

# Global pensions and ESG: is there a better way?

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# There are a range of sustainability issues to consider



## Pension assets: Scale and influence



- Global asset owners **\$154 trillion**
- Pension funds **\$57 trillion**
- Global economy **\$88 trillion**

Public ESG  
spending commitment  
**\$4 trillion**



Required SDG  
spending  
**\$1 trillion pa**



Global pension asset growth **11-15% pa**

- Shift from DB to DC
- Longer term horizons
- More global investments
- More alternative investments

# Why pension funds invest in ESG?



- Manage risk
- Exploit opportunities



- Fiduciary duty
- Industry expectations



- Leader vs laggard

# Pension assets:

Climate change 'deep dive'

## Climate change risk

### Financial risk & opportunity



Pension assets' primary purpose is to generate superior risk-adjusted returns for end savers

# Pension assets: Role of asset managers



Pension funds' engagement with asset managers



Transactional



Longer time horizon

Better aligned incentives

Stronger voice from the top

Enhanced stewardship capabilities



Strategic

# Pension assets & ESG:

Is there a better way?



Culture



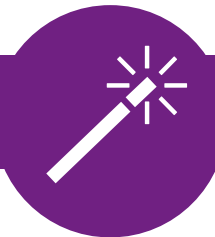
Time horizon



Capabilities



Operating model



Transformational change