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Pemex Is Facing New Scrutiny After a Summer of Disasters

August 30, 2021

Mexico's lumbering state-owned oil company has had a difficult summer. First, Petroleos Mexicanos had to put out a gas-induced blaze that literally set alight the waters of the Gulf. Then its already floundering bonds were downgraded deeper into junk territory by Moody's Investor Service, which cited the company's increasing business risk as it struggled under a $115 billion mountain of debt, the highest of any major oil company. Finally, on Sunday, Pemex suffered one of the worst offshore platform accidents of the year, resulting in five deaths and cutting output by a quarter. The litany of events has put Pemex's environment, social and governance record under scrutiny during an already rocky year for the oil industry, which has faced lawsuits, fines and pushback from shareholders for not moving fast enough to meet climate goals. Last month, Pemex announced that it will start reporting its carbon-equivalent emissions on a quarterly basis due to requests from investors to disclose ESG data — but it didn't explain why greenhouse gas emissions had risen by double-digits from April to June, compared to a year ago. After two back-to-back offshore platform explosions, investors and analysts aren't convinced Pemex is doing enough to address climate and safety concerns. "It's going to take more than a powerpoint slide in their quarterly presentation to say that they're handling ESG issues," said John Padilla, managing director at energy consultancy IPD Latin America. Read More: State Oil Companies Take Their First Ungainly Steps Toward Climate Neutrality The company is under enormous pressure after about a decade and a half of production declines and soaring debt. Combined, these negative trends have reduced Pemex's ability to invest in new fields.

EU regulators fine Amazon $886 million

August 30, 2021

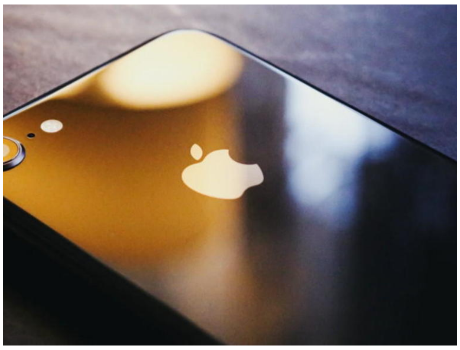
European regulators have fined Amazon 746 million euros ($886 million) for data protection violations. Amazon said in a regulatory filing on Friday that the Luxembourg National Commission for Data Protection issued a decision against the company earlier this month, claiming that its processing of personal data did not comply with the European Union general data protection regulation. Amazon said that it believes the decision is without merit and that it will defend itself vigorously. Amazon has come under scrutiny by the EU before. In November regulators filed antitrust charges against the company, accusing Amazon of using its access to data from companies that sell products on its platform to gain an unfair advantage over them. While the U.S. initially criticized the EU for targeting American companies, it has more recently started taking a tougher line on big tech as well, suing Google last year for abusing its dominance in online search and advertising. In May a court annulled a ruling by the European Commission that a tax deal between Amazon and Luxembourg's government amounted to illegal state support. It was the latest setback to European Union efforts to tackle corporate tax avoidance. Read more abcnews.go.com

Report: Corporations That Paid Nothing in Taxes Spent $450 Million to Influence Public Policy

August 28, 2021

The 55 large corporations that

paid $0 in federal corporate income taxes in 2020 spent $450 million lobbying and political contributions in recent years, according to a new Public Citizen report, The Price of Zero. For most of the companies, paying nothing was not enough. The companies paying zero also received $3.5 billion in tax rebates, money they can turn around and spend to influence tax policy. "Duke Energy could use the $280 million rebate from the federal government to fund its lobbying spending for the next half-century," said Mike Tanglis, a Public Citizen research director and author of the report. "Using Uncle Sam's money to lobby against paying taxes is the perfect embodiment of how Washington works." **Among the findings of the report:** The 55 corporations that paid no federal corporate income tax in 2020 spent nearly $450 million on lobbying and campaign contributions since the 2016 election cycle. This total includes $408 million in lobbying and $42 million in campaign contributions. Of the top 25 recipients of money from the corporations that paid zero in taxes in Congress, 20 are Republicans. Each of these recipients voted for the Tax Cuts and Jobs Act of 2017, which lowered the corporate tax rate. FedEx spent the most of any company ($71 million) followed by Charter Communications ($64 million), American Electric Power ($42 million), Duke Energy ($37 million), and Textron ($22 million). These companies together have sent an average of 526 lobbyists to influence the federal government each year. Many of the 55 companies also received huge rebates from the federal government in 2020.



