



UNJSPF

United Nations Joint
Staff Pension Fund

OFFICE OF INVESTMENT
MANAGEMENT

Sustainable Investing for Institutional Investors

Moody's Climate Week Briefing 2018

EPPO FAO IAEA ICGEB ICCROM ICAO ICC IFAD ILO IMO IOM IPU
ISA ITU ITLOS STL UN UNESCO UNIDO UNWTO WHO WIPO WMO

Introduction: who are we?

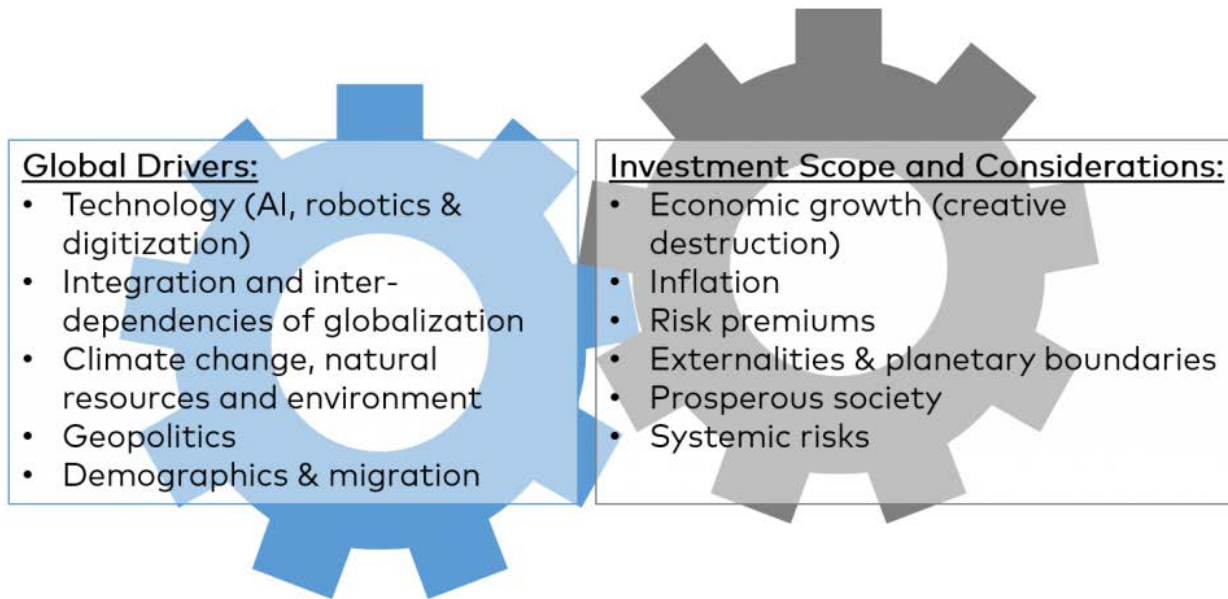
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The United Nations Joint Staff Pension Fund (UNJSPF) is a defined benefit fund established by the General Assembly of the United Nations in 1948, which:

- The Office of Investment Management (OIM) manages a US\$65 billion multi-asset, global investment portfolio, 85% of which is actively managed in-house.
- Invests globally in over 100 countries and regions, and in multiple asset classes (global equities, global fixed income, private equity, real estate, infrastructure, timber, and commodities).
- Entrusted to provide retirement, death, disability and other benefits and related services to its participants, retirees and beneficiaries, currently comprising over 205,000 staff and retirees of the United Nations and 23 other organizations admitted to membership in the Fund.
- Has as a long-term investment return target of 3.5% real annualized in USD terms, which it has to achieve while remaining within approved risk tolerance parameters and meeting investment criteria mandated by the General Assembly.

