

REPORT FROM THE UK: DOES FIDUCIARY DUTY INCLUDE CONSIDERING CLIMATE CHANGE?

A groundbreaking lawsuit is expected to challenge the meaning of fiduciary duty

A UK pension fund is facing a legal test case which alleges that it is a breach of fiduciary duty to not consider the potential impacts of climate change on its investments.

A group of lawyers, NGOs, climate specialists and public relations firms met in London last week to finalize details of the test case. Client Earth, the London-based environmental law

firm, will lead it. The name of the pension fund is not known.

Specifically, the lawsuit will challenge asset owners to respond to issues such as potentially stranded fossil fuel assets and long-term climate damage across their portfolio holdings.

The global institutional investment community is watching this closely, anticipating that this may lead to similar cases internationally.

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PASSIVE INVESTMENT STRATEGIES DON'T MEET HIGHEST ESG CRITERIA, SAYS NEW MERCER STUDY

Engagement is the most effective way to improve performance

This week, Mercer released a ratings system of passive investment management strategies with the intent of identifying managers' active stewardship practices to integrate environmental, social and governance risks.

Mercer plans to use its new ESG ratings to help clients make "better informed selections of

managers by assessing the extent to which they consider ESG risks in their passive management process".

Because passive managers "can't walk away from companies that underperform, engagement with companies should be a core function for investment firms that manage passive strategies," the [press release](#) said.

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THIS WEEK IN NUMBERS

\$110 million

The annual cost to the oyster industry in the Pacific Northwest due to increasingly acidic waters.

61%

The rate at which global sustainable investing assets grew between 2012 and 2014 to reach \$21.4T according to Global Sustainable Investment Review 2014.

30%

The rate at which global production of solar panels rose last year thanks in large part to China's simplified approvals and permits for solar generation from buildings and other decentralized sources.

25

The ideal page length of a proxy report, according to a survey by the Stanford Rock Center for Corporate Governance. The survey found that the majority of investors find US proxy statements too long.

3.2

The average years of life expectancy lost for more than half of India's population due to polluted air.

EU MAY CURB CARBON MARKET PERMITS; DISCUSSES POSSIBLE ENERGY UNION

Parliament will vote on limiting permits for cap and trade

The European Parliament's environmental committee is scheduled to vote soon on a draft law which would limit the number of allowances by bringing forward the reserve to 2018, three years earlier than previously proposed. The EU hopes to strengthen its cap-and-trade emissions

program after the [price of permits plunged](#) about 70 percent since 2008.

The European Commission will launch a blueprint for a future energy union this week. The union hopes to address the need for coordination among member states to develop a common energy policy.

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WATCH THIS SPACE

New Dietary Guidelines

The US Dietary Guidelines Advisory Committee released new [recommendations](#) this week. Among one of the committee's top findings: [eat less meat](#). Reducing meat consumption can help meet human and environmental health goals, the study found.

A healthy diet is higher in vegetables and whole grains and lower in red and processed meat and refined grains.

WHAT WE'RE READING THIS WEEK

The London Business School's Collier Institute of Private Equity released [a study](#) finding that 85% of larger private equity firms – managing assets in excess of \$10bn (£8.2bn) – said pressure was growing to integrate ESG policies into everyday working practices. According to the study pressure from clients is expected to hasten the movement of ESG from being purely a compliance function to a key part of the investment process.



YOU HAVE TO SEE IT TO BELIEVE IT

In an attempt to bring awareness to an anti-litter campaign, a 'cigarette sandcastle' was constructed in Dubai. In this case, a picture is worth... 50,000 cigarette butts?

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