

## Index

- Aalberts, R. J., 267  
 Abrams, F., 412  
 Accenture, 420  
 AccountAbility, 424  
 accountability, 39–44, 455, 456, 457, 462  
 Acid Rain Program, 127  
 Action on Smoking and Health (ASH), 345  
 activist investors, 112, 113–14, 116, 175–7, 432–4  
 adaptive efficiency, 332  
 AFSCME (American Federation of State, County and Municipal Employees), 448–9  
 Agle, B. R., 464  
 Ahrend, R., 227n. 9  
 Alberola, E., 132, 133  
 Albrecht, W., 43  
 Allen, W. T., 13  
 alpha investment  
   activist investors, 175–7  
   costs, 173–4, 177–8  
   and fiduciary duty, 171–2, 178–9, 208  
   first mover effects, 175  
   meaning of, 171, 173  
   norms, codes and conventions, 392–3  
   popularity of, 178  
   problems, 208  
   prudent investor rule, conflict with, 174–5  
   returns in relation to market average, 172–4  
   risks, 172, 177–8  
 altruism, 358, 359–60  
 Ambachtsheer, J., 6  
 Ambachtsheer, K., 468  
 American Federation of Labor and Congress of Industrial Organizations (AFL–CIO), 117, 120, 121, 122, 312, 313, 315  
 American Job Creation Act (2004), 437  
 Ammann, M., 43  
 Anderson, S., 160  
 annuities, 103–4  
 Anson, M. J. P., 313, 314, 317, 319  
 Areal, N., 184  
 Arthurs Report (Ontario Expert Commission on Pensions), 11, 15  
 Aspen Institute, 311, 312, 320, 468  
 asset bubbles, 217, 227, 256–8  
 asset managers, *see* investment managers  
 Atiyah, P. S., 265  
 attorneys, 149–50, 154–5  
 Australia, 141–2, 163, 458, 475  
 Australian pension schemes  
   compulsory superannuation, 47–8  
   equity weighting of investments, 50–1  
   ESG reporting, 365–7  
   fiduciary duty, 48–50  
   financial system interlinkages, 52–3  
   future changes, 55–7  
   governance, 55–7, 471  
   herding behavior, 52  
   investment choice, 48, 57  
   liquidity, 51–2  
   reforms to, 53–5  
   regulation of, 46  
   size of, 46, 55  
   socially responsible investment (SRI), 370–2  
   structure, 46–7  
 Australian Prudential Regulation Authority (APRA), 46, 49, 51, 55, 474  
 Authority for the Financial Markets (AFM), 81–2  
 avoidance, 392–3  
 Bai, L., 152  
 Barkemeyer, R., 6  
 Basel III, 231  
 Bateson, G., 207, 208, 212  
 Bauer, R. M. M. J., 174, 177  
*BCE Inc. v. 1976 Debentureholders*, 13  
 Beal, D. J., 365, 383  
 Bebhuk, L., 435  
 Becchetti, L., 229  
 Becker, G., 413  
 Beckerman, J. S., 146–7  
 Beeferman, L. W., 4  
 Beer, S., 217  
 bees, 211  
 behavioral finance, 255, 331  
 beliefs, application of, 280  
 benchmarks, 96, 173, 270, 328–30  
 beneficiaries, 22n. 7, 32–3, 166, 240, 306–8  
 beneficiary attitudes  
   economic factors, 356, 359–60, 368–9  
   environmental, social and governance (ESG) considerations, 372  
   to fiduciary duty, 354–6

- social, ethical and environmental (SEE) considerations, 353–4, 360–1
- survey methodology, 354
- values, 358–61, 368–9
- beneficiary engagement
- accountability in practice, 346–50
  - communication, 474–5
  - decision-making abilities, 384–5
  - ethical views, 304–6, 355
  - issues of concern to beneficiaries, 340–5
  - legal considerations, 337–9
  - legislative reform, 351
  - meaning of, 337
  - practical arguments for, 339–40
- beneficiary preferences
- decision-making abilities, 383–5
  - environmental, social and governance (ESG) considerations, 378–9, 385–6
  - private socially responsible investor preferences, 380–3
  - retail investor preferences, 379–80
- Benefit Corporation (B-Corp), 407, 409–10
- Berle, A., 405
- Bernanke, B., 239
- Bernstein, A., 5
- Berry, C., 5
- Bhattacharya, S., 185, 188
- Bhidé, A., 295–6
- Biel, A., 6
- Bion, W., 255, 256n. 5
- Black, F., 330
- Bodie, Z., 272–3
- Boer, R., 395
- Bogle, J., 26, 468, 473
- Borgers, A., 175
- Boulton & Watt, 405
- BP, 216, 348–9, 419–21
- British Association of Charitable Foundations, 95–6
- Brook, W., 209
- Brown Weiss, E., 15–16
- Browne-Wilkinson, Lord, 337, 339
- Brundtland Report (*Our Common Future*), 292, 296, 415
- Buffett, W., 173
- business investment, *see* investment by businesses
- Cadman, T., 6
- California Public Employees Retirement System (CalPERS), 24n. 15, 122–3, 171n. 3, 177, 178, 433–4, 438, 445–6, 471
- Callin, S., 172
- Campagna, L., 114
- Campbell, B., 120
- Canada, 10–12, 136, 141–2, 163, 458
- capital-weighted indices, 214
- Capon, N., 384
- Carbon Disclosure Project/Climate Disclosure Standards Board, 424
- carbon trading, *see* European Union Emissions Trading System (EU ETS)
- Cardozo, B., 20, 444
- care, duty of
- development of, 11–12
  - nonprofit organizations, 90
  - pension scheme governance, 443–4, 445–6
  - pension scheme trustees, 32–3, 108–10
- Caremark (In Re Caremark International Inc.)*, 13
- Carhart, M. M., 183, 184, 187, 189–94, 203
- Carville, J., 208
- caveat emptor*, 165, 259
- Cedant Corporation class action, 151, 153
- Center for Audit Quality, 450
- Ceres, 317, 319, 438
- Certified Emission Reduction units (CERs), 129, 137
- CFA Institute, 26, 95, 259, 260, 473, 475
- Chamber of Commerce, USA, 112, 113–14, 117–18, 120–1
- Chang, S.-J., 317
- Cheng, C. S., 150, 152–3
- China, 141–2, 458
- Choi, S. J., 152, 153, 154, 155
- Choi, Y. B., 332
- Chong, J., 182, 183, 185, 186, 189–94
- Christensen, C., 215
- Christiansen, A. C., 131
- churn, 208
- Clapman Reports, 446–8, 449–50
- Clark, G. L., 5, 32, 43, 161–2, 281
- class actions, *see* securities class actions
- Clean Development Mechanism (CDM), 129, 136, 140
- climate change, 128, 141–2, 143, 246
- climate-related investment, 127–8, 393
- cluster munitions, 395–6, 398
- coal, 211
- Coalition for Environmentally Responsible Economies, 128
- Cocco, J., 32–3, 43
- codes of practice
- case studies, 395–8
  - examples, 400
  - impact of, 391–3
  - integrated reporting, 421–6
  - investor engagement, 398–400
  - investor impact, 391–3
  - multi-stakeholder processes, 391
  - pension scheme trustees, 271–2, 274–5
- collaboration, 16–17, 332–3, 392–3, 419
- collateralized debt obligations (CDOs), 259–60n. 11
- collective defined contribution scheme (CDC), 74
- commodities, 134–5
- common law, 21–2
- communities of practice, 269, 270–1, 272–5
- Companies Act (2006), UK, 12
- company pension schemes, 76–7; *see also* pension schemes
- conflicts of interest, 447, 449, 450
- constructive obligations, 75
- consult, duty to, 15–16