Why sustainability matters: a world in transition

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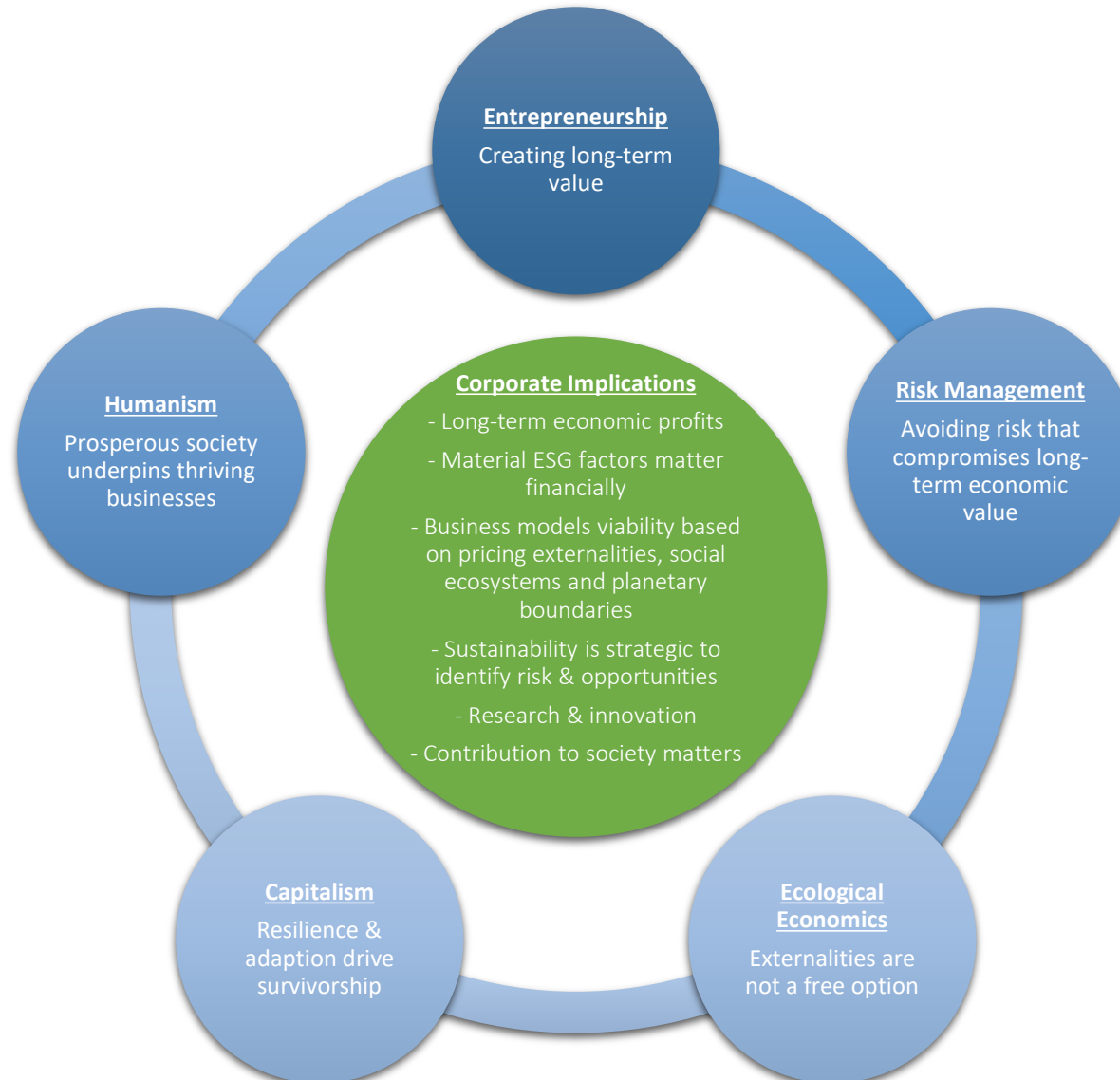


- Unpredictability, nonlinearity, and circularity of cause-and-effect relationships within these systems is a notable departure from the simpler, linear models that underpin traditional management and investment thinking
- Risk management is based on resilience: heterogeneity, redundancy, and modularity – properties that enable systems to withstand and adapt to shocks

The Value(s) of money is undervalued

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- Sustainable investing is not about philanthropy, it is our fiduciary responsibility in order to improve long-term risk/return profile and positive societal impact as an outcome:



Investment Policy Statement

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- The UNJSPF's Investment Policy Statement addresses Environmental, Social and Governance (ESG) concerns by explicitly prohibiting investments in the tobacco and armaments sectors, while it does not mandate divestment in other areas.
- The Fund acknowledges its responsibility to society as part of an international organization committed to social progress by being a founding signatory to the [Principles for Responsible Investment \(PRI\)](#) and its association with the [United Nations Global Compact \(UNGC\)](#) and the [UN Environment Program \(UNEP\) Finance Initiative](#).
- Our Sustainable Investment strategy is aligned with our fiduciary duty and responsibility, which includes material Environmental, Social and Governance (ESG) considerations that are integrated throughout the investment decision making process.

