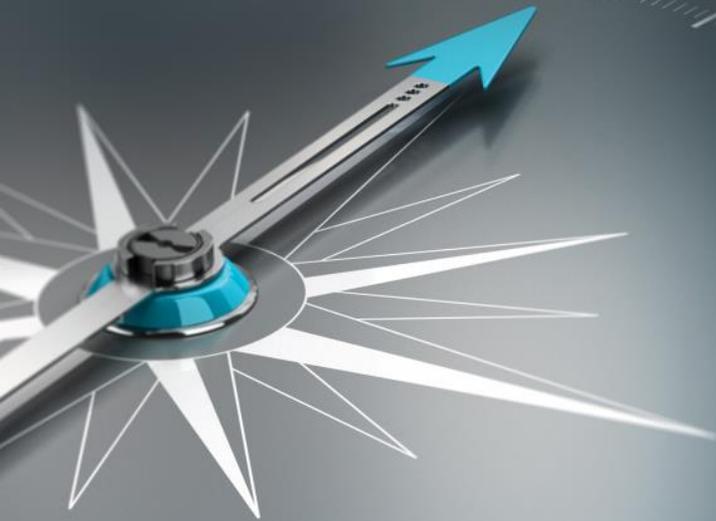
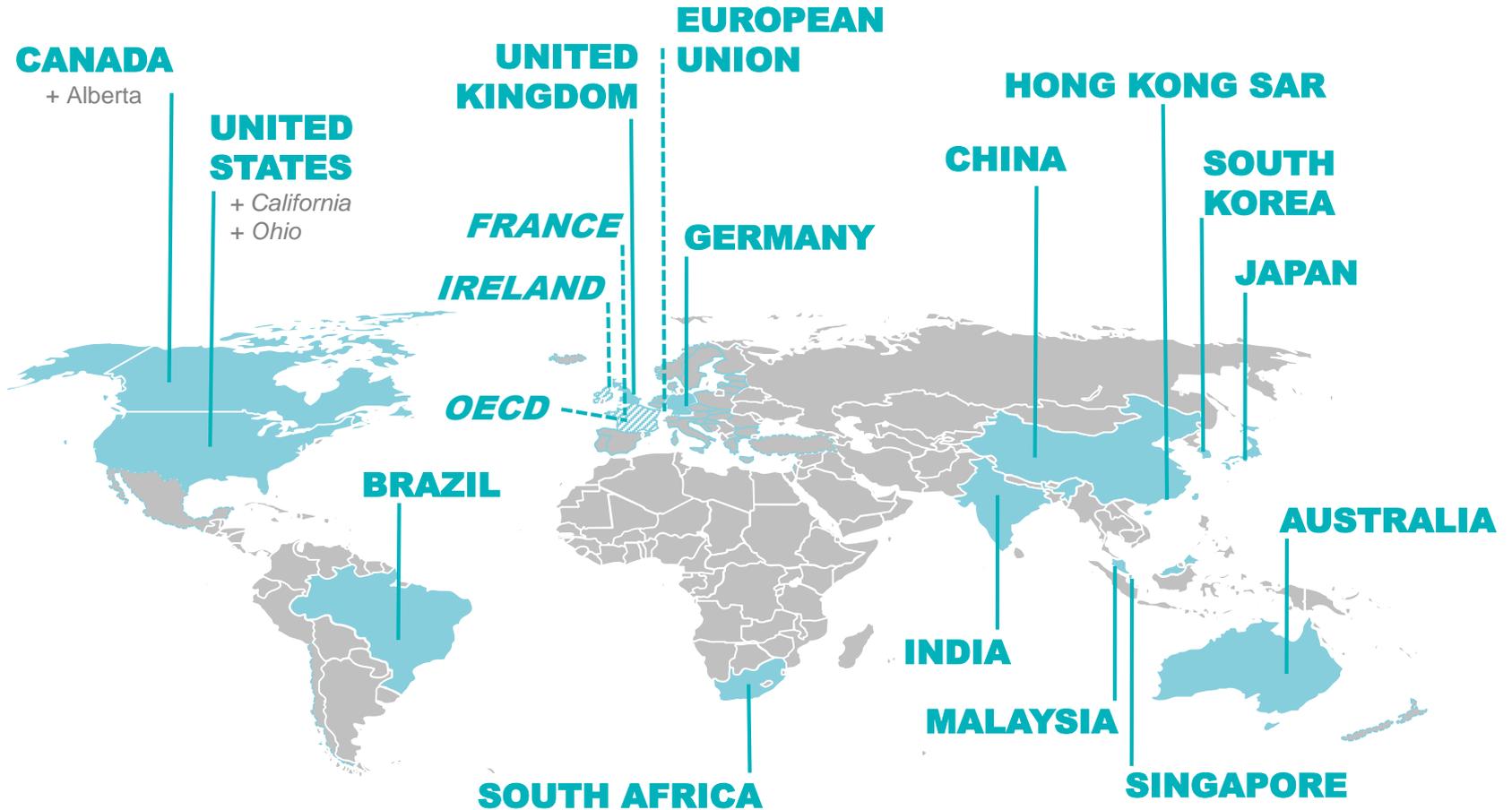


