roadmap to COP21, UN's summit on climate. Since 1962 the city of La Spezia and its surroundings are impacted by the presence of a 600 MW coal plant owned by the Italian power company Enel. Delegated by Fondazione Culturale Responsabilità Etica (Fcrc), Daniela Patrucco, activist of "SpeziaViadalCarbone", had protested against the plant during last Enel's Annual General Meeting in May. "The shutdown of all coal-fired plants has become a goal for us both at national and global level", declared Donatella Bianchi, president of WWF Italy, opening the conference. Enel, which committed to close the coal plant by 2021 during last AGM, is still producing a considerable amount of energy burning coal in Italy: 57.9% of the company's energy mix in the country according to data published by GSE in 2012 (Enel is not disclosing this figure in its annual reports). "While Enel is advertising for its green turnaround, it is still heavily relying on coal in Italy (34% of Enel's global production)", declared Fcrc at the conference. "This is anachronistic and extremely dangerous for human health and the environment". (Source: Fcrc)

ENI SHOULD PAY FOR DEADLY EXPLOSION

On 16 September, Environmental Rights Action/Friends of the Earth Nigeria (ERA) has demanded \$28m from the Nigerian Agip Oil Company (Naoc, controlled by the Italian Eni) for the families of the victims of a fire explosion in an Agip oil pipeline in Azuzuama, Bayelsa State, which claimed the lives of 14 persons on 9 July. The victims were trying to repair the pipeline, which was leaking oil in the surrounding environment. ERA declared that, beyond the need for investigation, Agip should conduct an **immediate clean up and environmental remediation** of the area. "We urge the payment of the sum of \$2m each to the families of the victims", said Dr. Godwin Ojo, executive director of ERA. Ojo also alleged that flagrant disregard for environmental regulations had resulted in massive environmental degradation of rural livelihoods over several decades of oil exploration in the Niger Delta. Therefore ERA demands the revocation of the operational licence of Agip. The Azuzuama accident is among the most serious reported in the area in recent times. While the pipeline belongs to Naoc, its maintenance is outsourced to a local firm: Vowgas Limited. "They have used substandard procedures. Agip must stop the outsourcing of such operations to unskilled workers", declared Dr. Godwin Ojo. (Source: The Punch, Internazionale)

VOLKSWAGEN IS THE TIP OF THE ICEBERG

Besides Volkswagen, other car manufacturers will be found making use of "defeat devices" for tricking laboratory tests. Diesel cars are niche in the US, and in most of the rest of the world, representing just one in 7 cars sold worldwide. But **in Europe over half of new cars are diesels** - 7.5 million of the 10 million sold globally last year were bought in Europe. There is strong evidence that **similar illegal devices** are also used in Europe by both VW and **other manufacturers**. Over the past three years, Transport & Environment (T&E), with the support of the International Council on Clean Transportation, has exposed **countless ways carmakers manipulate emissions tests** for both air pollution and CO2 emissions (fuel economy). The companies admit these tricks but claim they are "legitimate flexibilities" in the obsolete test used in Europe. Governments and the European Commission have been **unwilling to challenge the industry** and close the loopholes. The European system of testing is much less independent and robust than that in the US: In Europe carmakers pay certified testing organisations to perform tests in the carmakers' own laboratories. The job of the engineer overseeing the test is ultimately dependent on the next contract from the carmaker. The conflict of interest is clear. What is needed is a truly independent EU Approval Authority. (Source: Transport & Environment)

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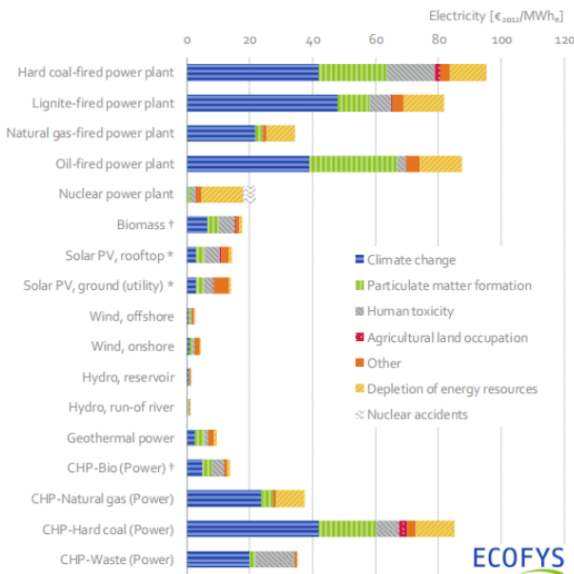
VOICES FROM THE SOUTH

