



Let's toast to inspiring action on climate change. (ddp)

Sustainable investing

# Your beer is vulnerable to climate change

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**Increasing damage to the global barley crop caused by extreme weather conditions could jeopardize the availability and economics of the brew.**

Beer is the most popular alcoholic beverage in the world, based on consumption volume. But findings from a recent Nature Plants research study show that extreme weather events, such as concurrent drought and heat waves, could substantially reduce the worldwide yield of barley, the main ingredient in the drink. Depending on the severity of the impact on countries and their crops, "average yield losses [could] range from 3% to 17%." The study used climate models, projecting out for the next 80 years.

A lower global barley supply may mean a decrease in the amount of beer made – since barley is also used as livestock feed, this may be viewed as the higher priority – and regional declines in beer consumption. Brewing nations forecast to be hit hardest are Belgium, Czech Republic, and Ireland. Consumption in those countries would be roughly one-third lower than today. In terms of cost, Poles ordering a pint would see the highest increase of nearly 5x what they pay now.

Granted, beer drinking may not be on the list of highest priorities when it comes to living with and surviving

the consequences of extreme weather. But, this study highlights how even basic items we take for granted could be affected by climate change, and how important it is to take action now.

One way to have a positive impact is through Sustainable Investing (SI). This type of investing allows for positive social and environmental change while still generating a potential return. It integrates societal concerns, personal values or an institutional mission into investment decisions.

By choosing sustainable investing options, investors can contribute to the reduction of carbon emissions, along with other positive goals, without sacrificing economic returns, according to the Chief Investment Office (CIO). Green bonds, for example, typically, have the same seniority as conventional bonds, yet their investment proceeds are ring-fenced for green projects, such as carbon reduction. BlackRock finds that a USD 1 million investment in the bonds that form the Bloomberg Barclays MSCI Green Bond index represents over 2,000 tons of CO<sub>2</sub> avoided, in

addition to over 88 million liters of water saved, and other positive contributions.

Thematic investments that CIO believes will contribute to the fight against climate change, without a sacrifice of returns, include renewable energy, and electric cars. See CIO's long-term investment themes, [Renewables](#) and [Smart mobility](#).

Going back to beer, Professor Dabo Guan, an author of the Nature Plants beer study, believes there is something fundamental in the cross-cultural appreciation of the drink. Let's hope a cross-cultural appreciation of sustainable investing spurs people across the globe to action. Cheers.

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For more information, visit [Return on values](#), 19 Sept. 2018, and [Climate change demands portfolio change](#), 9 October 2018.

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