

### **LAW COMMISSION SAYS PENSION TRUSTEES SHOULD CONSIDER ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES WHERE MATERIAL**

*Sustainable investment trade body welcomes Law Commission recommendations*

- Law Commission now accepts smaller sized funds are capable of practicing good stewardship of their assets
- Rapid and accessible guidance needed to resolve years of “confusing and inaccessible” law on fiduciary duties

**London, 1<sup>st</sup> July 2014** – The UK Sustainable Investment and Finance Association (UKSIF) has today welcomed the Law Commission’s report on fiduciary duties.

Simon Howard, UKSIF Chief Executive, said:

*“Our members and others in the investment community have long recognised that the law on fiduciary responsibility was “confusing and inaccessible” as the Law Commission puts it.*

*We are pleased that the Commission has accepted the case for clarification. In particular we are glad that they make it clear that trustees should consider environmental, social and governance factors where they are financially material. Whilst we would have liked statutory clarification on this matter we look forward to working with The Pensions Regulator and the FCA in ensuring they provide rapid, comprehensible and accessible guidance in this area.*

*One of UKSIF’s concerns about the Commission’s initial consultation draft was the implication that smaller sized funds were unable to practise good stewardship of their assets. We were happy to take a delegation of members to meet the Commission to discuss this and other matters and are delighted to note that the Commission has accepted our arguments and are asking the Government whether trustees should be required to state their policy on stewardship.*

*We also welcome the proposed reforms to governance in the fast growing area of defined contribution pensions. These are the pensions of the future and must be properly run.”*

#### Contact

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*Interviews with Simon Howard, UKSIF Chief Executive, are available on request.*

Notes to editors

### **About the Law Commission's consultation on *Fiduciary Duties of Investment Intermediaries***

The Kay Report in 2012 identified widespread concern about how fiduciary duties were interpreted in the context of investment. Accordingly, one of the Kay Report's recommendations was that "the Law Commission should be asked to review the legal concept of fiduciary duty as applied to investment to address uncertainties and misunderstandings on the part of trustees and their advisers."

The Law Commission's consultation opened on 22<sup>nd</sup> October 2013 and closed on 22 January 2014. The final [report](#) with recommendations was published on 1 July 2014.

UKSIF's response can be found [here](#).

### **About the UK Sustainable Investment and Finance Association (UKSIF)**

The UK Sustainable Investment and Finance Association (UKSIF) supports the UK finance sector as a global leader in advancing sustainable development through financial services. We promote and support responsible investment and other forms of finance that advance sustainable economic development, enhance quality of life and safeguard the environment. Founded in 1991, UKSIF has approximately 250 members including pension funds, asset managers, research providers, financial advisers, banks and non-governmental organisations. For more information, please visit [www.uksif.org](http://www.uksif.org).