FIDUCIARY DUTY IN THE 21ST CENTURY



MARKET ANALYSIS SINCE 2015



Key: ● Market evaluated ▨ In progress - - - Regional evaluation in progress

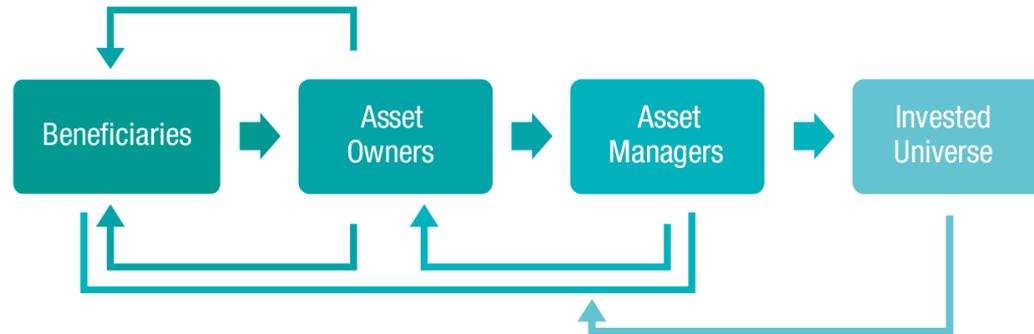
EVOLUTION OF FIDUCIARY DUTY

From a legal case to regulatory clarification



FIDUCIARY DUTY CHAIN

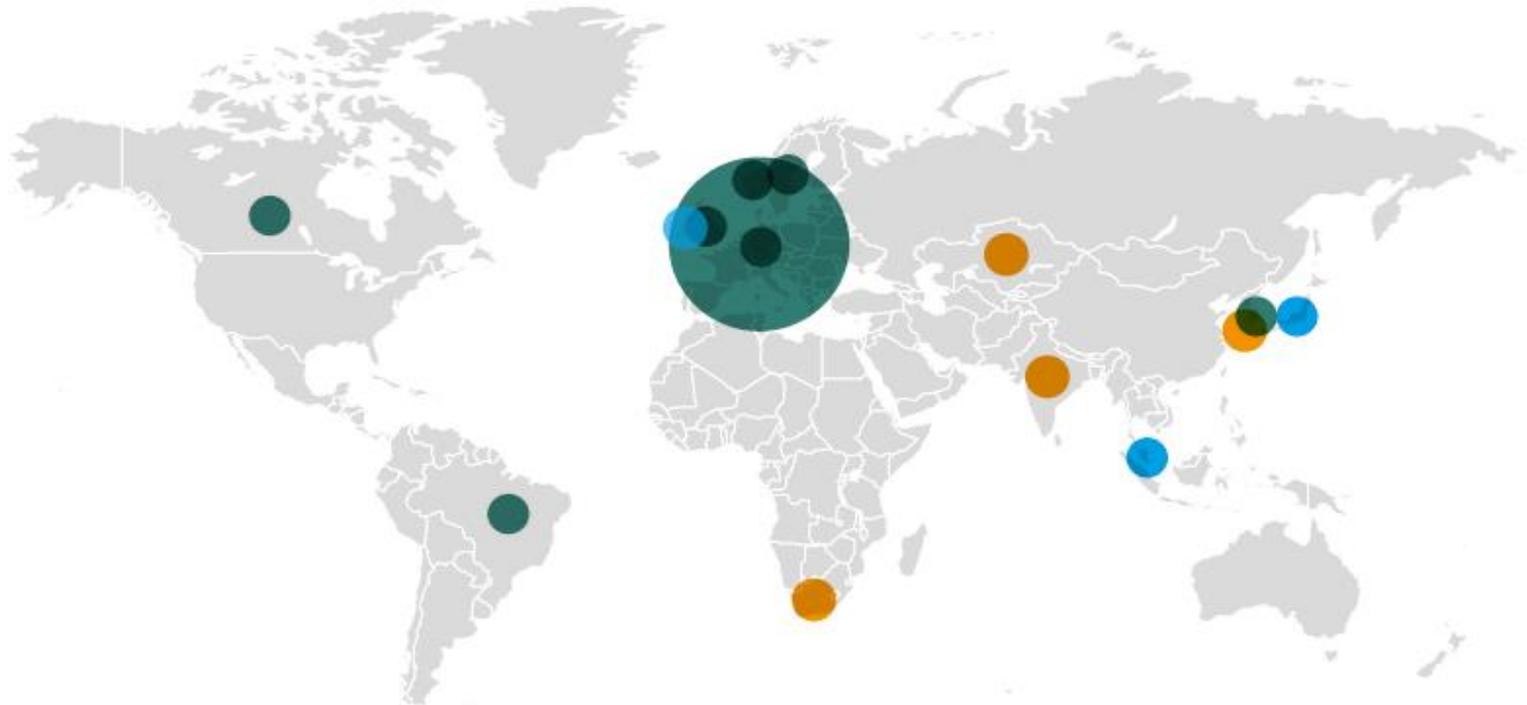
Common law definition of fiduciary duty: the duty of asset owners to their beneficiaries



