

FIDUCIARY DUTY, RESILIENT AND SUSTAINABLE INVESTING IN JAPAN

On 21 April 2015, PRI and UNEP FI participated in a panel discussion at the [RI Asia 2015 Conference](#) to examine the relevance of fiduciary duty for trustees in Japan, and to analyse how prevailing definitions and interpretations of fiduciary duty affect investors' approach to the integration of environmental, social and governance (ESG) issues into their investment processes.

The speakers included Mr. Chihiro Kawashima, (Executive Director, Department of Economic and Social Policy, Japanese Trade Union Confederation (JTUC-RENGO)), Mr. Hiroichi Yagi (Managing Director, Secom Pension Fund) and Mr. Kazuhiko Sasamoto (Head of Research, Nissay Asset Management) and Ms Elodie Feller (Investment Commission Co-ordinator, United Nations Environment Programme Finance Initiative). The panel discussion was chaired by Mrs Michiyo Morisawa (Asia Head, PRI Network & Global Outreach).

The themes that emerged from the discussion included:

- There is growing interest in responsible investment and stewardship (engagement) in Japan.
- The Stewardship Code is seen as hugely important as a catalyst for investors to pay more attention to ESG-related issues.
- The Corporate Governance Code (which comes into force in June 2015) will also be important as it will encourage better corporate disclosure on environmental and social as well as governance issues. This should, in turn, make it easier to investors to take account of these issues in their investment process.
- There are signs that asset owners – in particular public pension funds - are starting to pay much more attention to ESG issues, and an increasing number of asset owners embed such issues in their questionnaire to asset managers.
- The market for responsible investment is evolving positively, however, many asset owners and asset managers are still at an early stage of implementation. As a consequence, building awareness and capacity is critical to progress.
- It is also important to strengthen the evidence base for responsible investment, both in terms of demonstrating the relationship between ESG issues and financial materiality and performance, and in terms of demonstrating the effectiveness of stewardship activities.

The panel discussion formed part of PRI, UNEP and Global Compact project on [Fiduciary Duty and ESG integration](#). The project will examine the barriers to ESG integration in eight countries – Australia, Brazil, Canada, Germany, Japan, South Africa, UK, and USA – and will propose practical actions for institutional investors and policy-makers to address these barriers. For further information or to contribute to the project, please contact Will Martindale (Head of Policy, PRI) at will.martindale@unpri.org or Elodie Feller (Investment Commission Co-ordinator, UNEPFI) at elodie.feller@unep.org

For further information on PRI in Japan, please contact Michiyo Morisawa (Asia Head, PRI Network & Global Outreach) at michiyo.morisawa@unpri.org