## 480 Index

- contract-based pension schemes, 75–6, 164–5, 166  
 Convention on Cluster Munitions (CCM), 395–6, 398  
 conventions  
   beneficiary engagement, 350  
   case studies, 395–8  
   examples, 400  
   fiduciary duty, 322, 330–3  
   investor engagement, 398–400  
   investor impact, 391–3  
   multi-stakeholder processes, 391  
 Cooper Review (Super System Review), 54, 56–7  
 corporate financial performance (CFP), 302, 303–4  
 corporate governance  
   checks and balances, 432–5  
   class actions, 153–4  
   codes of practice, 471n. 10  
   economically targeted investments (ETIs), 117–18  
   emotional finance, 261  
   incentivization of managers, 431–2  
   institutional investors' role, 437–8  
   and investment beliefs, 328  
   profits used for share repurchases and dividend payments, 430–1  
   public policy, 435–7, 438–9  
   and short-termism, 429  
   stakeholders, 429  
 Corporate Governance Code, 339–40  
 Corporate Knights, 407–9  
 corporate social performance (CSP), 302, 303–4  
 corporate social responsibility (CSR), 364–5, 453  
 corporations  
   board of directors' role, 408–11  
   directors' fiduciary duties, 21  
   evolution through history, 404–7  
   integrated reporting, 410–11  
   social expectations, 411  
   stakeholders and sustainability, 407–10  
   sustainable corporation, 404, 412–13  
 Cortez, M. C., 184  
 Council of Institutional Investors (CII), 128, 433–4  
*Cowan v. Scargill*, 135, 267–9, 270, 337–8, 342–3, 349, 469  
 Cox, J. D., 149, 152, 153  
 Cragg, W., 62  
 Cremers, K. J. M., 174, 177  
 Cummings, J., 51  
  
 Dahl, R., 246  
 Darr, R. K., 5  
 Daskalakis, G., 134  
 Davis, S. M., 6  
 De Brandt, O., 225–6  
 De Nederlandsche Bank (DNB), 80, 81–2  
 decision-making by companies, 419  
 Deepwater Horizon oil spill (Gulf of Mexico), 419–21  
 defined benefit (DB) pension schemes  
   alpha investment, 177  
   beneficiary engagement, 338  
   care, duty of, 108–10  
   definition, 73  
   fiduciary duty, 100–1, 110, 159  
   governance, 32, 442–3, 467  
   investment risk, 74–5  
   loyalty, duty of, 101–8  
   Netherlands, 73  
   risk strategies, 250–1  
   shift to defined contribution (DC) plans, 46, 47–8, 159n. 1, 161–2  
   underfunding, 161  
 defined contribution (DC) pension schemes  
   beneficiary engagement, 338, 347  
   contract-based pension schemes, 164–5  
   definition, 73  
   fiduciary obligation, 159  
   governance, 32, 467  
   investment choices, 14  
   investment risk, 74–5  
   Netherlands, 74  
   shift from defined benefit (DB) plans, 46, 159n. 1, 161–2  
 delegation of responsibilities, 11–12, 447–8  
 Denmark, 350, 458  
 derivatives, 171–2, 210, 225  
 Deutsche Bank, 95, 260n. 14, 468  
 Diaz-Rainey, I., 5  
 DiBartolomeo, D., 293  
 disclosure, 471–2  
 diversification, 115, 277, 323–5, 344  
 divestment, 399  
 dividend payouts, 430–1  
 Dodd, M., 405  
 Dodd-Frank Act (2010), 435n. 11, 437, 438  
 Donati, P., 229  
*Donovan v. Mazzola*, 269, 270  
 Douglas, M., 239  
 Dow Chemical, 410–11  
 Drucker, P., 13, 127  
  
 Eccles, R. G., 6, 420  
 economic rationality, 233  
 economically targeted investments (ETIs)  
   corporate governance, 117–18  
   current practice, 121–2, 124–5  
   ERISA rules, 115  
   future of, 122–4  
   interpretive bulletin (1994), 113, 115–17  
   interpretive bulletin (2008), 112–15, 117–19, 120–1  
   non-economic factors, 119–20, 290  
 egalitarianism, in plural rationality, 242, 244, 245, 247, 248  
 Eisenberg, T., 154, 155  
 Ellis, K., 51  
 Elster, J., 288, 294, 296, 331–2  
 Elton, E. J., 187, 203  
 Emission Reduction Units (ERUs), 129, 137, 140

- emotional finance  
 and fiduciary duty, 254, 259–61  
 hedge funds, 256–8  
 overview, 255–6  
 regulated managed funds, 258–9
- Employee Retirement Income Security Act (ERISA)  
 annuity purchase, 103  
 care, duty of, 108–10, 146  
 economically targeted investments (ETIs), 112–13  
 exclusive interests of members, 106  
 fiduciary duty, 27, 162, 267, 272, 470  
 governance, 470, 473  
 interpretive bulletin (1994), 113, 115–17  
 interpretive bulletin (2008), 112–15, 117–19, 120–1  
 investment in employing enterprise, 104  
 rational investment approach, 290  
 role of, 22–4, 240, 470  
 rules of plan investment, 115, 118, 160n. 4  
 shareholder duties of pension scheme decision-makers, 107  
 stewardship, 470  
 trusts, 101
- employer-nominated pension trustees (ENTs), 43
- employers as stakeholders, 240
- endogenous risk, 209–10
- energy prices, 131–3
- engagement overlay providers (EOPs), 212
- environmental, social and governance (ESG)  
 considerations  
 alpha investment, 175  
 beneficiaries' decision-making abilities, 383–5  
 beneficiary attitudes, 368–9, 372  
 beneficiary preferences, 378–9, 385–6  
 conventions, 330–3  
 economically targeted investments (ETIs), 113, 122, 124  
 and fiduciary duty, 3, 28, 135–6, 143, 277, 279–80, 284–5, 302, 333, 372–5, 378, 386  
 financial market sustainability, 224, 226–7  
 iatrogenic risk, 210–12  
 integrated reporting, 425, 426  
 integration of, 365, 374–5  
 investment beliefs, 327–30  
 investment decision-making, 315–18  
 investment tools, 325–7  
 long-term performance goals, 434–5  
 mission, choice of, 280–1  
 non-financial fiduciary duty problem, 372–5  
 nonprofit organizations, 95, 97  
 real risk information, 215–16, 218–19  
 reporting, 365–7  
 retail investor preferences, 379–80  
 risk control, 284  
 screened approaches to incorporation of, 365, 374  
 socially responsible investment (SRI), 364–5, 369–72, 380–3  
 stakeholders, 407–10  
 sustainability beliefs, 281  
 sustainability matrix, 283  
 Swedish pension funds, 65–8  
 values and beliefs, application of, 280, 381–3, 392n. 3
- environmental investment, 127
- environmental risk, 127–8
- epistemic communities, 372–4
- Epstein, M., 43
- equities (shares), 50–1, 467
- equity (law), 21–2
- Eshraghi, A., 5, 257, 259
- ethical investment, 65–8, 278
- ethics  
 beneficiaries' attitudes and opinions, 304–6, 342–5, 355, 358–60  
 emotional finance, 261  
 governance, 450  
 norms, codes and conventions, 392, 395–8  
 sustainability of financial markets, 234–6
- European Climate Exchange (ECX), 137
- European Union Allowances (EUAs), 128–31, 134–5, 136–41
- European Union Emissions Trading System (EU ETS)  
 asset classification of carbon, 134–5  
 carbon trading, background, 127–8  
 carbon valuation determinants, 129–34  
 features, 128–9  
 fiduciary duty and responsible investment, 135–6, 143  
 global climate change policy, 141–2, 143  
 investment instruments, 136–40  
 risks of carbon investing, 140–1, 142  
 trading schemes, future of, 142–3
- European Union (EU), 69, 78–9, 458, 475
- Evans, J., 43
- evolutionary stable strategy (ESS), 332
- exchange-traded funds (ETFs), 136–7
- executive pay, 209
- extended fiduciary duty (EFD), 356–60
- externalities, 172n. 4, 279
- Extractive Industry Transparency Initiative (EITI), 398, 458
- factor risk framework, 325–7
- FairPensions (now ShareAction), 284–5, 340, 345, 347–9, 351, 469, 473
- Fama, E., 172, 183, 184, 186–7, 189–94, 203n. 19
- Farmland Principles (Principles for Responsible Investment in Farmland), 393
- fatalism, in plural rationality, 242, 244, 245, 247, 248, 250
- F. B. Heron Foundation, 96–7
- Feldman, D., 313, 315
- Ferson, W., 203
- fiduciary duty  
 activist investment, 175–7  
 and alpha investment, 171–2, 178–9, 208  
 Australian superannuation system, 48–50  
 and beneficiaries, 304–6, 354–6  
 challenges to, 93–5  
 collaboration, 16–17

