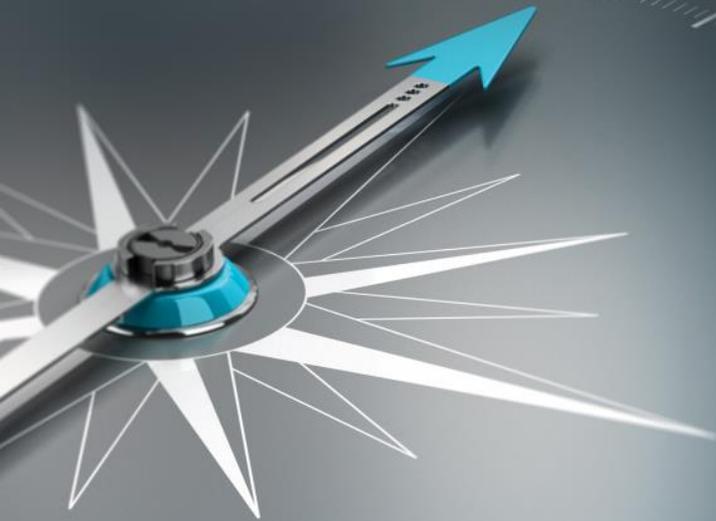
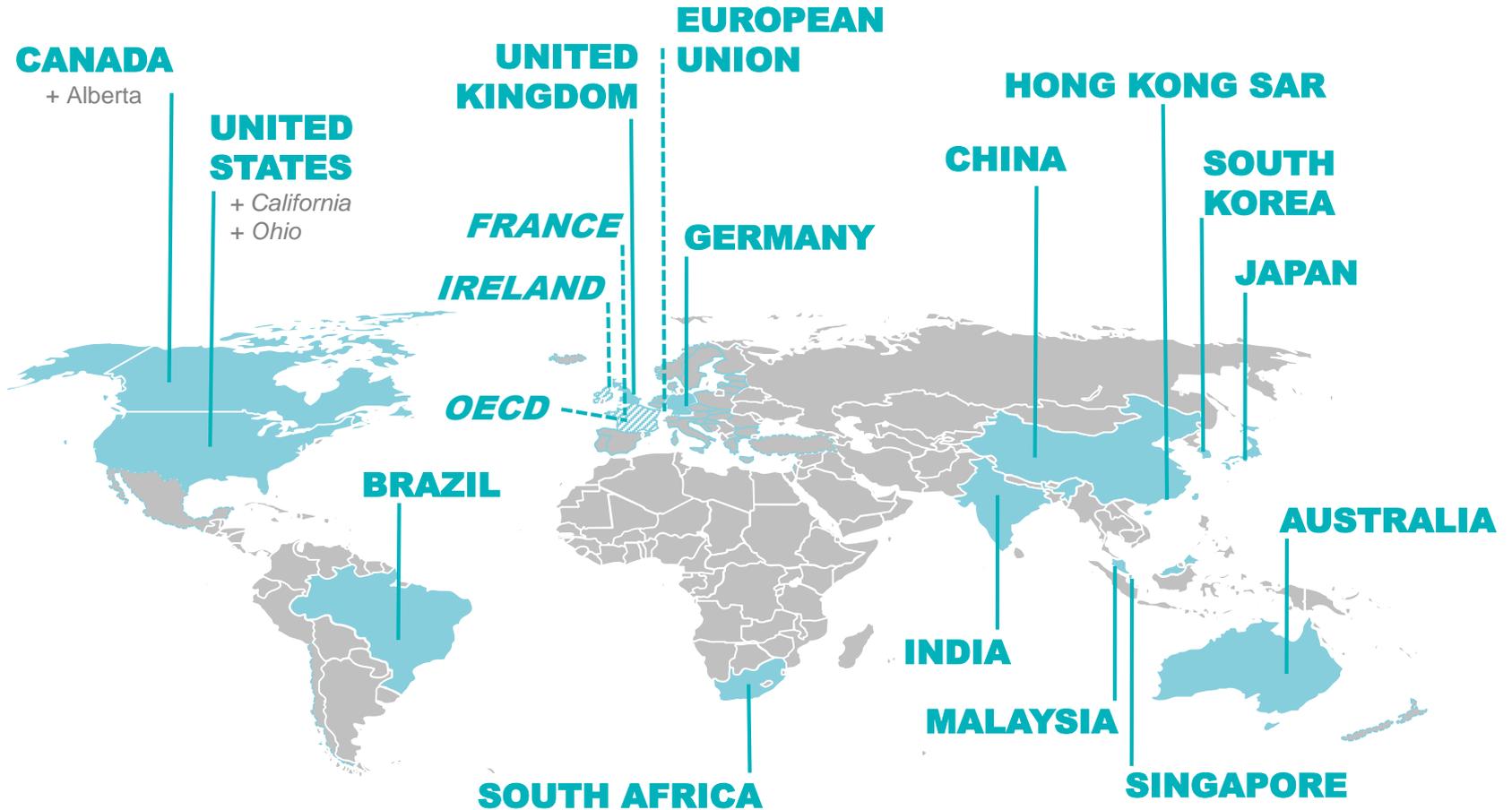


