

FIDUCIARY DUTY BALANCING ACT: TAKE IT INTO ACCOUNT BUT AVOID THE LAW COURTS FOR NOW

Push to take IPCC warnings into account; Court case delayed

The Institutional Investors Group on Climate Change (IIGCC) has warned that pension funds and asset managers should take notice of warnings by the Intergovernmental Panel on Climate Change (IPCC) otherwise 'beneficiaries may deduce we've breached our fiduciary duty'. To help asset owners, the IIGCC has produced a [guide](#) for asset owners.

However, the threat of a court case to test whether it is a breach of fiduciary duty to ignore climate change effects on investments (see Insights Editions [85](#) & [81](#)) [has been delayed](#). Now the preferred strategy by the Asset Owner Disclosure Project (AODP) and others appears to be a [public campaign](#) to examine funds' legal duties with the possibility of launching a legal challenge later. Not all are convinced by the strategy of launching a legal test case.

GROWING CONSUMER INTEREST IN SUSTAINABLE COMMODITIES MARKET

Market share has grown with increased consumer interest; Change moving up the supply chain

On the heels of increased consumer demand, companies are increasingly taking responsibility for sustainability throughout their supply chains, says [Südwind](#), a Germany supply chain research and consulting firm. "First of all you have a problem, but the leader of a company will usually say 'we are not responsible'. It takes a couple of years for things to change, but they do," says Friedel Hütz-Adams, a researcher at Südwind.

Not surprisingly, food and agriculture companies are at the forefront of this effort. Commodities,

such as coffee, cocoa, palm oil and sugar have come under particular scrutiny in the past few years.

The rising demand for sustainable products and raw materials has increased the call for retailers, manufacturers, and producers to certify that commodities are extracted or grown in accordance with certain standards. This has come under some criticism as the myriad of standards has confused consumers and has led to fraud in some instances. One of the efforts to drive the shift has been through measures such as cheaper financing for sustainable projects.

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THIS WEEK IN NUMBERS

320

million USD is the investment required per year for the next five years for China to meet pollution reduction targets.

140

million Americans are at risk from earthquakes (and it's not necessarily in the states you expect).

34

percent: The average US recycling rate for last two decades.

26

number of countries suffering from bird flu since 1st Jan according to the [Organization of Animal Health](#).

24

In trillion USD: the marine economy that is being eroded by pollution and overfishing.

20

percent increased likelihood of hospital-acquired conditions if admitted at weekends in the U.S.

SEC UNDER PRESSURE TO TIGHTEN REGULATIONS

Last week, a coalition of investors organized by [Ceres](#) sent a seven-page letter to the Securities and Exchange Commission (SEC), [asking the commission](#) to require “better disclosure by oil and gas companies of critical climate change-related business risks that will ‘profoundly

affect the economics of the industry.’” The letter was supported by 62 institutional investors, representing USD 2 trillion in assets under management.

Read CERES’ report on the topic [HERE](#)

UPDATE: POLLUTION IN CHINA, BETTER IN BEIJING, WORSE IN THE WEST

Air pollution data from the Chinese government reveals that more than 90 percent of 360 Chinese cities failed to meet national [air quality](#) standards in the first three months of 2015, according to a report released this week by Greenpeace East

Asia. And it’s heading west. Provinces in central and [western China](#), including Henan, Hubei, Hunan and Sichuan, are now among those with the worst. However, Beijing is improving as smog-curbing measures took effect.

WE’VE BEEN KEEPING AN EYE ON... JAPAN’S NUCLEAR PROGRAM

Since the 2011 Fukushima disaster, Japan’s nuclear reactors have been idle. To compensate, the country has been relying on fossil fuel imports.

The Government is keen to cut its trade deficit and to restart its 48 nuclear power stations. A recent court ruling paves the way for the re-opening of the Sendai reactor, the first to be given clearance since the nationwide closure. The question is whether more reactor approvals will follow, especially as the Takahama station was refused permission only last week.

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HAVE YOU SEEN...?

This year’s Edelman Trust Barometer? The 2015 study by the [global communications firm](#), finds global public trust in the corporate sector has fallen to pre-financial crisis levels. More than half of the global informed public believe that the “pace of development and change in business today is too fast, that business innovation is driven by greed and money rather than a desire to improve people’s lives and that there is not enough government regulation of many industry sectors”. [READ MORE](#)

BELIEVE IT OR NOT

Austin, TX City Council is considering a proposal to regulate the smell of barbecue.

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