- fiduciary duty (*cont.*)
- consult, duty to, 15–16
  - conventions, 322, 330–3
  - diversification, 277
  - dynamic nature of, 92–3
  - and emotional finance, 254, 259–61
  - Employee Retirement Income Security Act (ERISA), 27, 162, 267, 272, 470
  - engagement with recipient companies, 318
  - environmental, social and governance (ESG)
    - considerations, 3, 28, 135–6, 143, 277, 279–80, 284–5, 302, 333, 372–5, 378, 386
  - evolution of, 2–3
  - extended fiduciary duty (EFD), 356–60
  - financial markets, 222–4, 235–6
  - Freshfields Report, 68, 135–6, 302, 469
  - fund size, influence of, 314–15
  - global issues, 318–19
  - good faith, 32–3
  - and governance, 270–2, 442–3, 445–6, 450
  - hedge funds, 258
  - independent social and environmental obligations, 308–9
  - inform, duty to, 14–15
  - innovation in investment, 272–4
  - institutional investment, 1–2, 3–4, 311–12, 320–1, 333
  - institutional investors, 100–1, 110, 146–7, 315–18, 469–70
  - integrated reporting, 415
  - investment beliefs, 322, 327–30
  - investment tools, 322, 323–7
  - and law, 2
  - long-termism, 319–20
  - mapping fiduciary duties, 9, 10–12
  - meaning of, 1, 20–2, 78, 301–2, 311–12, 322–3
  - modern portfolio theory (MPT), 24–7
  - Netherlands pension schemes, 78
  - nonprofit directors, 89–91, 97–8
  - obedience, duty of, 13–14, 90–1, 92
  - pension scheme trustees, 9–10, 32–3, 100–1, 110, 300–1, 353–4, 445–6, 450
  - and rationality, 287, 289–91, 297–8
  - and reasonable investment, 287–93, 297–8
  - and regulation, 10–11, 265–6
  - remedies for breach, 163–4
  - and risk, 207–8, 218–20, 315
  - and sin stocks, 181–2, 204
  - socially responsible investment (SRI), 135–6, 143, 300–1, 302–4, 309, 311–12, 320–1, 364–5, 368–9, 372–5, 378, 386
  - stakeholders as beneficiaries, 307–8
  - stewardship, 415, 469–70, 472–3
  - strategic, duty to be, 16
  - sustainable investment, 265–6, 274–5, 277, 279–80, 284–5
  - timeframe for investment decisions, 312–14
  - and trust law, 269–70
  - trustee relationships, 269
  - and uncertainty, 239–40, 252
  - welfare interests of beneficiaries, 306–7
  - see also* care, duty of; *Cowan v. Scargill*; *Harvard College v. Amory*; impartiality, duty of; loyalty, duty of; pension fiduciaries; prudence, duty of; United States of America (USA), fiduciary duty in
- fiduciary obligation
- contract-based pension schemes, 164–5
  - defined contribution (DC) pension schemes, 161–2
  - future of, 159, 165–6
  - of investment managers and consultants, 162–4
  - trust model and changing investment responsibilities, 159–60
- Figge, F., 6
- Financial Assessment Framework for Pension Funds (Besluit financieel toetsingskader pensioenfondsen – FTK Decree) (2006), 79–80, 82–3
- financial crisis, 51, 52, 227–30, 273
- Financial Industry Regulation Authority (FINRA), 260
- financial markets
- crises, causes of, 227–30
  - fiduciary duty, 222–4, 235–6
  - size of financial sector, 406
  - sustainability, implementation of, 230–5
  - sustainability, role of, 224–7
- financial planning, 83–4
- Financial Services Council (FSC), Australia, 55–6
- Finegan, A., 5
- Fink, A., 405
- Finn, P. D., 163
- first-mover effects, 175
- Fisch, J. E., 152, 153, 154
- Fitzgerald, N., 411
- Flexible Purpose Corporation (FPC), 407–8, 409–10
- Forum for Sustainable and Responsible Investment, 381
- 401(k) funds, 467, 468, 470, 473
- Fox, A., 4, 39–42
- Frame v. Smith*, 163
- France, 129, 136, 234n. 18, 458
- Fletcher, W. F., 28
- Frehen, R. G. P., 174, 177
- French, K. R., 173–4, 183, 184, 186–7, 189–94, 203n. 19
- Freshfields Report (*A Legal Framework for the Integration of Environmental, Social and Governance Issues into Institutional Investment*, 2005), 68, 135–6, 181, 302, 304–5, 341–2, 378–9, 453, 469
- Freud, S., 255
- Fried, J., 435
- Friedman, L. M., 266, 267
- Friedman, M., 406, 408
- Froese v. Montreal Trust Company of Canada*, 14
- Furrer, B., 226n. 7
- Galbraith, J. K., 93n. 9
- Galema, R., 183
- Galer, R., 323

- Gardner, J., 381, 383  
 Gärling, T., 6  
 General Motors (GM), 104, 161, 405  
 Glading, B., 468  
 glide path strategy, 251  
 Global Corporate Governance Forum (GCGF), 454  
 global governance  
   case studies, 395–8  
   codes and conventions examples, 400  
   investor engagement, 398–400  
   investors, impact on, 391–3  
   multi-stakeholder processes, 391  
 Global Reporting Initiative (GRI), 411, 424, 428, 458  
 Global Unions, 123  
 Glushkov, D., 183  
 Googins, B., 320–1  
 Goujard, A., 227n. 9  
 governance  
   definition, 38n. 8  
   disclosure, 471–2  
   Employee Retirement Income Security Act (ERISA), 470  
   ethics, 450  
   evaluation framework, 454–7  
   evaluation survey, 458–9  
   and institutional investment, 452  
   legacy practices, 466  
   misgovernance, 467–9  
   prudent ownership, need for, 466, 475–6  
   responsible investment, 453–4, 459–63  
   stakeholder rights and responsibilities, 452–3  
   stewardship improvements, 470–5; *see also* pension scheme governance  
 Governance Finance Officers Association (GFOA)  
   Report, 449  
 government, 240, 271–2, 273–4  
 Goyen, M., 383  
 Graaf, F. J. de, 469  
 Gramlich, D., 5  
 Grantham, J., 212  
 Greenspan, A., 248, 265  
 growth assets, 50–1; *see also* equities (shares)  
 Gudeman, S., 298  
*Guerin v. The Queen*, 10  
 Guigon, P., 142  
 Gunnemann, J. P., 292  
 Guyatt, D., 5  
  
 Hagerman, L., 122  
 Hahn, T., 6  
 Haigh, M., 136  
 Halbach, E. C., Jr., 27n. 31, 28, 296  
 Haldane, A., 210  
 Halvarsson, E., 314–16, 319  
 Hamilton, I., 4–5  
 Hannoun, H., 227n. 9  
*Harries v. Church Commissioners for England*, 343–4  
  