FIDUCIARY DUTY IN THE 21ST CENTURY



MARKET ANALYSIS SINCE 2015



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

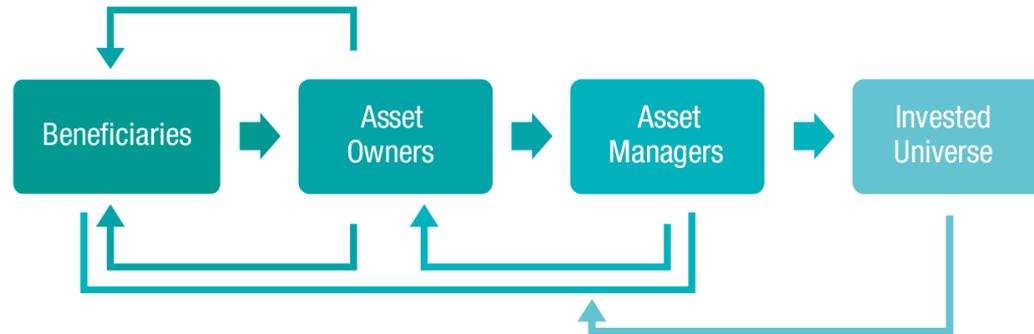
EVOLUTION OF FIDUCIARY DUTY

From a legal case to regulatory clarification



FIDUCIARY DUTY CHAIN

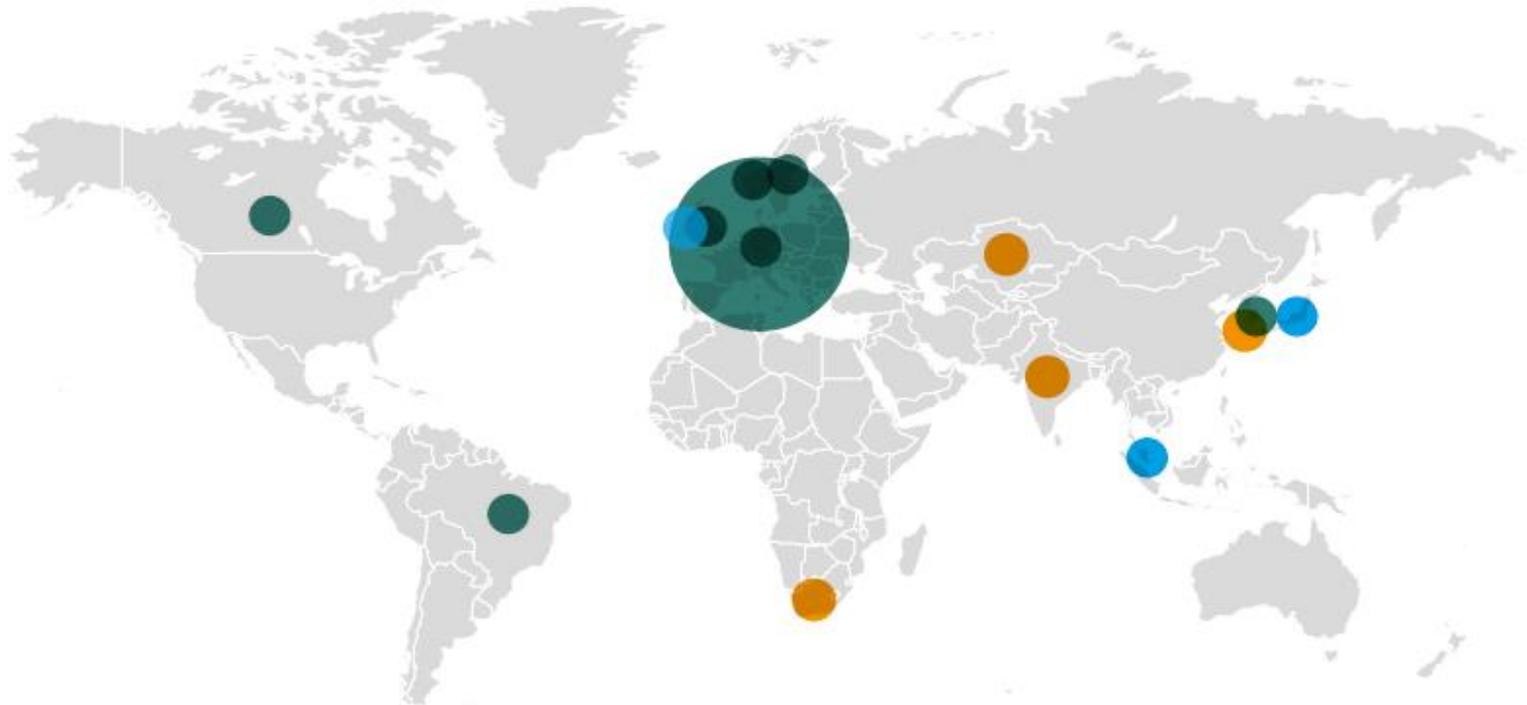
Common law definition of fiduciary duty: the duty of asset owners to their beneficiaries



