

PRI CRITICIZES FUND MANAGERS; FUND MANAGERS CRITICIZE PRI

Report says incorporating ESG is fiduciary duty for fund managers

A UN-backed report published this week entitled [Fiduciary Duty in the 21st Century](#) found that fund managers that “do not incorporate sustainability criteria into their investment decisions are failing in their fiduciary duty.” Asset managers, particularly in the U.S., are laggards says the report, co-authored by the PRI, noting that the managers are not [taking into consideration ESG](#) alongside other financial measures when discussing a company’s investability. “Outdated perceptions about fiduciary duty and responsible investment were particularly prevalent in the U.S.,” the report said, “where lawyers and consultants too often characterize ESG issues as non-financial factors”.

However, a group of asset managers have also recently [criticized aspects of the PRI](#) in a joint letter to the organization. One source said the managers had called for a PRI “statement of purpose” to outline what it wants to achieve, ensure all signatories are working towards it, and challenge any signatory practices that undermine its purpose. Further development: Sandra Carlisle, Head of Responsible Investment at Newton Investment Management, put forward a candidate for a position on the PRI’s board, calling it an ‘activist’ campaign and stating that the “PRI has lost its way”.



[Fiduciary Duty in the 21st Century](#)

WILL CLIMATE TALKS ADDRESS INEVITABLE COMPENSATION QUESTION?

A common theme keeps resurfacing in climate negotiations: How should people who are impacted and displaced by extreme weather, which is intensified by global warming, be helped and compensated? Weather-related losses have risen well over USD 100B per year, [according to the World Bank](#). Some poorer nations insist rich countries, whose carbon pollution likely caused the atmospheric warming in the first place, should compensate them for extreme weather-related losses. Wealthier countries have resisted, fearing an endless liability costing them billions of dollars.

With less than three months until the Paris climate talks, developing countries appeared to have abandoned calls for direct compensation at the preparatory talks in Bonn this week. Instead parties representing developed and developing nations eventually agreed to set up the so-called ‘Warsaw Mechanism’, which gives them two years to develop a plan to address the issue. Another idea that came up was to establish “climate change displacement co-ordination facility”.

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THIS WEEK IN NUMBERS...

227

is the number of PRI signatories in the US, compared to 193 in the UK, 119 in Australia, 61 in Canada, 56 in Germany and 30 in Japan.

169

targets are included in the 17 goals of the UN Sustainable Development Goals.

108

million US Dollars annually is the estimated loss if Harvard sold its holdings in the largest oil, gas and coal companies.

30

of November is the first day of the Paris climate Change Conference (COP21).

17

trillion US Dollars is the potential savings from the creation of low-carbon cities reports [New Climate Economy](#).

11

of December is the final day of the Paris Climate Change Conference (COP21).

1.5

million people have been affected by floods in Assam (India).

1.3

percent is the compounded annual reduction in fuel burn of new aircraft from 1968 to 2014.

SEC TO MANDATE DISCLOSURE OF POLITICAL SPENDING?

This week nearly every U.S. Senate Democrat called on the Securities and Exchange Commission (SEC) to require public companies to disclose corporate [political spending](#).

In addition, in a move to help reverse the effects of the [Supreme Court's 2010 Citizens United](#) ruling, Democratic presidential candidate Hillary Clinton says that she would also "push for federal legislation demanding

more ['effective' disclosure of political spending](#) and urge the SEC to require publicly traded companies to disclose all political spending to their shareholders".

Meanwhile, the Republican-controlled U.S. House of Representatives has been trying to prevent the SEC from mandating disclosure of corporate political spending.

WHAT WE'RE WATCHING

[GRESB Infrastructure](#)

This week, a group of global institutional infrastructure investors representing USD 1.5T in assets launched [GRESB Infrastructure](#), a sustainability benchmark for [infrastructure assets](#). The idea behind the standard is to create a portfolio-level assessment for the sector and raise the level of sustainability of existing infrastructure globally.

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GERMAN PENSION FUND, AMONGST OTHERS, FACES FOSSIL FUEL DIVESTMENT CALL

Germany's Versorgungswerke €7bn pension funds – whose constituents represent free trades such as physicians, dentists and lawyers – is being asked by its own members to divest from [fossil fuels](#). A letter signed by 97 members urges divestment of fossil fuels for "health and financial reasons".

Meanwhile, [campaigners are targeting](#) the (€17.8bn) [Greater Manchester Pension Fund](#), one of the UK's largest local government pension

funds. Campaigners want to see the fund change its binding Statement of Investment Principles (SIP) to include a principle to "divest from fossil fuels, and to actively invest or divest based on ESG considerations".

However, some endowments should not divest, according to [a paper](#) from the California Institute of Technology, which looks at the hypothetical costs of divesting for five university endowments.

BELIEVE IT OR NOT

You can't make this up. Researchers launch 'Snotbot': a drone designed to collect whale snot to help them study the large mammals.

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