*Harvard College v. Amory*, 266–7, 269–70, 288  
 Hawley, J. P., 5, 116–17, 127, 267, 291–2, 296, 297, 303  
 Hayton, D., 337, 338  
 Hazleton, J., 136  
 Hebb, T., 4, 122  
 hedge funds, 171–2, 256–8, 260, 432–3, 468  
 hedging, and risk, 214  
 Helbronner, C., 43  
 Henriksson, R. D., 185, 188  
 Henry, K., 52–3  
 Henry Jackson Initiative for Inclusive Capitalism, 316  
 herding behavior, 52  
 Herron, J., 6  
 Hewlett-Packard (HP), 468  
 HFC-23 controversy, 140  
 hierarchy, in plural rationality, 242, 245, 247, 248, 251  
 Hill, J., 140  
 Hingorani, V., 43  
 Hintermann, B., 134  
*Hodgkinson v. Simms*, 10–11  
 Hoepner, Andreas G. F., 5, 6, 185, 188–9, 196  
*homo economicus*, 368–9  
*homo sociologicus*, 368–9  
 Hong, H., 181–3, 184, 187, 189, 203n. 19, 204  
*Hospital Products v. United States Surgical Corporation*, 163  
 Houten, F. von, 410–11  
 Huang, L., 5  
 Huang, P. H., 260  
  
 iatrogenic risk, 209, 210–12  
 Ibikunle, G., 5, 137  
 impartiality, duty of  
   challenge of, 12–16  
   *Cowan v. Scargill*, 342  
   Employee Retirement and Income Security Act (ERISA), 20n. 2  
   integrated reporting, 415  
   investment behavior, 469  
   meaning of, 2  
   pension schemes, 32–3, 444–5  
   stewardship, 473  
   sustainable investment, 277  
 Impavido, G., 43  
 Individual Retirement Accounts (IRAs), USA, 105  
 individualism, in plural rationality, 242, 243, 245, 247, 248, 251  
 Industrial Revolution, 405  
 industry pension schemes, 76–7  
 inform, duty to, 14–15  
 information  
   alpha investment, 175  
   corporations, evolution of, 404–7  
   integrated reporting, 410–11  
   stakeholders and sustainability, 407–10  
 infrastructure assets, 51–2, 178–9



- Ingram, D., 5
- innovation in investment, 272–4
- Institution for Occupational Retirement Provision (IORP), 76
- institutional investment
- beneficiary attitudes, 378–9
  - environmental, social and governance (ESG) considerations, 378
  - and environmental risk, 127–8
  - fiduciary duty, 1–2, 3–4, 311–12, 320–1, 333
  - and governance, 452
  - governance evaluation framework, 454–7
  - governance evaluation survey, 458–9
  - Myners Report, UK, 36–7
  - research, 3–4
  - responsible investment, 453–4, 459–63
  - see also* European Union Emissions Trading System (EU ETS); Swedish institutional investment
- institutional investors
- activist investors, 432–4
  - annuities, 103–4
  - beliefs, 322, 327–30
  - beneficiaries' decision-making, 383–5
  - care, duty of, 108–10
  - class action costs, 147–8, 150, 154–5, 156
  - class action lead plaintiff empirical evidence, 150–7
  - class action lead plaintiff provision, 146–7, 148–50
  - codes and conventions case studies, 395–8
  - codes and conventions, engagement with, 398–400
  - codes and conventions examples, 400
  - codes and conventions, impact of, 391–3
  - competitor enterprises, 104–5
  - contract-based pension schemes, 164–5
  - conventions, 322, 330–3
  - defined contribution (DC) pension schemes, 161–2
  - employing enterprises, 103–4
  - engagement with recipient companies, 318
  - fiduciary duty, 100–1, 110, 146–7, 311–12, 315–18, 320–1, 469–70
  - fiduciary obligation, 159, 162–4, 165–6
  - fund size, influence of, 314–15
  - global issues, 318–19
  - interviews, 311
  - investment model, evolution of, 159–60
  - legacy governance practices, 466
  - long-termism, 319–20, 437–38
  - loyalty, duty of, 101–8
  - misgovernance, 467–9
  - multi-stakeholder processes, 391
  - non-financial objectives, 105–8
  - prudent ownership, need for, 466, 475–6
  - regulation, 470
  - risk assessment, 315
  - societal concerns, 315–18
  - stakeholder rights and responsibilities, 452–3
  - stewardship, 470–5
  - timeframe for investment decisions, 312–14
  - tools, 322, 323–7
  - trust model, 101–3
- insurance companies, 75–6; *see also* contract-based pension schemes
- integrated reporting
- benefits of, 418–21
  - content, 410–11, 416–18
  - fiduciary duty, 415
  - future of, 426–7
  - materiality, 422–6
  - meaning of, 415–17
  - standards for, 421–6
- intergenerational equity, 278–9
- International Accounting Standards (IAS), 75, 273, 422, 458
- International Corporate Governance Network, 474
- International Integrated Reporting Council (IIRC), 97, 415, 416–18, 428, 458
- interpretive bulletins from US Department of Labor, *see* economically targeted investments (ETIs)
- investment beliefs, 322, 327–30
- investment by businesses
- manager incentives, 431–2
  - and productivity growth, 429–30
  - profits used for share repurchases and dividend payments, 430–1
  - shareholder activism, 432–4
- investment choice
- Australian superannuation funds, 48–53, 57
  - beneficiaries' financial interests, 340–1
  - crisis management, 184n. 3, 188, 194, 203
  - directional trading skill, 184n. 3, 188–9, 194, 203
  - ERISA rules, 115
  - fiduciary duty, 93–5, 162–4
  - hedging investment performance, 184n. 3
  - herding behavior, 52
  - in-house investment management, 57
  - incidental advantage, 49
  - innovation in investment, 272–4
  - institutional investors, 315–18
  - liquidity, 51–2
  - long-termism, 278–80
  - market timing, 184n. 3, 188, 194, 203
  - Netherlands pension schemes, 78–80, 82–3
  - nonprofit organizations, 92–3, 95–7
  - pension finance, 74–5
  - political influence, 178
  - short-termism, 26, 94, 278–9
  - tobacco investments, 345
  - and the trust model, 159–60
- Investment Company Act (1940), 433, 470
- investment consultants, 162–4
- investment industry
- POSIWID analysis, 217–18
  - risk and fiduciary duty, 207–8, 218–20
  - risk management, 212–17
  - risks created by, 208–12

- investment managers, 162–4, 187–9, 194, 203, 475  
investment tools, 322, 323–7  
Investor Responsibility Research Center (IRRC) Institute, 433  
Ioannou, I., 420  
Islamic banking, 232–3  
Ittner, C., 419
- Jameson, D. A., 259  
Jansson, M., 6  
Jegadeesh, N., 187  
Jenkins, R., 95–6  
Jensen, M. C., 184, 186–7, 189–94, 196, 203, 406, 411, 412  
Jessie Smith Noyes Foundation, 97  
Johnson, K. L., 4, 296, 469  
Johnson, S., 406  
Johnson-Skinner, D. T., 154, 155  
Joint Implementation (JI), 129, 136, 140  
joint-stock companies, 405  
Joly, C., 306  
Jones, S., 172  
JP Morgan, 260
- Kacperczyk, M., 181–3, 184, 187, 189, 203n. 19, 204  
Kakabadse, N., 43  
Kant, I., 444  
Kaplan, R., 419  
Karwowski, E., 233  
Kay, J., 212  
Kay Review of United Kingdom Equity Markets and Long-Term Decision Making, 2, 165, 274, 275, 339  
Keating, P., 50  
Keeton, W. P., 165  
Keynes, J. M., 297  
Kinder, P., 304  
Kirsner, D., 256  
Klein, A., 433  
Klein, M., 255–6  
Koch, N., 134  
Kosoy, A., 142  
Krehmeyer, D., 94  
Kron, J., 120  
Krzus, M. P., 6  
Kurtz, L., 293  
Kyoto Protocol, 128–9, 141–2, 292
- La Porta, R., 272  
Laby, A. B., 444, 445  
*LAC Minerals Ltd v. International Corona Resources Ltd*, 163  
Laeven, L., 225–6, 227n. 8  
Langbein, J. H., 160, 265, 301–2  
Langevoort, D. C., 260n. 13  
Lanoff, I., 114  
Larcker, D., 419  
law, and fiduciary duty, 2
- Law Commission, 163  
lawyers, 149–50, 154–5  
lead plaintiff in securities class actions, *see* securities class actions  
leadership, 446–7  
legislation, 270–2, 274–5  
Leisinger, K., 312, 316  
Lerner, J., 467  
leveraged investments, 171–2, 209, 406  
Liesen, A., 6  
Lietaer, B., 231–2  
Life Technologies, 407  
Linzer, P., 165  
liquidity, 51–2  
Lo, A., 210  
Lobe, S., 183  
*Londonderry rule (Re Londonderry's Settlement, Peat v. Walsh)*, 338–9  
long-termism  
    institutional investors, 312–14, 319–20  
    public policy, 435–7, 438–9  
    shareholder activism, 433–4  
    sustainable investment, 278–80  
Lönnroth, M., 381  
loyalty, duty of  
    beneficiaries' ethical views, 344–5  
    defined benefit (DB) pension schemes, 101–8  
    development of, 10–12  
    integrated reporting, 415  
    nonprofit organizations, 90  
    pension scheme governance, 444, 445–6  
    pension scheme trustees, 32–3, 301–2  
    socially responsible investment (SRI), 304  
    sustainable investment, 277  
    Swedish investment regulation, 60–1  
Lubber, M., 312, 317, 319  
Luck, C., 183  
Luhmann, N., 229  
Lydenberg, S., 5, 26, 425
- Maatman, R., 4  
Madoff fraud, 259, 260  
Mansanet-Bataller, M., 131, 132–3, 134–5  
Maraseni, T., 6  
Margolis, J. D., 302, 303  
market integrity, 94–5  
Markets in Financial Instruments Directive (MiFID), EU, 60  
Markowitz, H., 323, 324  
Martin, R., 207, 208  
materiality, 422–6  
Maxwell, R., 34–5, 269  
Maynard Smith, J., 332  
Mazuy, K. K., 188  
McLachlan, J., 381, 383  
Meadows, D., 212  
Means, G., 405



