

## 7<sup>th</sup> World Pensions Forum held in Paris: SDG-Driven LT Investment and the Firm of the Future

The 7<sup>th</sup> World Pensions Forum was held 22-23 March at the École Nationale des Beaux-Arts, a cradle of modern European culture. 120 pension executives and board members representing more than \$10 trillion in combined wealth convened in Paris to discuss the regulatory and governance impact of changing financial technologies and the advancement of the Equitable Growth for All agenda we have advocated over the last decade on behalf of pensioners and employees. The Forum was pleased to note that some of our ideas were taken up by the European Commission and the Canadian presidency of the G7 Summit.



**M. NICOLAS J. FIRZLI IS DIRECTOR-GENERAL AND HEAD OF RESEARCH OF THE WORLD PENSIONS COUNCIL (WPC)**, the association of retirement, social security and pension reserve funds, Co-Chair of the World Pensions Forum (WPF) and Advisory Board Member of the World Bank Group Global Infrastructure Facility (GIF).



**DAVID WEEKS IS CO-CHAIR OF THE UK'S ASSOCIATION OF MEMBER NOMINATED TRUSTEES (AMNT)**. He is also a director of a pension scheme sponsored by a leading UK PLC in the field of engineering services.

**T**he need for accountability and measurable metrics was an overriding theme across many roundtables – it also informed the opening plenary speech delivered via video-link (snowstorm oblige) by **Joaquim V. Levy**, Chief Financial Officer & Managing Director, **World Bank Group**: “When it comes to long-term financing and economic development, strong metrics, with rigorous plans of investment and allocations according with countries’ needs and capacity are essential.” **Bertrand de Mazières**, Director General of Finance, **European Investment Bank**, concurred, insisting on the pioneering role played by the Bank in the field of sustainable finance – notably regarding “green bonds.” ... More generally, the Sustainable Development Goals (SDGs) can inform all financial investments across asset classes if we, collectively, in the spirit of the *Laudato*

*sí* encyclical, are to “act as better stewards of our shared Earth”.

### REAL IMPACT AND ASSET TAXONOMY ALIGNED WITH THE SDGS

As argued first by US expert **Lauren Burnhill**, then Investment Committee Member, **Calvert Impact Capital**, Britain’s **David Weeks**, Co-Chair, **Association of Member Nominated Trustees** and France’s **Nicolas J. Firzli**, Director-General, **World Pensions Council**, in order to unlock more private sector capital in a meaningful way across fixed income, listed equity, private markets and mutual funds, policy makers and regulators need to step up and improve emerging industry standards for impact measurement, helping define more rigorously the economic activities/assets which truly qualify as sustainable.<sup>1</sup>

We have advocated such a forceful legal and regulatory clarification

for years and were thus delighted to see the **European Commission** announce it would soon introduce **EU Legislations on Financing Sustainable Growth** allowing “the EU financial sector to lead the way to a greener and cleaner economy”<sup>2</sup>, thus finally adopting the unified classi-

fication system we’ve been calling for... Pension funds, and, more particularly, their board members, need to be empowered to make the right investment decisions, using modern metrics that incorporate sustainability risks: speaking at the WPC forum, **David Farrar**, Senior Policy



(Left to right) 1<sup>st</sup> row: Roelof van der Struijk, PGGM; 2<sup>nd</sup> row: Samir B. Tekaya, British Columbia IMC, David Weeks, AMNT; 3<sup>rd</sup> row: Lucas Calleja, British Airways Pension Scheme, David Farrar, Department of Work and Pensions (DWP); 5<sup>th</sup> row: M.-L. Mai, BNP Paribas Asset Management, Bertrand de Mazières, European Investment Bank (EIB)

Adviser, UK **Department for Work and Pensions (DWP)**, announced that HM Government aims to consult on trustee ESG reporting in the summer of 2018, the first such precedent in an **OECD** member-state.

Of course, ESG-informed capital deployment needs sophisticated indices that incorporate dynamically a wide range of sustainability parameters, as explained by **Aled Jones**, Head of Sustainable Investing, Europe, **FTSE Russell**, the global provider of financial benchmarks and data analytics, a unit of **London Stock Exchange Group (LSEG)**. The “thirst for reliable ESG data” and need for active engagement in relation to “the exercise of ownership rights” was also stressed by experts in the field led by **Philippe Desfossés**, CEO, France’s **Public Service Supplementary Pension (ERAFP)**, Dr. **Alfred Slager**, Prof. of Finance & Innovation, **TIAS**, Board Member, **Stichting Pensioen-Fonds voor Huisartsen (SPH)** and **Iain Richards**, Head of Responsible Investment (EMEA), **Columbia Threadneedle Investments** – who spoke eloquently about the need to develop and integrate internally key know-hows, including financial economics, corporate governance procedures and policies and civil law.