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

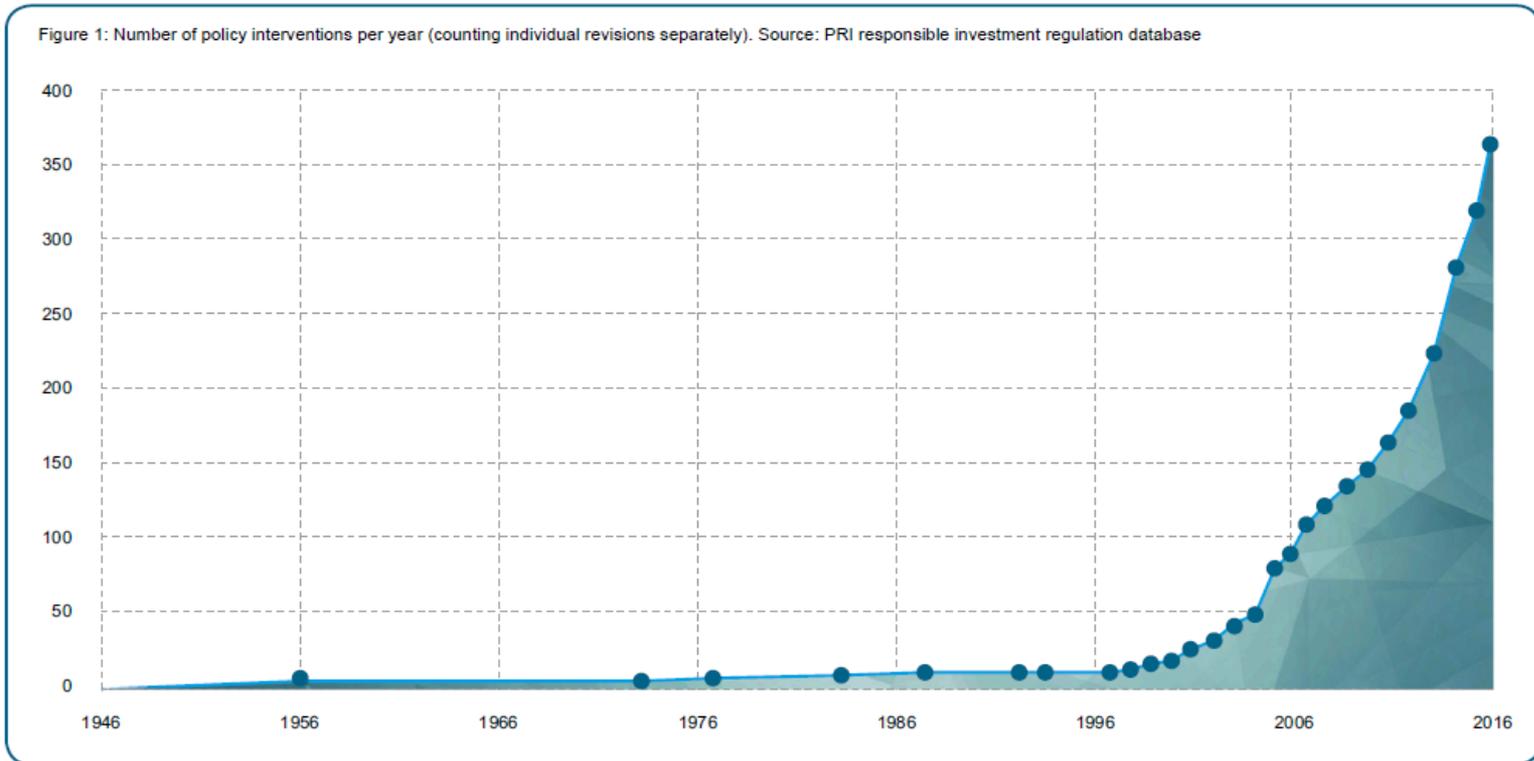


**PENSION FUND
REGULATIONS**

**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 IORPII 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 propose 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

Clarifying institutional investors' and asset managers' duties

- In March 2018, the European Commission released its [Action Plan for Financing Sustainable Growth](#), which will implement recommendations based on the EU High-Level Expert Group (HLEG) final report released in January 2018.
- As one of the priority action items, subject to the outcome of its impact assessment, the Commission will table a legislative proposal to clarify institutional investors' and asset managers' duties in relation to sustainability considerations by mid-2018.
- The proposal will aim to:
 - (i) explicitly require institutional investors and asset managers to integrate sustainability considerations in the investment decision-making process, and
 - (ii) increase transparency towards end-investors on how they integrate such sustainability factors in their investment decisions, in particular as concerns their exposure to sustainability risks.
- This new approach is intended to clarify and complement the existing obligations of investors in a way that aligns them with sustainability objectives.

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

HLEG (European

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

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

6

Asian markets covered by extended research on fiduciary duties

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

PROJECT PARTNERS

And contact details

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In collaboration with:



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