- mean-variance analysis, 323–5
- Meckling, R., 406, 411, 412
- media coverage of investment matters, 261
- Medina-Martínez, V., 135
- Megarry J (R.), 268, 269, 270, 343, 469
- Melvin, C., 314, 315, 320
- member nominated trustees (MNTs), 271, 272, 274–5
- Mercer, 128, 273
- mergers and acquisitions, 216
- Merton, R. C., 104, 185, 188, 272–3
- microfinance, 232
- Miller, G. P., 154, 155
- Mills, D. C., 314, 315, 316, 317
- Millstein, I. M., 466
- Minnow, N., 291–2
- Mirror Group pension schemes, 31, 34–5, 269
- Mississippi Company, 405
- Mitchell, O., 43
- Mitchell, R. K., 453
- Moakes, N., 318
- modern portfolio theory (MPT)
- beneficiaries' ethical views, 344
  - conventions, 331
  - defined benefit (DB) pension schemes, 109–10
  - fiduciary duty, 24–7
  - government role, 272
  - investment responsibilities of pension schemes, 160
  - mean-variance analysis, 323–5
  - rational investment approach, 287, 289–90, 295
  - Swedish investment regulation, 61
- Molinari, C., 5
- Monk, A. H. B., 161
- Monks, R., 115, 291–2
- Monticone, C., 383
- Morgenson, G., 468
- Morris, P., 338
- MSCI, 97
- multi-employer plans, 27
- multinational corporations, 405–6
- mutual funds
- emotional finance, 258–9
  - governance, 471
  - lead plaintiff role in class actions, 153
  - misgovernance, 468
  - shareholder activism, 432, 434
  - in Sweden, 61–3, 379n. 1
- Myners Report (*Institutional Investment in the UK: A Review*, 2001), 36–7, 270–1, 274, 275
- National Association of Pension Funds (NAPF), 31, 339
- National Conference on Public Employee Retirement Systems, 474
- National Employment Savings Trust (NEST), 341, 347, 474
- Native Americans, 22
- Natura, 410, 411, 426
- nature benign, 241, 242, 248, 250
- nature capricious, 241, 242, 248, 250
- nature ephemeral, 241, 242, 248
- nature perverse/tolerant, 241, 242, 248
- Neher, A. L., 6
- Netherlands
- fiduciary relationship, 78
  - financing pensions, 74–5
  - fund performance, 77–8, 466
  - investment choice, 78–80
  - membership of pension schemes, 76–7
  - outsourcing of pension funds, 80–1
  - pension schemes in, 72–4, 75–8, 84
  - regulation of pensions, 80–4
  - stewardship, 472, 474
- New Zealand, 141–2, 392n. 7
- Nicholls, Lord (D.), 341, 343–4
- Nilsson, J., 6, 385
- Noble, G., 4
- Nöcker, R., 43
- non-governmental organizations (NGOs), 409–10, 454–5
- nonprofit organizations
- challenges to application of fiduciary duties, 93–5
  - fiduciary duties of directors, 89–91, 97–8
  - holistic management approach, 95–7
  - investment choice, 92–3
  - tax policy, effects of, 91–2
  - Uniform Prudent Management of Institutional Funds Act (UPMIFA), 91, 92
- norms and conventions
- beneficiary engagement, 350
  - case studies, 395–8
  - examples, 400
  - fiduciary duty, 265, 269–70, 330–3
  - investor engagement, 398–400
  - investor impact, 391–3
  - multi-stakeholder processes, 391
  - as reasonable investment approach, 293
- North, D. C., 332
- Norton, D., 419
- Novo Nordisk, 410–11, 426
- Novozymes, 418
- Obama, B., 141
- obedience, duty of, 13–14, 90–1, 92
- Occupational Pension Schemes (Investment) Regulations (2005), 160n. 4
- occupational pensions, 63, 76–7; *see also* pension schemes
- Occupational Pensions Board (OPB), 35–6
- Occupational Pensions Regulatory Authority (OPRA), 36
- Olson, M., 17
- Ontario Law Reform Commission, 338
- Ontario Municipal Employees Retirement System, 178–9
- Organisation for Economic Co-operation and Development (OECD), 14, 322, 458, 474
- Orsagh, M., 94

- outsourcing of pension funds, 80–1  
ownership, 392–3
- Pardo, A., 134–5  
Parkinson, M., 50–1  
participation gap, 453  
partnerships, 405  
passive investment strategies, 295–6  
pay-to-play, 150, 155, 156  
Pearce, R., 339  
*Peek v. Gurney*, 165  
pension beneficiary engagement, *see* beneficiary engagement  
Pension Benefit Guaranty Corporation (PBGC), 240, 250  
pension estimates, 83–4  
pension fiduciaries  
  clumsiness, meaning of, 245  
  clumsiness and surprise avoidance, 248–50  
  clumsiness in pensions strategy formation, 247–8  
  defined benefit pensions risks, responses to, 250–1  
  influence of, 290  
  as pensions stakeholders, 240–1  
  plural rationality overview, 241–2  
  social solidarities of pension stakeholders, 245  
  social solidarities theory, 241–5  
  uncertainty, strategy for, 239–40, 252  
pension funds  
  alpha investment, 177  
  beneficiary engagement, 304–6  
  emotional finance, 258–9  
  fiduciary duty, 300–3  
  funding ratios, 82–3  
  independent social and environmental obligations, 308–9  
  investment risk, 74–5  
  lead plaintiff role in class actions, 150–1, 152, 153, 155, 157  
  mission, 207–8  
  responsible investment, 65–9  
  shareholder activism, 433–4  
  size of, 300  
  socially responsible investment (SRI), 300–1, 302–4, 309  
  stakeholders as beneficiaries, 307–8  
  Sweden, 63–8  
  welfare interests of beneficiaries, 306–7  
  *see also* institutional investors  
Pension Law Review Committee (PLRC), 31, 32, 34  
Pension Protection Fund (PPF), UK, 31, 37  
pension scheme governance, *see also* governance  
  AFSCME report, 448–9  
  in Australia, 55–7  
  care, duty of, 443–4, 445–6  
  Clapman Reports, 446–8, 449–50  
  and fiduciary duty, 270–2, 445–6, 450  
  governance structures, 442–3  
  impartiality, duty of, 444–5  
  loyalty, duty of, 444, 445–6  
  research, 42–4  
  in the UK, 31–2, 34–9  
  in the USA, 442–3  
  *see also* governance  
pension scheme members, 83–4  
pension scheme sponsors, 271–2  
pension scheme trustees  
  AFSCME report, 448–9  
  annuities, 103–4  
  Australian superannuation funds, 54–5, 56–7  
  beneficiaries' voice, 14  
  care, duty of, 108–10, 443–4, 445–6  
  Clapman Reports, 446–8, 449–50  
  codes of practice, 271–2, 274–5  
  collaborate, duty to, 16–17  
  competencies, 447, 448–9  
  competitor enterprises, 104–5  
  complexity of investment responsibilities, 160  
  consult, duty to, 15–16  
  *Cowan v. Scargill*, 135, 267–9  
  employing enterprises, 103–4  
  fiduciary duty, 9–10, 32–3, 100–1, 110, 159, 162, 353–4, 445–6, 450  
  and governance, 270–2  
  impartiality, duty of, 13–16, 444–5  
  inform, duty to, 14–15  
  investment decision-making, 322–3  
  loyalty, duty of, 101–8, 444, 445–6  
  non-financial objectives, 105–8  
  and regulation, 270–2  
  trust model, 101–3, 269–70  
  trustee relationships, 269  
pension schemes  
  beneficiary engagement, 337–9  
  contract-based pension schemes, 164–5  
  fiduciary obligation, 159, 161–2, 165–6  
  growth of, 160  
  member surveys, 347–8  
  in the Netherlands, 72–4, 75–8, 84  
  shift from defined benefit (DB) plans, 161–2  
  stakeholders, 240–1  
  in the UK, 32  
  underfunding, 161  
Pension Schemes Act (1993), 35–6  
pensions, definition of, 72  
Pensions Act (Pensioenwet, Pw), Netherlands, 72, 78, 79–80, 81–2  
Pensions Acts, UK, 36, 37, 38, 40–1, 162  
The Pensions Regulator (TPR), UK, 37, 38–9, 43, 164, 271–2, 274–5, 473  
The Pensions Trust, 347  
Pérez-Gladish, B., 381  
Perino, M., 5, 153, 154–5  
Pfleiderer, P., 185, 188  
PFZW (Stichting Pensioenfonds Zorg en Welzijn), 472  
phantasy, 255–6  
Phelan, M., 90–1