Broader understanding: the duty of investors to manage the capital they are entrusted with prudence, loyalty and care

RI POLICY IS WIDESPREAD...

Query the database at www.unpri.org/policymap

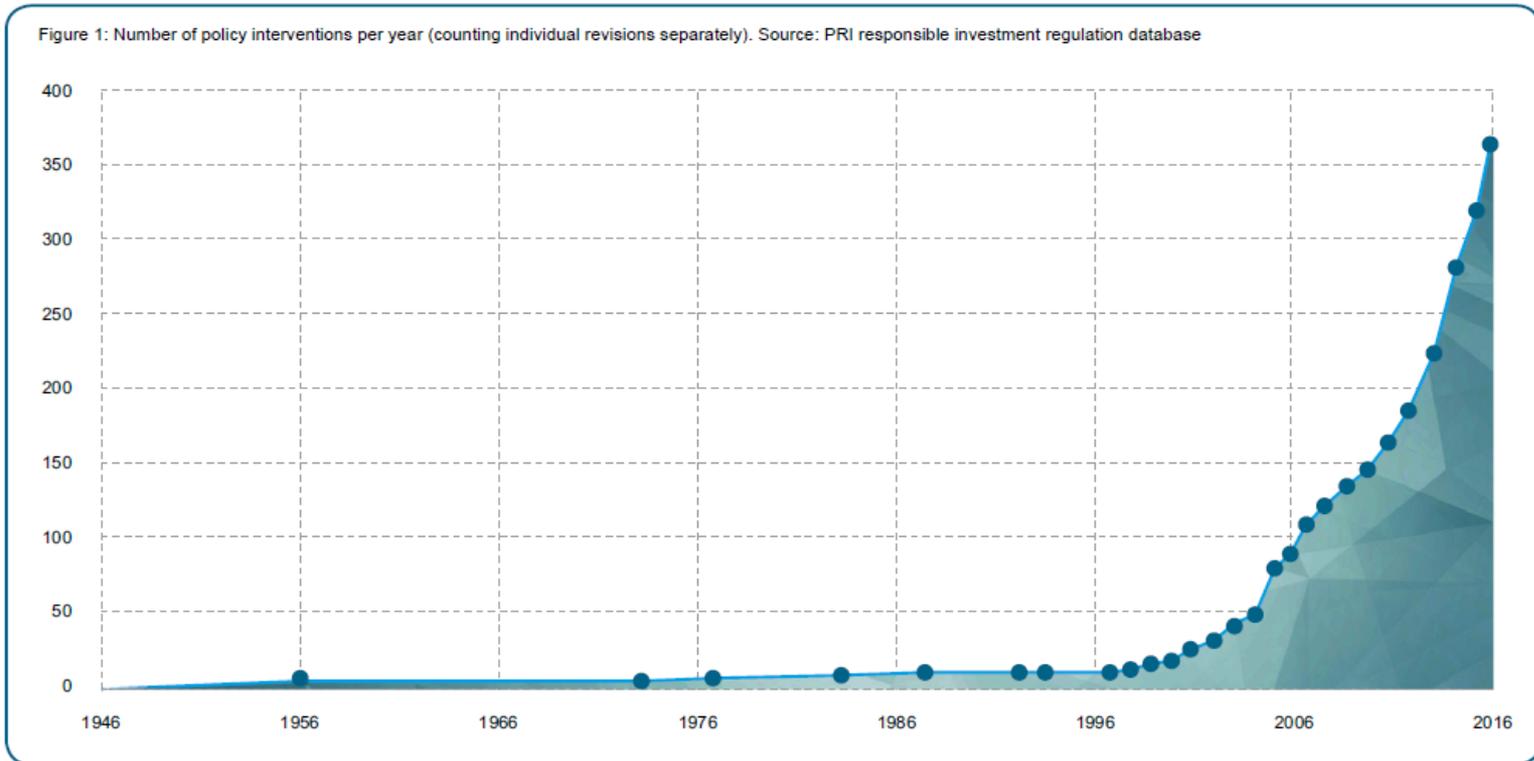


**PENSION FUND
REGULATIONS**

**STEWARDSHIP
CODES**

**CORPORATE DISCLOSURE
GUIDELINES**

...AND THE PACE IS INCREASING



GLOBAL POLICY REFORM

Recommendations for a modern interpretation of fiduciary duty

The project team is engaging investors and policymakers in each jurisdiction to adopt policy measures that clarify and formalise fiduciary duties to incorporate ESG issues.

Canada

Pensions regulators should extend the ESG disclosure requirements of the Ontario Pension Benefits Act to other provinces.

Germany

The Ministry of Finance should amend the Pension Insurance Act (following the implementation of the EU-wide IORP II directive) to clarify that all institutional investors should consider financially material ESG issues.

Korea

The government should investigate amending the National Finance Law to have public and private pension funds and investment managers take account of ESG issues.

US

The Department of Labor (DOL) should publish analysis of ERISA-governed plans' governance structures on ESG issues in comparison to international and public US peers.

UK

The DWP should revisit the Investment Regulations to clarify that the consideration of ESG factors is a core part of prudent investment decision-making.

Japan

The Ministry of Health, Labor and Welfare (MHLW) should require pension schemes to disclose how they consider ESG issues in their investment processes.

Brazil

The Superintendence of Private Pension Funds (PREVIC) should ensure maximum support and uptake of its new Resolution and Instruction on Closed Pension Fund Investments by market participants.

European Union

The EU should accept the proposed legislation on the duties of institutional investors and asset managers regarding sustainability and fully implement the Commission's action plan for sustainable finance.

China

The CSRC and AMAC should publish Sustainable Investment Guidance that articulates how institutional investors should implement the National *Guidelines for Establishing the Green Financial System*.

OECD

Roadmap for the OECD and support the integration of sustainability as part of good pension governance.

Australia

APRA should update paragraphs 34 and 36 of Prudential Practice Guide SPG 530 to clarify to superannuation funds that ESG issues are material to risk and return analysis.