China's 'iPhone city' relocates 100,000 after massive floods

August 17, 2021

AROUND 100,000 people have been evacuated from the central Chinese city of Zhengzhou, as record rainfall caused widespread flooding and economic disruptions to Henan province, home to the world's biggest production base for iPhones and a major hub for food production and heavy industry. Pictures published by state media showed large sections of roads submerged in Zhengzhou, a city of 10 million, while videos posted on social media showed passengers stuck inside flooded subway cars with water levels up to their shoulders and residents pulled to safety with ropes from fast moving floodwaters. State news agency Xinhua reported that 12 deaths had been confirmed so far. The deluge has brought the equivalent of more than eight months' worth of the city's average rainfall since Tuesday, and has already interrupted the operations of at least one global company with manufacturing operations there. Nissan Motor Co Ltd. has temporarily halted production in Zhengzhou, according to a spokeswoman for the company. SAIC Motor Corp., China's biggest automaker, said logistics around its factory in Zhengzhou have been impacted by the floods in the short term, but that the plant hasn't been damaged. Meanwhile Taiwan's Hon Hai Precision Industry Co., which owns a massive iPhone production plant in Zhengzhou, said that it had activated an emergency response plan for flood control measures but that the flooding has had no direct impact on the facility. Hon Hai's plant receives components needed to assemble iPhones from global and domestic Chinese suppliers before shipping out the finished producers. The flooding struck just as the company prepares to ramp up output ahead of the launch of Apple, Inc.'s latest devices toward the end of the year.

Climate Report Exposes Fault Lines Within Fossil Fuel Industry

August 17, 2021

The response from fossil fuel companies to the long-awaited United Nations-backed report on climate change is exposing deep-seated divisions within the industry on how to deal with the global threat. The publication of the scientific assessment on Monday gives a stark account of the challenges posed by rising temperatures. It calls for dramatic measures to curtail greenhouse gas emissions in order to limit warming to 1.5 degrees Celsius over the next two decades. Most oil, gas and coal producers, and the power companies that burn the fuels, have remained silent. Responses from those choosing to raise their head above the parapet range from the defensive to calling on governments to take the lead on a transition to a future of cleaner energy. But already some patterns are starting to emerge that will be familiar to seasoned observers of the energy world. Big western European companies that have already made commitments to reducing emissions swung behind the IPCC's message; the U.S. fossil fuel sector emphasized the concept of energy security but shied away from discussing wrenching, systemic change; and Canada's crude industry, which produces some of the dirtiest type of oil on the planet, took the opportunity to say world demand for carbon-based fuels will still rise for decades to come. U.S. trade groups were quick to point to previous achievements, including reductions in carbon emissions, improvements to air quality after a shift to burning more natural gas over coal, and efforts to deal with methane. "The U.S. has already reduced emissions more than any other country in the Paris Agreement," Anne Bradbury, chief executive officer of the American Exploration and Production Council, said in a statement. In terms of what comes next, the powerful U.S.