- Philips, 410–11
- PKA (Pensionskassernes Administration), 350
- plan documents, 115
- plural rationality
- clumsiness, meaning of, 245
  - clumsiness and surprise avoidance, 248–50
  - clumsiness in pensions strategy formation, 247–8
  - defined benefit pensions risks, responses to, 250–1
  - overview, 241–2
  - pension fiduciaries, 239–40, 252
  - social solidarities of pension stakeholders, 245
  - social solidarities theory, 241–5
- policy, 129–31, 141–2, 143, 435–7, 438–9, 473–5
- political orientation, 358
- politics, and investment choices, 178
- Pollice, R., 6
- Poon, P. S., 267
- Poor, H. V., 405
- Popular Report, 41
- portable alpha (PA), 172
- portfolio theory, 92–3
- POSIWID (Purpose Of a System Is What It Does), 217–18
- Posner, R. A., 301–2
- Powers, C. W., 292
- PricewaterhouseCoopers (PWC), 43, 150
- principles, criteria and indicators (PC&I) of governance quality, 455–7
- Principles for Responsible Investment (PRI)
- adoption of, 472
  - emotions, role of, 261
  - evaluation survey, 460
  - long-term performance goals, 434–5
  - reporting performance, 454
  - role of, 273
  - signatories, 49–50, 123–4, 128, 278, 284
  - survey assistance, 458
- Pritchard, A. C., 152, 153, 154, 155
- private equity, 176, 405, 406
- private pensions, 63, 467, 468, 470, 473
- Private Securities Litigation Reform Act (PSLRA, 1995)
- effect on results of class actions, 147
  - empirical evidence of effects of, 150–7
  - lead plaintiff provision, 148–50
- procedural prudence, 443–4
- productivity growth
- and corporate governance, 429, 439
  - incentivization of managers, 431–2
  - profits used for share repurchases and dividend payments, 430–1
  - slowing of, 429–30
- profit-maximizing corporations, 408–9
- profits of businesses
- incentivization of managers, 431–2
  - shareholder activism, 432–4
  - short-term uses, 430–1
- profit-seeking investors, 368–9, 380–1
- property investment, 137–40, 227
- proxy process, 432
- prudence, duty of
- defined benefit (DB) pension schemes, 108–10
  - ERISA rules, 115, 118
  - nonprofit organizations, 90
  - and reason, 288–9
  - sustainable investment, 277
  - Swedish investment regulation, 61, 64
- prudence, procedural, 443–4
- prudent investor standard, 25–6, 174–5, 261, 289–90
- prudent person standard
- care, duty of, 9–10, 11–12
  - defined benefit (DB) pension schemes, 108–10
  - ERISA wording, 23, 108–10
  - Harvard College v. Amory*, 266–7
  - investment behavior, 469
  - investment tools, 322–3
  - Netherlands pension schemes, 78–9
  - pension scheme trustees, 301–2
  - Restatement (Second) of Trusts, 24–5
  - and risk, 25–6
- Public Company Accounting Oversight Board, 422, 424
- public employee funds, 161, 468
- Public Finance Initiative Scheme, UK, 216
- public policy, *see* policy
- Purpose Of a System Is What It Does (POSIWID), 217–18
- Putnam, R., 413
- Putnam J (S.), 266
- railroads, 405
- Rajan, R., 3–4
- rational investment approach
- and fiduciary duty, 287, 289–91, 297–8
  - and reason, 287–8
  - subjectivity, 294
  - sustainability, 297
  - value creation, 295–6
- Rawls, J., 287, 292, 294–5, 296, 297–8
- reasonable investment
- current approaches, 291–3
  - and fiduciary duty, 287–93, 297–8
  - move away from, 288–91
  - objectivity, 294
  - and rationality, 287–8
  - reasonable person, 288
  - sustainability, 296–7
  - universal owner approach, 291–2
  - value creation, 294–6
- reflexivity, 210
- regulation
- Australian pension schemes, 46
  - carbon valuation, effect on, 129–31
  - corporate governance, 435–7, 438–9
  - and emotional finance, 259–60
  - and fiduciary duty, 265–6
  - of fiduciary power, 10–11
  - governance of pension schemes, 270–2, 274–5

- institutional investors, 470  
 Netherlands pension schemes, 80–4  
 protection of beneficiaries, 166  
 responsible investment, 460, 462  
 stewardship, 473–5  
 sustainability of financial markets, 230–1  
 Swedish institutional investment, 59–61  
 Reich, R., 116  
 Reinhart, C. M., 225–6, 227, 229n. 12  
 Renneboog, L., 203  
 reporting  
   corporations, evolution of, 404–7  
   financial reports, 41–2  
   stakeholders and sustainability, 407–10  
   stewardship improvements, 471–2  
   *see also* integrated reporting  
 research, 3–4, 42–4, 156–7, 273  
 responsible investment  
   background, 453–4  
   economically targeted investments (ETIs), 123–4  
   and fiduciary duty, 135–6, 143  
   and governance, 459–63  
   governance evaluation framework, 454–7  
   governance evaluation survey, 458–9  
   investment beliefs, 327–30  
   as reasonable investment approach, 292–3  
   Swedish model, 59, 65–9  
   Swedish mutual funds, 62–3  
   Swedish pension funds, 65–8  
   terminology, 278  
*Restatement (Second) of Trusts*, 24–5, 289  
*Restatement (Third) of Trusts*, 25–6, 28, 92–3, 258, 267,  
   289–90, 296, 444  
 retail investors, 378, 380–1, 383–5  
 Richardson, B. J., 62, 304–6, 307, 337, 353, 360–1, 386  
 risk  
   alpha investment, 177–8  
   beneficiary attitudes to, 356–7, 359  
   defined benefit schemes strategies, 250–1  
   endogenous risk, 209–10  
   factor risk framework, 325–7  
   and fiduciary duty, 207–8, 218–20, 315  
   iatrogenic risk, 209, 210–12  
   inadequacy of assumptions, 94  
   integrated reporting, 419–20  
   investment industry creation of, 208–12  
   investment industry management of, 212–17  
   investment industry perceptions, 207  
   norms, codes and conventions, 392–3, 396–7  
   POSIWID analysis, 217–18  
   and prudence, 25–6  
   real risk information, 215–17, 218–19  
   real risk management, 213–15  
   sustainability of financial markets, 234  
   sustainable investment, 284  
   systemic investment risk, 172  
 risk free rate, 82n. 33  
 Rogers, J., 425  
 Rogoff, K. S., 225–6, 227, 229n. 12  
 Roithmeier, S., 183  
 Royal Bank of Scotland (RBS), 260n. 14, 466  
  