### FINANCIAL TRANSFORMATION, PRIVATE MARKETS AND THE FIRM OF THE FUTURE

Speakers took stock of the Schumpeterian revolution transforming financial markets and the relationship between private sector and state actors: **Gert Dijkstra**, Senior Managing Director, **APG**, Councilman **Andrien Meyers**, Head of Treasury and Pensions, **London Borough of Lambeth** and **Olivier Rousseau**, MEB, France’s **Pension Reserve Fund (FRR)** discussed

the implications for the “long-term investment ethos”, whilst **Stephane Blanchoz**, Head of SME Advanced Solutions, **BNP Paribas Asset Management**, spoke of the transformation of SME lending into “an asset class in its own right” at a time when more European pension investors are eager to invest on both sides of the balance sheet.

Speaking on the sidelines of the conference, **Guan Seng Khoo**, frmr. Head of ERM/GRC, **Alberta Investment Management Corporation**, cofounder of the **Singapore Centre for Financial Engineering** at Nanyang Tech University said: “the volume, variety and velocity of data is unprecedented, its territory uncharted – it could transform every business.” Forum panelists **Florence Fontan**, Head of Asset Owners, **BNP Paribas Securities Services**, **Roelof van der Struik**, Treasury, **PGGM**, Board Member, **International Sec. Lending Association** and **Meryam Omi**, Head of Sustainability & Responsible Investment Strategy, **LGIM**, agreed on the centrality of data gathering/analysis/utilisation for asset owners and asset managers alike: in many ways, “this will define the [financial] firm of the future.”

### GLOBAL EMPOWERMENT FROM WALL STREET TO BAY STREET

**Suzanne P. Bishopric** who pioneered the empowerment of women on Wall Street as Director of Investment Management, **United Nations Joint Staff Pension Fund**, reminded the audience that “women are dangerously short of income in retirement, yet face longer years of disability than men.” Experts present at the Forum concurred, insisting that oft-delayed reforms cannot be postponed any longer: the time has come for effective gender equality “from plant floors to boardrooms”, to use the title of the WPC roundtable led



(Left to right): Roelof van der Struik, PGGM, Nick Silver, CBI, Meryam Omi, Legal & General Investment Management, Florence Fontan, BNP Paribas Securities Services and David Weeks, AMNT

by **Sandra Wolf**, Editor, **FT Pensions Expert**, Dr. **Zara Nanu**, Chief Executive, **Gapsquare**, Europe’s leading gender pay-gap data analysis platform, **Henrietta Branwell**, Chair of Britain’s **Equity Pension Scheme** for Actors and Members of the Performing Arts and **Robin Matusow**, social activist & disability educational expert, **Miami Dade County**.

Some of the ideas advanced by Nicolas J. Firzli, **World Pensions Council**, and **Josh Franzel**, President, **US Center for State and Local Government Excellence**, at the 2018 World Pensions Forum and the 2017 Advisory Council Meeting<sup>3</sup> of the World Bank **Global Infrastructure Facility** – notably about extending our efforts in favor of women’s empowerment within the financial industry itself, infrastructure investment in emerging markets and climate change mitigation – were taken up by the Canadian presidency of the **G7 Summit**: PM **Justin Trudeau**’s government announced the establishment of a new ‘Global Development Initiative’ with support from some of the world’s leading pension funds – including **Michael Sabia**, Chief Executive Officer, **Caisse de Dépôt et Placement du Québec** and **Ron Mock**, CEO, **Ontario Teachers’ Pension Plan** (Toronto, June 6 2018). Empowerment may also soon become the order of the day for the modern DC and cross-border arrangements that could define the “corpo-

rate retirement plan of the future”: the Rt Hon. **Nick Sherry**, the first **Australian Minister for Superannuation** and **Christian Lemaire**, Global Head of Retirement Solutions, **Amundi**, discussed current market capabilities and prospective pathways in light of rapid regulatory and technological change in Europe and the Asia-Pacific area with Prof. **Hans van Meerten**, Intl. & European Law expert, **Utrecht University** and **Steven Hull**, Partner, Pensions, **Eversheds Sutherland** in a thought provoking session that led to lively debates.

Nicolas Firzli, **Vincent Bazi**, President, **World Pensions Council**, **JP Maureau**, President, **CILT**, and Hank Kim, **US National Conference on Public Employee Retirement Systems (NCPERS)**, thanked the participants and announced that the **8<sup>th</sup> World Pensions Forum** would be held in Brussels in May 2019 with EU policy makers and **W. Jean J. Kwon**, Director of Research, **International Insurance Society**, chairing a special session on ‘The Financial Industry in Transition to the Cyber-Physical World’ ■

(1) M. Nicolas J. Firzli “G20 Nations Shifting the Trillions: Impact Investing, Green Infrastructure and Inclusive Growth” *Revue Analyse financière*, N° 64 (Q3 2017)

(2) EU Commission Legislative Proposals on Sustainable Finance, Brussels, 24 May 2018 [http://europa.eu/rapid/press-release\\_IP-18-3729\\_en.htm?locale=en](http://europa.eu/rapid/press-release_IP-18-3729_en.htm?locale=en)

(3) cf. Firzli and Franzel in ‘Pension Investment in Emerging and Frontier Markets Infrastructure Assets: Recent Trends, Future Pathways’, *ACM World Bank GIF, Washington DC, April 20, 2017*.