

Fiduciary Duty in the 21st Century

UNEPFI, PRI and The Generation Foundation announce a three year programme to integrate sustainability into investors' fiduciary duties

Geneva, London, New York, 18 February 2016 – The United Nations Environment Programme Finance Initiative (UNEP FI), the Principles for Responsible Investment (PRI), and The Generation Foundation announce a three year project to mobilise investors to uphold the full remit of fiduciary duty and take full account of material sustainability factors in investment practices. The project will engage asset owners, asset managers and policy makers across national and international jurisdictions to harmonise a global understanding of fiduciary duty which incorporates sustainability.

Building on the findings of the UNEP, PRI and UN Global Compact report *Fiduciary Duty in the 21st Century*, published in 2015, this project will focus on three primary objectives:

- To encourage governments and regulatory agencies in the eight jurisdictions covered in the 2015 report (Australia, Brazil, Canada, Germany, Japan, South Africa, the UK and US) to clarify the scope of fiduciary duty such that investors must take explicit account of environmental, social and governance issues in their investment practices and proactively engage with companies on these issues.
- To extend the original report's analysis to key Asian markets: China (including Hong Kong), India, Malaysia, Singapore and South Korea. Developing country strategy plans for each of these jurisdictions and implementing country-specific recommendations accordingly.
- To develop an international statement on fiduciary duty and sustainable development which would create a cohort of signatories committed to integrating sustainability into their fiduciary duties.

Eric Usher, Acting Head of UNEP FI, commented. "Our aim is to catalyse global regulatory best practice by clarifying that investors should consider material sustainability factors in their investment processes. Our aim is to ensure that fiduciary duties are relevant to the economic, social and environmental challenges of the 21st Century."

Fiona Reynolds noted: "Fiduciary duties exist to ensure that those who manage other people's money act in the interest of beneficiaries, rather than serving their own interests. Even though our report *Fiduciary Duty in the 21st Century* concluded that failing to consider long-term investment value drivers in investment practice is a failure of fiduciary duty, outdated perceptions about fiduciary duty persist and many investors have yet to integrate ESG issues systematically into their investment decision-making processes. "

David Blood, Senior Partner of Generation Investment Management, stated: "Sustainability is an important factor in the long-term success of a business. Therefore as with any other issue related to the prudent management of capital, considering sustainability is not only important to upholding fiduciary duty, it is obligatory."

More information about this project is available [here](#) or on the UNEP FI and PRI websites: www.unepfi.org or www.unpri.org.

CONTACTS

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ABOUT THE PRI

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance issues and to support signatories in integrating these issues into investment and ownership decisions. The six Principles were developed by investors and are supported by the UN. They have more than 1,400 signatories from over 50 countries representing US\$59 trillion of assets. They are voluntary and aspirational, offering a menu of possible actions for incorporating ESG issues into investment practices. In implementing the Principles, signatories contribute to developing a more sustainable global financial system.

For more information, see www.unpri.org

ABOUT UNEP FI

The United Nations Environment Programme Finance Initiative (UNEP FI) is a unique global partnership between the United Nations Environment Programme (UNEP) and the global financial sector founded in 1992. UNEP FI works closely with over 200 financial institutions who have signed the UNEP FI Statements as well as a range of partner organizations to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realize the adoption of best environmental and sustainability practice at all levels of financial institution operations.

For more information, see www.unepfi.org

ABOUT THE GENERATION FOUNDATION

The Generation Foundation ('The Foundation') is the advocacy initiative of Generation Investment Management ('Generation'), a boutique investment manager founded in 2004. The Foundation was established alongside Generation in order to strengthen the case for a sustainable form of capitalism aligned with a low-carbon, prosperous, equitable, health and safe society. Our strategy in pursuit of this vision is to mobilise asset owners, asset managers, companies and other key participants in the global economy around the business case for Sustainable Capitalism, and to allocate resources accordingly.

For more information, see www.genfound.org