 Salaber, J. M., 182–3, 187  
 Samuelson, P., 172, 295  
 Sandberg, J., 4–6, 136, 342, 346, 347, 360, 385  
 Sandel, M., 217  
 Sarbanes-Oxley Act, 410, 437, 475  
 Sarro, D., 4  
 Scanlan, C., 5  
 Schacht, K., 94  
 Schadt, R., 203  
 Schwartz, S. H., 358  
 Schwed, F., 217  
 Scott, A. W., 28  
 Scott, L., 48  
 screening, 365, 374, 454  
 Securities and Exchange Commission (SEC)  
   communication, 474  
   corporate governance, 437  
   creation of, 470  
   integrated reporting, 426, 458  
   materiality, 289, 422, 424  
   plaintiffs in class actions, 150  
   reporting standards, 405, 410  
   role of, 473  
   shareowner resolutions, 469  
 securities class actions  
   agency costs, 147–8, 150, 155, 156  
   attorney fees, 154–5  
   case outcomes for institutions as lead plaintiff, 151–3  
   corporate governance effects, 153–4  
   empirical evidence on lead plaintiff role, 150–7  
   frequency of institutional participation, 150–1  
   lead plaintiff provision of PSLRA, 146–7, 148–50  
   securitization, 228, 232  
 Seifert, J., 131  
 self-investment (investment in the employing enterprise),  
   103–4, 247  
 Self-Managed Superannuation Funds (SMSF), Australia,  
   46–7, 53  
 self-transcendence, 358, 359–60  
 Sen, A., 288, 293, 298  
 Serafeim, G., 6, 420  
 Sethi, S. P., 303  
 Shank, T. M., 186  
 share repurchases, 430–1  
 ShareAction (formerly FairPensions), 284–5, 340, 345,  
   347–9, 351, 469, 473  
 shareholder activism, 112, 113–14, 116, 175–7, 432–4  
 shareholders  
   corporations, evolution of, 404–7  
   and stakeholders, 407–10  
 Shell (Royal Dutch Shell), 161, 246, 348–9  
 Shiller, R., 214–15

## 490 Index

- short-termism
- activist investors, 432–3
  - alpha investment, 174–5, 208
  - asset bubbles, 217
  - and corporate governance, 429
  - governance effects, 466
  - incentivization of managers, 431–2
  - increase in, 26, 94
  - institutional investors, 312–14, 319–20
  - profits used for share repurchases and dividend payments, 430–1
  - public policy, 435–7, 438–9
  - and sustainable investment, 278–9
- Siegl, S., 4–5
- Silva, F., 184
- Silvers, D., 312, 313, 315
- Simon, J. G., 292
- sin stocks
- beneficiaries' views, 345, 347
  - data sample, 185–6
  - existing studies, 182–3
  - fiduciary duty, 181–2, 204
  - methodology, 184–5, 186–9
  - results, 189–96
  - robustness test, 196
  - Vice Fund background, 182, 183–4
- Skidelsky, R., 297
- SNS Asset Management, 293
- social, ethical and environmental (SEE) considerations
- beneficiary attitudes, 353–4, 360–1
  - economic factors, 356, 359–60
  - fiduciary duty, 354–6
  - survey methodology, 354
  - values, 358–61
- Social Investment Forum (SIF), 120, 124
- social solidarities
- clumsiness, meaning of, 245
  - clumsiness in pensions strategy formation, 247–8
  - pension stakeholders, 245
  - pensions risks, responses to, 250–1
  - in plural rationality, 241–5
- socially responsible investment (SRI)
- arguments for, 303–4
  - beneficiaries' decision-making abilities, 383–5
  - beneficiaries' ethical views, 304–6, 381–3, 385
  - beneficiaries' quality of life, 341–2
  - beneficiaries' welfare interests, 306–7
  - beneficiary attitudes, 368–9, 372
  - beneficiary preferences, 378–9, 385–6
  - business and society perspective, 311
  - Cowan v. Scargill*, 267–9, 270
  - engagement with recipient companies, 318
  - environmental, social and governance (ESG) reporting, 365–7
  - fiduciary duty, 135–6, 143, 300–1, 302–4, 309, 311–12, 320–1, 364–5, 368–9, 372–5, 378, 386
  - fund size, influence of, 314–15
  - global issues, 318–19
  - independent social and environmental obligations, 308–9
  - integration approaches, 365, 374–5
  - investment decision-making, 312–14, 315–18
  - investment performance, 301–3
  - long-termism, 319–20
  - non-financial fiduciary duty problem, 372–5
  - practitioners' perceptions, 369–72
  - private socially responsible investor preferences, 380–3
  - reason v. rationality, 287
  - retail investor preferences, 379–80
  - risk assessment, 315
  - screened approaches, 365, 374
  - stakeholders, 307–8
  - terminology, 278
  - sole purpose test (Australian superannuation schemes), 48–9
  - Soros, G., 210
  - South Africa, 399, 458, 474
  - South Sea Company, 160, 405
  - stability, 222–6, 231–2, 235–6
  - stakeholders
    - as beneficiaries, 307–8
    - corporate governance, 429
    - environmental, social and governance (ESG) considerations, 407–10
    - governance, 452
    - governance evaluation framework, 454–7
    - governance evaluation survey, 458–9
    - integrated reporting, 419
    - multi-stakeholder processes, 391
    - primacy of, 406–7
    - responsibilities, 240–1, 452–3
    - responsible investment, 453–4, 459–63
  - standards, 273, 293, 421–6
  - Stanford Institutional Investors' Forum, 446–8, 449–50
  - Stapleton, G. P., 265
  - state pensions, 63–8
  - Statement of Investment Principles (SIP), 40–1
  - Statman, M., 183, 381–3, 385
  - statute, 270–2, 274–5
  - Stern, N., 226
  - Stevens, D., 53
  - stewardship
    - disclosure, 471–2
    - Employee Retirement Income Security Act (ERISA), 470
    - fiduciary duty, 415, 469–70, 472–3
    - impartiality, duty of, 473
    - integrated reporting, 426–7
    - legacy governance practices, 466
    - misgovernance, 467–9
    - norms, codes and conventions, 392–3
    - prudent ownership, need for, 466, 475–6
    - regulation, 470
    - Stewardship Code, UK, 339
    - tools for improving stewardship, 470–5