World's first human rights complaint vs climate offenders filed in the Philippines

On 22 September, Greenpeace Philippines and several other environmental groups filed what is considered the first human rights complaint against "big polluters" – 50 multinational companies that are among the largest emitters of greenhouse gases (among them Chevron, ExxonMobil, BP, Shell but also the Italian companies **ENI** and **Italcementi**). The 40-page petition, signed by 13 environmental groups and 20 individuals, wants the Philippine Commission on Human Rights (CHR) to investigate so-called "Carbon Majors" for human rights violations resulting from impacts of climate change. According to a peer-reviewed study "Carbon Majors", led by climate researcher Richard Heede, the targeted companies are part of some 90 legal entities responsible for the largest global carbon dioxide (CO₂) and methane emissions in the world, the biggest contributors to climate change, which has devastating consequences. One of the petitioners is 26-year old Ronie Flores, who lost nearly all of his family when typhoon Haiyan (Yolanda) ravaged their town in Eastern Samar in 2013. (Source: inquirer.net)



GRAPH OF THE MONTH



Coal: if you know it, you avoid it.

Coal is the most CO₂-intense of the conventional fossil fuels and has the largest externalities of any major power source. In addition to climate change impacts, external costs of coal burning include depletion of energy resources, **human toxicity**, particulate matter, and displacement of agricultural land. (Graph: *External costs €/MWh per technology for electricity sources across the EU28*. Source: Carbon

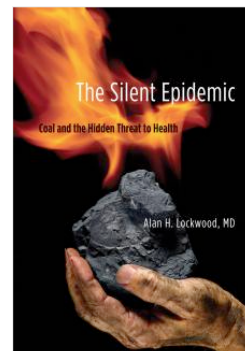
Tracker, *Assessing Thermal Coal Production Subsidies*, September 2015).

BOOKS, FILMS & MORE

The Silent Epidemic

Coal and the Hidden Threat to Health

We will not find "exposure to burning coal" listed as the cause of death on a single death certificate, but tens of thousands of deaths from **asthma, chronic obstructive pulmonary disease, lung cancer, heart attacks, strokes**, and other illnesses are clearly linked to coal-derived pollution. As politicians and advertising campaigns extol the virtues of "clean coal," the dirty secret is that coal kills. In *The Silent Epidemic*, Alan Lockwood, a physician, describes and documents the adverse health effects of burning coal. Lockwood examines every aspect of coal, from its complex chemical makeup to details of mining, transporting, burning, and disposal--each of which generates significant health concerns. He describes coal pollution's effects on the respiratory, cardiovascular, and nervous systems, and how these problems will only get worse; explains the impact of global warming on coal-related health problems; and discusses possible policy approaches to combat coal pollution.



Alan Lockwood, *The Silent Epidemic*, MIT Press, 2012 (248 pp., \$14.95)

JUST BEFORE GOING TO PRESS

UK energy policy under fire as Drax quits carbon-capture project

A £1bn UK climate-change plan has been thrown into turmoil after the Drax power company said it was pulling out because government green policy reversals made it too risky to proceed. Drax's decision to abandon five years of planning for a carbon capture and storage system next to its huge North Yorkshire power station is the most visible sign yet of how green energy subsidy cutbacks are jolting investors. U-turns on support for renewable energy have sent a chill through the green investment community that had been buoyed by David Cameron's previous vow to head the greenest government ever. (Source: FT)

Shell, BHP and RWE to advise governments on climate change

Shell has teamed up with McKinsey and other large companies (like the coal miner BHP Billiton and the German utility RWE) to advise governments on how to combat global warming without weakening their economies. Together with two big environmental groups (among them the World Resources Institute) they will back a \$6m "energy transitions commission" to create a blueprint for a greener global economy in the next 15 years. The commission is already under fire from global climate campaigners pointing at the conflict of interest of big energy companies. (Source: FT)