BlackRock voting report reveals focus on independence and diversity

July 30, 2021

When it comes to voting against board directors, BlackRock, the world's largest fund manager, is most exercised by their lack of independence. The conclusion comes in the investment manager's voting report covering more than 165,000 management and shareholder proposals across 71 public markets. In total, BlackRock voted against the reappointment of 6,560 directors around the world between the beginning of July 2020 and end of June 2021. The top reason was independence, or rather BlackRock's view that directors lacked this key quality. Second was a lack of diversity—a central part of the fund manager's aims and objectives for the year. BlackRock writes in its report that it will always seek to engage with directors where it has issues. But directors could bear the brunt of its concern. "We believe that when a company is not effectively addressing a risk that could impact long-term value, it's directors that should be held accountable," it says. Independence and diversity BlackRock described independence as an essential factor and added that its votes centre on the balance of independent and non-independent directors as wall as the average tenure on boards. Voting against a board for diversity reasons is largely driven by a lack of reporting. BlackRock's report says it votes against nominating directors when disclosure is insufficient, "particularly in markets where we consider demographic diversity a priority". The fund manager adds that 3,400 companies saw it vote against one or more directors. "Corporate governance concerns—including lack of board independence, insufficient diversity and executive compensation—prompted most of the votes against directors' elections and other director-related proposals."

ESG activism 'likely to proliferate' following ExxonMobil voteBoard Agenda

July 13, 2021

If events at Exxon last month proved anything, it is that ESG activism by hedge funds is now a force to be reckoned with for boardrooms. One academic warns there is more to come, with potentially more opportunities for the big institutional fund managers to throw their weight behind smaller more agile campaigners. Observers from diverse sectors gasped when ExxonMobil's board was brought up short in May by Engine No.1, an activist hedge fund. Engine No.1, which has barely 0.02% of the stock in the oil giant, persuaded other shareholders to vote for its nominee as a board director—its third success in placing people in the company's boardroom. This unprecedented coup made headlines around the world as it demonstrated there were now new ways to force energy giants to focus on their ESG performance. ESG activism on the rise One academic now says we can expect more of the same. As Anna Christie, assistant professor in law at the University of Edinburgh law school, writes on the Oxford University law blog, the Exxon experience offers a template for how companies in the future may be forced to confront climate risk. "The dramatic success of this closely watched battle means that further ESG activism is likely to proliferate," writes Christie. She notes that Engine No.1 benefitted from the support of the Big Three fund managers BlackRock, Vanguard and State Street; a test, she says, of their publicly stated commitment to tackle the climate crisis. In that—the Big Three getting behind a much smaller activist—there is something novel.

Just 20 Companies Are Responsible for Over Half of 'Throwaway' Plastic Waste, Study Says

June 23, 2021

Single-use plastics, such as bottles, bags and food packages, are the most commonly discarded type of plastic. Made almost exclusively from fossil fuels, these "throwaway" plastics often end their short lifecycle polluting the oceans, being burned or dumped into landfills. The report warns that plastic production is set to grow by 30% in the next five years, creating even more plastic waste and exacerbating the climate emergency. LONDON — Just 20 companies are the source of more than half of single-use plastic items thrown away globally, according to a study that highlights the devastating impact on the environment. The Plastic Waste Makers Index, published Tuesday, names the companies that are at the forefront of the plastic supply chain and manufacture polymers, known as the building block of plastics. It also highlighted that the firms identified are supported by a small number of financial backers. Single-use plastics, such as bottles, bags and food packages, are the most commonly discarded type of plastic. Made almost exclusively from fossil fuels, these "throwaway" plastics often end their short lifecycle polluting the oceans, being burned or dumped into landfills. The study says 20 petrochemical companies are responsible for 55% of the world's single-use plastic waste. The findings were published by the Minderoo Foundation, one of Asia's largest philanthropies. The research was conducted by academics from the London School of Economics, the Stockholm Environment Institute, Wood Mackenzie, among others. U.S. energy giant ExxonMobil tops the list, contributing 5.9 million metric tons to global plastic waste, closely followed by U.S. chemicals company Dow and China's Sinopec.

