



17 June 2022

[Summary of the World Pension Alliance Sustainable Finance Paper 2022](#)

Action required:

For your information.

In the 2022 Sustainable Finance Paper of the World Pension Alliance (WPA):

- The World Pension Alliance (WPA) Paper on Sustainable Finance provides an analysis on the involvement and initiatives from pension administrations and pension funds in sustainable finance.
- This paper focuses on the five membership regions of the WPA: Australia, Canada, The European Union, Latin America and the United States, and describes the main issues faced by these regions in the integration of social and economic considerations concerning ESG factors, and their efforts to tackle these challenges.
- Despite some regional divergences, the paper highlights that environmental quality, job creation and replacement of ageing infrastructure are at the core of the policy debate in many countries. Capital investment and other financial resources must be deployed to find adequate solutions. Pension funds are perceived as key actors by politicians to address these issues, as they constitute the main source of worldwide capital investment.

Some key points presented in the paper:

- US: The paper provides an historical analysis on pension funds corporate governance responsibilities and the use of private pension fund assets for broader social objectives that began in the 1970s in the USA.
- Canada: The regulatory landscape around obligations and sustainable investment within the Canadian pension industry remains relatively broad, but this is expected to shift in the near- to medium-term. The legal standard of fiduciary obligation is long-standing in Canada and is embedded within common, corporate, and financial services law. Recent consultations, policy work and scientific papers have focused on possible ESG integration into the Canadian financial system.
- Europe: The paper presents different initiatives that are taking place at the European level, such as the Corporate Sustainable Reporting Directive, the Taxonomy Regulation, the Sustainable Finance Disclosures Regulation, the corporate sustainability due diligence proposal and the IORP directive. This

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part also describes some developments at the national level, including in the Netherlands, Sweden and Germany.

- Australia: Superannuation funds operate as trusts. Trustees are responsible for the prudential operation of their funds in the formulation and implementation of an investment strategy. In the past years, Australia has conducted several consultations and policy work on this matter, which leads the author to argue that the prudential regulatory regime is expected to be updated in the future.
- Latin America: This part includes examples from Latin America, but also from Spain since FIAP has a Spanish member. The Chilean, Colombian, Mexican, Spanish and Brazilian private pension funds are advancing in the self-regulation of the application of Socially Responsible Investment SRI concepts and ESG factors in investment decision-making. The analysis gives some figures and references to ESG integration by the fund managers and pension funds in the FIAP countries and presents the recent developments in Spain and the region.

Annex:

(Memb note 2022/16; Annex 1)