- stock exchanges, 426–8
- Stone v. Ritter*, 13
- Stout, L. A., 319–20, 411–12
- strategic, duty to be, 16
- Strine, L. E., 313–14, 320, 470
- Stumpff, A., 23
- subprime crisis, 230
- Sugden, R., 331, 332
- Summary Funding Statement (SFS), 41
- Summerfield, D., 314, 318, 319
- Sunstein, C., 15
- Superannuation Industry (Supervision) Act (1993), 48–9
- Supreme Court of Canada, 10–12
- Surowiecki, J., 272
- sustainability
- board of directors' role, 408–11
  - corporations, evolution of, 406–7
  - and fiduciary duty, 3
  - integrated reporting, 410–11
  - social expectations, 411
  - stakeholders and, 407–10
  - sustainable corporation, 404, 412–13
- Sustainability Accounting Standards Board (SASB), 425–6, 428
- Sustainable Capitalism* (Generation Investment Management), 416
- sustainable development, 364–5, 453–4
- sustainable investment
- Cowan v. Scargill*, 267–9
  - fiduciary duty, 265–6, 274–5, 277, 279–80, 284–5
  - and governance, 270–2
  - Harvard College v. Amory*, 266–7
  - innovation in investment, 272–4
  - long-termism, 278–80
  - mission, choice of, 280–1
  - reasonable investment approach, 292–3, 296–7
  - regulation, effectiveness of, 265–6
  - risk control, 284
  - sustainability beliefs, 281
  - sustainability matrix, 283
  - Telos Project, 273, 279–80
  - terminology, 278
  - trust law, 269–70
  - values and beliefs, application of, 280
- Swedish institutional investment
- beneficiary attitudes survey, 354
  - beneficiary indifference, 384
  - mutual funds, 61–3, 379n. 1
  - pension funds, 63–8, 392n. 7
  - regulatory environment, 59–61
  - reporting, 458
  - responsible investment model, 59, 65–9
  - size of capital market, 59
- Swensen, D., 214
- Switzerland, 234n. 18
- systemic risk
- concept of, 224–7
  - crises, causes of, 227–30
  - sustainability, implementation of, 230–5
- Taffler, R., 5, 255, 256, 257, 258, 259
- Taft-Hartley funds, 27, 121
- tar sands investments, 348–9
- tax policy, effects of, 89, 91–2, 437, 438
- team production theory, 412–13
- Teamsters Central States Pension Fund, 290
- Telos Project, 273, 279–80
- Terry, T., 5
- Thamotheram, R., 5
- Thomas, R. S., 149, 152, 153
- Thompson, M., 5
- Thornton, R., 344
- TIAA-CREF, 317–18n. 6, 446, 473
- Tigrani, V., 183
- Titman, S., 187
- tobacco investments, 345; *see also* sin stocks
- Towers Watson, 207, 208, 213, 273, 279–80
- trade unions, 47, 106, 112, 113–14, 123, 153, 267–9
- transparency, 446, 455, 456, 457, 462
- Trends in Sustainability (TiS) database, 372
- Treynor, J. L., 188
- Trichet, J.-C., 3
- triple bottom line, 224, 410–11
- Trumka, R., 117
- trust model
- defined benefit (DB) pension schemes, 101–3
  - fiduciary duty, 100, 265, 269–70, 274–5
  - fiduciary obligation, future of, 159–60, 165–6
  - history of, 21–2
- Trustee Act (2000), 160
- Trustee Investment Act (1961), 269
- trustees, *see* pension scheme trustees
- TSC Industries v. Northway, Inc.*, 289
- Tuckett, D., 255, 256, 258
- Tulloch, D. J., 5
- 2020 Stewardship, 471
- UN (United Nations), 458; *see also* Principles for Responsible Investment (PRI)
- UN Conference on Environment and Development (UNCED), 453
- UN Conference on Trade and Development/Guidance on Corporate Responsibility Indicators in Annual Reports, 425–6
- UN Environment Programme Finance Initiative (UNEP FI), 135–6, 303, 454
- UN Global Compact, 396–7, 398, 453, 454
- uncertainty
- clumsiness, meaning of, 245
  - clumsiness and surprise avoidance, 248–50
  - clumsiness in pensions strategy formation, 247–8
  - and fiduciary duty, 239–40, 252
  - pensions risks, responses to, 250–1
  - plural rationality overview, 241–2



- uncertainty (*cont.*)  
 social solidarities of pension stakeholders, 245  
 social solidarities theory, 241–5
- Uniform Management of Public Employee Retirement Systems Act (UMPERSA), 28n. 36
- Uniform Prudent Investor Act (UPIA), 24, 160n. 4
- Uniform Prudent Management of Institutional Funds Act (UPMIFA), 91, 92
- Uniform Trust Code (UTC), 24
- United Kingdom (UK), 160, 216, 272, 338, 365–7, 370–2, 474
- United Kingdom (UK) pension schemes  
 accountability, 39–44  
 closure of, 31–2  
 contract-based pension schemes, 164  
 defined benefit (DB) pension schemes, 32, 159n. 1, 161  
 defined contribution (DC) pension schemes, 32, 159n. 1  
 economic role, 31  
 fiduciary duty, 9, 162–3  
 fund performance, 466  
 governance, 31–2, 34–8, 42–4  
 nature of, 32  
 Pensions Regulator, 37, 38–9, 43, 164, 271–2, 274–5, 473  
 research, 42–4
- United States of America (USA)  
 Acid Rain Program, 127  
 alpha investment, 174  
 asset allocation of public pensions, 251  
 asset management industry, 160  
 boards of directors, 435  
 climate change policy, 141–2  
 corporate governance, 429, 435–7, 438–9  
 environmental, social and governance (ESG) reporting, 365–7  
 equity ownership by institutional investors, 467  
 ethical investment, 292  
 governance, 442–3, 445–6, 467–8  
 investment industry, 217–18  
 manager incentives, 431–2  
 nonprofit organizations, 91–2  
 pensions stakeholders, 240–1  
 political influence on investment choices, 178  
 productivity growth, 429–30  
 profits used for share repurchases and dividend payments, 430–1  
 shareholder activism, 432–4  
 socially responsible investment (SRI), 370–2  
 stewardship improvements, 470–5  
 trust model for pension plans, 101  
 underfunding of pension schemes, 161  
 Vice Fund, 183–4  
*see also* Employee Retirement Income Security Act (ERISA)
- United States of America (USA), fiduciary duty in  
 asset managers, 162  
 conceptions of, 28  
 Employee Retirement and Income Security Act (ERISA), 22–4, 27  
 environmental, social and governance (ESG) matters, 28  
 modern portfolio theory (MPT), 24–7  
 pension scheme trustees, 9  
 political concerns, 27  
 trusts, history of, 21–2
- United Technologies, 409, 426
- UnitedHealth Group class action, 153
- universal owners, 116–17, 127, 171–2, 291–2, 303, 415, 452–3
- Universities Superannuation Scheme Ltd (USS), 314, 318, 319
- unregulated financial products, 256–8
- Urwin, R., 5, 43, 161–2, 281
- Useem, M., 43
- Valencia, F., 225–6, 227n. 8
- Valor, C., 381
- Value At Risk (VAR) model, 213
- value creation, 233–4, 294–6
- value destruction, 94
- value-driven investors, 368–9
- values, 280, 358–61, 368–9
- Vandenbroucke, E., 395
- Varsity v. Howe*, 296
- Vice Fund analysis  
 background, 182, 183–4  
 data sample, 185–6  
 methodology, 184–5, 186–9  
 results, 189–96, 204  
 robustness test, 196
- Viederman, S., 4, 307
- Volpin, P., 32–3, 43
- Votaw, D., 412
- Waddell, C. W., 6
- Waitzer, E. J., 4, 296, 298
- Walgreens, 404n. 3
- Walker, R., 339
- Walmart, 391n. 1, 404n. 3
- Ward, A., 5
- weather, 133–4
- Webber, D. H., 155, 157
- Weiss, E. J., 146–7
- Welch, J., 406–7
- welfare interests of beneficiaries, 306–7
- Welfare Reform and Pensions Act (1999), 36
- Wellcome Trust, 318
- Weller, C. E., 6
- Westlund, J., 256n. 4
- White, C. D., 120
- Williams, A., 116–17, 127, 291–2, 303
- Wong, S. C. Y., 314
- Wood, D., 425
- Wood, D. J., 453
- Woolley, P., 26

Cambridge University Press

978-1-107-03587-4 - Cambridge Handbook of Institutional Investment and Fiduciary Duty

Edited by James P. Hawley, Andreas G. F. Hoepner, Keith L. Johnson, Joakim Sandberg and Edward J. Waitzer

Index

[More information](#)

worker-owned enterprises, 107–8

World Economic Forum, 97, 467

WorldCom, 313–14, 435

Yablonski, J., Sr., 23n. 12

Youngdahl, J., 4, 289–90

Zadek, S., 295

Zanglein, J., 4

Zelinsky, E., 120

Zeume, S., 5, 185, 188–9, 196

Zingg, A., 43

Zur, E., 433