

Fiduciary Duty: Financially material factors should be taken into account by trustees

UKSIF responds to Government consultation on fiduciary duty

London, 29 April 2015 – The complexity of long-term financially material factors including environmental, social and governance (ESG) factors represent the biggest threat to pension funds over the next 10-15 years, according to the UK Sustainable Investment and Finance Association.

UKSIF was responding to the Department for Work and Pensions' consultation on the Investment Regulations. UKSIF also highlighted the relationship between responsible investment and stewardship of assets and backed the Law Commission's calls for amendments to the Occupational Pension Scheme (Investment) Regulations.

Simon Howard, Chief Executive, said:

"The Law Commission's recommendation that trustees *should* take into account ESG factors and *may* consider non-financial factors when making investment decisions was a welcome one. We convened our membership to form a cross-sector response to these changes and the feedback was overwhelming: the Law Commission's findings should be properly embedded in the regulations.

"However, this must not result in box-ticking exercises: we require trustees to formulate meaningful policies on their investment strategy and approach to stewardship that enables them to take considered decisions relating to their investment portfolios. This may result in a need for greater resources for trustees, something we have argued may have to be borne by fund managers- at least in the short-term. Over the long-term any initial costs will be more than offset due to a reduction in portfolio activity arising from better analysis of long-term risks and opportunities.

"We hope the new Pensions Minister, whatever party he or she comes from, will take this on board and implement the changes the sustainable and responsible investment sector has been calling for."

-ENDS-

Contact:

Fergus Moffatt, Head of Public Policy, 020 7749 9951, fergus.moffatt@uksif.org

Notes to Editors:

UKSIF's response to the DWP consultation on changes to the investment regulations can be found at <http://uksif.org/policy/responses-representations/>

About UKSIF:

UKSIF is the membership network for sustainable and responsible financial services in the UK. We promote and support responsible investment and other forms of finance that advance sustainable economic development, enhance quality of life and safeguard the environment. We also seek to ensure that individual and institutional investors can reflect their values in their investments.

UKSIF was created in 1991 to bring together the different strands of sustainable and responsible finance nationally and to act as a focus and a voice for the industry. UKSIF's 240+ members and affiliates include financial advisers, institutional and retail fund managers, pension funds, banks, research providers, consultants and NGOs. For more information about UKSIF, please visit www.uksif.org.