Racial discrimination has cost American economy trillions

June 23, 2021

In fact, a recent Citigroup report estimated that racial discrimination has cost the American economy $16 trillion. Most notably, the report identifies a substantial $13 trillion loss in potential business revenue because of racial discrimination in lending to Black entrepreneurs and Black businesses. Although these figures are estimates for the last two decades, they point to a repeated pattern of costly preventable violence – financial and physical – against non-white people in America. When a Black community in America is destroyed, America's progress is destroyed. For Black America, the economic losses are very direct. The wage gap, for example, puts the highest average earnings for Black men at more than $20,000 less than it is for white men. But economic struggles in the Black community trickle down in ways that are less obvious, but certainly not less meaningful, to non-Black members of society. A close in the wealth gap over the past 20 years would have meant $2.7 trillion more spent on cars, clothes and other goods, services and investments that would have supported jobs for everyone. Indeed, 100 years later, the story of the Tulsa massacre remains relevant for identifying racism's true and lasting costs. The lessons and events of this horrific episode provide powerful insights into how acknowledging the effects, costs and destruction of systemic racism is key to healing and repairing the nation today. Born of the ingenuity of Black migrants, Tulsa's Greenwood community was a bustling and dynamic Black financial district in the heartland of the American Southwest. Before the massacre, that approximately 35-block Black Wall Street community was worth $1 million (the equivalent of $15 million today). Read more www.msn.com

Facebook Won't Say if Its Algorithms Boosted Trump's

Violent Rhetoric

June 23, 2021

(Reuters) - Facebook Inc's oversight board said on Wednesday that the company did not answer questions about whether its algorithms amplified inflammatory posts by then-U.S. President Donald Trump and contributed to the deadly siege on the Capitol in January. The board recommended that Facebook review how it might have potentially contributed to the violence and the false narrative of election fraud. Many Democrats and other critics have said Trump's posts helped fuel the attack, which led to five deaths. Facebook indefinitely banned Trump from posting in the wake of the violence and asked for further guidance from the oversight board, a 20-person panel funded by the company to review content moderation decisions. The board found Facebook's indefinite suspension of Trump's account was arbitrary because it did not follow a clear published procedure. It called on the company to develop new rules within six months that would lead to either Trump's reinstatement or some other penalty. Kicking the decision on what to do with Trump back to Facebook drew condemnation from both sides of the political spectrum. The company's role in promoting posts by Trump is important to understand, the board said, because measures short of banning his account could have been enough to limit the risk of violence. Facebook for years has been criticized for designing its News Feed algorithms in ways that promote divisive and inflammatory content. But the question about whether any internal analysis had been conducted since January was among seven out of 46 questions that Facebook declined to answer. "This makes it difficult for the Board to assess whether less severe measures, taken earlier, may have been sufficient to protect the rights of others," the decision stated.

Tokio Marine Kiln refuses 'any future underwriting' for Adani coal mine

June 23, 2021

ERS has also agreed to not insure the Adani Carmichael project Lloyd's of London syndicate Tokio Marine Kiln (TMK) has today committed to not participate in "any future underwriting" of multinational conglomerate Adani's Carmichael coal mine. The Adani Carmichael mine and rail project was the first to target an untapped coal reserve in the Galilee Basin, Australia. If built, Adani's Carmichael mine will add an estimated 4.6bn tonnes of carbon pollution to the atmosphere. TMK issued a statement: "We regularly review our portfolios and risk appetite in line with our broader organisational goals and can confirm that TMK would not participate in any future underwriting contracts on this project." Others that have refused future underwriting include Liberty Mutual, AXA XL, Aspen Re and Apollo. Brit committed to not renewing relevant policies in March. Lloyd's of London's current marketwide policy allows its members to continue insuring existing coal projects until 2030. With the addition of TMK, 10 of the largest Lloyd's insurers have all ruled out insuring project. Meanwhile, Lloyd's underwriter ERS Insurance has also committed to never insure Adani Carmichael. A statement from ERS said: "I am pleased to confirm that ERS will not be involved in any way with the Adani Carmichael Project." This brings the total up to 34 major insurers that have refused to insure the project due to environmental concerns, including 25 Lloyd's syndicates. It follows 'Stop Adani' campaigners pressuring insurers operating in Lloyd's to stop insuring the project. Adani's options for insurance within the Lloyd's market are narrowing, meaning it could close completely.