South Africa

The South African Financial Services Board (FSB) should provide practical guidance to enhance the impact of Regulation 28 on the investment practice of South African pension schemes and actively monitor progress in scheme practice.

EUROPEAN UNION

Codifying ESG integration requirements into institutional investors' and asset managers' duties

- On May 24th 2018, the European Commission released its first [legislative package](#) under its March [Action Plan for Financing Sustainable Growth](#), the first step towards putting its sustainable finance strategy into law.
- This follows the EU High-Level Expert Group (HLEG) final report released in January 2018. A high-level conference at the end of March 2018 confirmed the support and commitment of public and private EU leaders.
- One of the three proposals is aimed at:
 - codifying ESG integration requirements into investor duties,
 - improving disclosure requirements on how institutional investors integrate environmental, social and governance (ESG) factors in their risk processes.
- This new approach is intended to clarify and complement the existing obligations of investors in a way that aligns them with sustainability objectives.
- The European Parliament and Council will review the proposals before the final texts are agreed upon, which is expected in early 2019 and Member States then have two-years to implement.

PROJECT REACH

400+

policymakers and investors engaged and interviewed to raise awareness of the importance of ESG issues to the fiduciary duties of investors

9

country roadmaps published on the policy changes required to achieve full incorporation of ESG issues into investment processes and practices with active support for implementation of key recommendations

Engagement with the

EUROPEAN COMMISSION

and the **HLEG** (European Commission High Level Expert Group) on Sustainable Finance to help formulate EU-wide clarification of investor duties in the European Union

20 workshops in **14**

countries with investors and regulators to discuss regulatory clarification and investor practice on ESG integration as part of the fiduciary duties of investors

6

Asian markets covered by extended research on fiduciary duties

124 signatories from **22**

countries for the Global Statement on Investor Obligations and Duties who commit to taking account of environmental, social and governance issues in their investment processes and decision-making

PROJECT PARTNERS

And contact details

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