


Demographic Change and Financial Services: a Short List of Threats – a Long List of Opportunities?

**Working Group G:
Demographic Change and
Frameworks Impacting
Intergenerational Solidarity
in Pension Schemes**

promotion of long-term sustainable outperformance

within current frameworks

positive or negative (current or future) frameworks for intergenerational solidarity

pension funds

- pension funds as “ideal sustainable owners”
- pension schemes could lower population growth
- differentiation in communication to pension clients
- financial outperformance in the long term
- sustainable investments in all asset classes
(no short-term investments)
- positive / negative screening activities
- % of Sustainability investments up to 100%
- mainstreaming
- Engagement activities

fiduciary duty to consider Sustainability issues
obligation to report Sustainability Investments
obligation to disclose exercising of voting rights
annual accounting of guaranteed income
obligation to investment X% in sustainable assets

investee companies

multiple dividends for long-term / Sustainability investors
multiple voting rights for long-term / Sustainability investors
tax relief for long-term / Sustainability investors

positive economic impact of reporting (frameworks) and managing SD-KPIs

broadening intersection of Corporate Governance & Sustainability Management

Hesse's 5 Theses

Thesis	Question	Remark
<p>Thesis 1: Pension funds can be called “ideal sustainable owners”, as companies are interested in long-term investors, and long-term investments match the also long-term task of sustainable development.</p>	<p>How can the beneficial effect of pension funds on the behavior of companies influence intergenerational solidarity in practice? Where is the mechanism?</p>	
<p>Thesis 2: Global population growth is the most important sustainability challenge of demographic change. The provision of pension schemes could lower this growth.</p>	<p>Where is the mechanism of reduction of global population growth via pension schemes? How does this work? Examples?</p>	
<p>Thesis 3: Broadening intersection of (Good) Corporate Governance & Sustainability Management / Investments in Investee Companies</p>	<p>What “reforms” would be required at pension fund level to promote intergenerational solidarity?</p>	
<p>Thesis 4: “Sustainable Development Key Performance Indicators” (SD-KPIs) Impact Intergenerational Solidarity (in Pension Schemes) Investments are essential for good corporate governance</p>	<p>How can these principles be transformed in obligatory ones? Where are the obstacles?</p>	
<p>Thesis 5: Are SD-KPIs actually used? Yes, but not yet in a focused approach.</p>	<p>Will the introduction of SD-KPIs implement a new understanding of intergenerational solidarity emerge in society (bottom-up) or are other strong frameworks (regulations, incentives) required (top-down) to define the responsibilities of the different generations?</p>	