



Summary of the 5th Global Asset Owners' Forum

The 5th Global Asset Owners' Forum was convened by GPIF on March 4, 2019, in Washington D.C.

The asset owners represented at the Forum included:

GPIF* – Japan

CalPERS* – USA

CalSTRS* – USA

World Bank (host) – USA

Florida State Board of Administration – USA

New York State Common Retirement Fund – USA

British Columbia Investment Management Corporation – Canada

Ontario Teachers' Pension Plan – Canada

APG – The Netherlands

PGGM – The Netherlands

*Three asset owners are organizers of the Forum.

1) Sustainable Development Goals (SDGs) – Participants described their views on the SDGs

The group believes the SDGs are gaining momentum. Forum participants are at various stages of integration. Some of the Dutch funds have integrated the SDGs into their responsible investment policy and are investing in opportunities that clearly link to the SDGs. Other investors continue to evaluate implementation to determine how the SDGs might fit within their existing investment mandates. Some investors raised challenges related to the perception of the SDGs - some internal staff do not generally understand the SDGs. Investors believe it is important to discuss the SDGs in the context of long-term investing and the expectation that future sustainable development will impact long-term investment risks and opportunities.

The group raised the need for additional investments in developing countries to satisfy the SDGs. Some investors indicated that infrastructure investments in the middle to lower income countries are typically less risky. They raised that risk is easier to measure in developed countries versus developing countries.

The World Bank provided an overview of how the SDGs were established and how their organization supports the SDGs which includes developing a framework for financing the SDGs.

2) **Climate Action 100+ (CA100+) Update – Participants shared their views on the Initiative**

CA100+ company engagements are well underway - total of 161 companies are being engaged across the globe. The purpose of the Initiative is to engage portfolio companies to 1) improve governance of climate-related risks and opportunities, 2) curb GHG emissions, and 3) strengthen climate-related financial disclosures.

3) **Task Force on Climate-related Financial Disclosure (TCFD) Framework – Participants shared their views on the TCFD framework**

The group agreed that portfolio companies have generally responded favorably to the TCFD framework. Investors believe the “metrics and targets” section of the TCFD framework is the most challenging section for companies to address as companies have expressed concerns with potential legal ramifications. The group agreed that investor alignment and consistent messaging is important concerning sustainability reporting frameworks.

4) **Sustainable Accounting Board Standards (SASB) – Participants shared their views on SASB**

The group believes SASB's sector standards are relevant to all investors - noted that the Standards seem to have more of a U.S. perspective. Investors find SASB's materiality map to be useful as it helps identify what is material for each sector. The group is encouraged to see SASB has moved away from mandating disclosure in the financial statements. Investors raised concerns with SASB not including governance in their Standards. Investors hope to encourage SASB to include governance and compensation in their Standards.

5) **GPIF's Research Project on Asset Managers Compensation – GPIF shared insights on their research**

GPIF hired a consultant to survey its external asset managers and evaluate incentive structures of executives and stewardship teams. Preliminary results suggest that alignment between asset owners and asset managers could be improved with greater emphasis on longer-term incentive periods.

The attendees at the Forum unanimously agreed to release a summary of discussions on the Chatham House Rules basis.

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