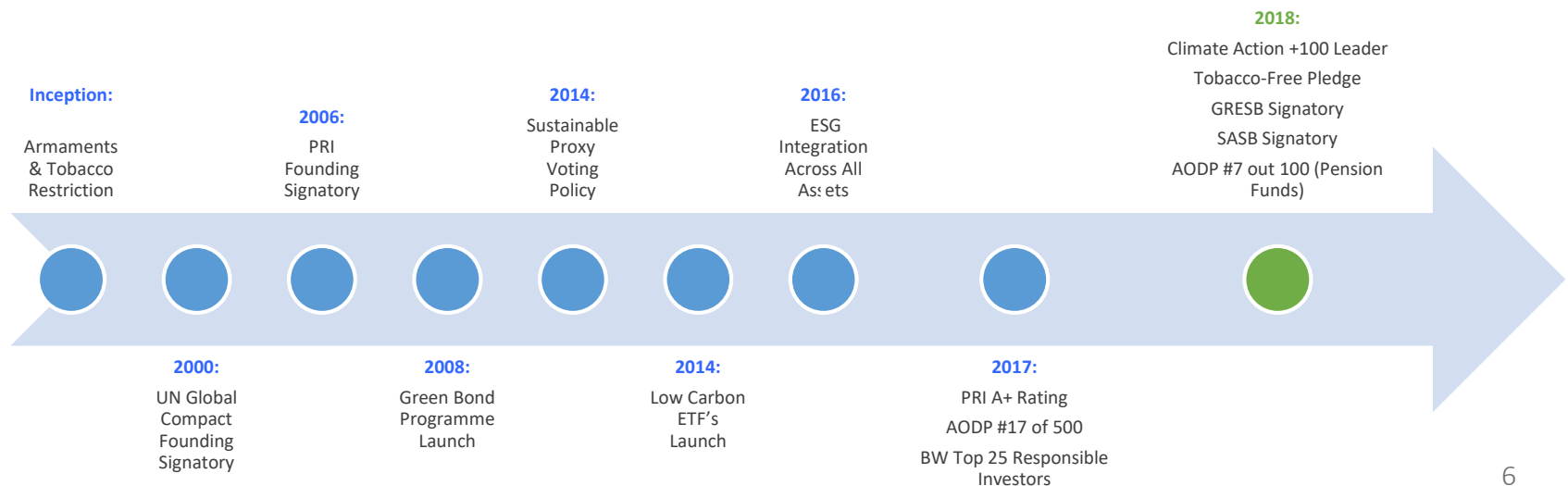


Approach to sustainable investing

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- We believe that portfolios which have integrated material ESG metrics in their investment decision making process have the potential to provide returns that are superior to those of conventional portfolios, while exhibiting lower risk over the long term.
- We started our ESG journey by restricting investments in armaments and tobacco. OIM became a signatory to the PRI in 2006. This was followed by investing in the first Green bonds in 2008, and being the catalyst investor in Low Carbon Exchange Traded Funds in 2014.
- As of 2016, we started to develop an integrated approach to Sustainable Investing.

Timeline of UNJSPF Sustainable Investment Activities



360° Sustainable Integration Feedback Loop



- The UNJSPF holistically integrates ESG metrics into the investment process to provide portfolio managers with better tools to make even better investment decisions
- For internally managed equity and fixed income, we introduced a robust four stage process, tailored around PRI's recommendations
- The UNJSPF external advisors for private markets integrate a comprehensive analysis of ESG issues into their due diligence process

ESG Integration; monitoring, analyzing & reporting

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ESG Universe Radar Screen: Reputational Risk Management & Universe Monitoring



REPRISK®
Putting Environmental
and Social Risk On The Radar

PUBLIC SPHERE

ESG Portfolio Analytics: Snapshot Scoring, Custom Screening, Attribution & Carbon Intensity & Footprint Analysis



MSCI Barra intelligent
Bloomberg arabesque

ESG Company Analytics: Deep-dive Analytics, Scoring & Trend Summary & Qualitative Analysis



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PRIVATE SPHERE

Corporate Engagement: Company Engagement, Record Retention and Proxy Voting (ESG & Controversies)



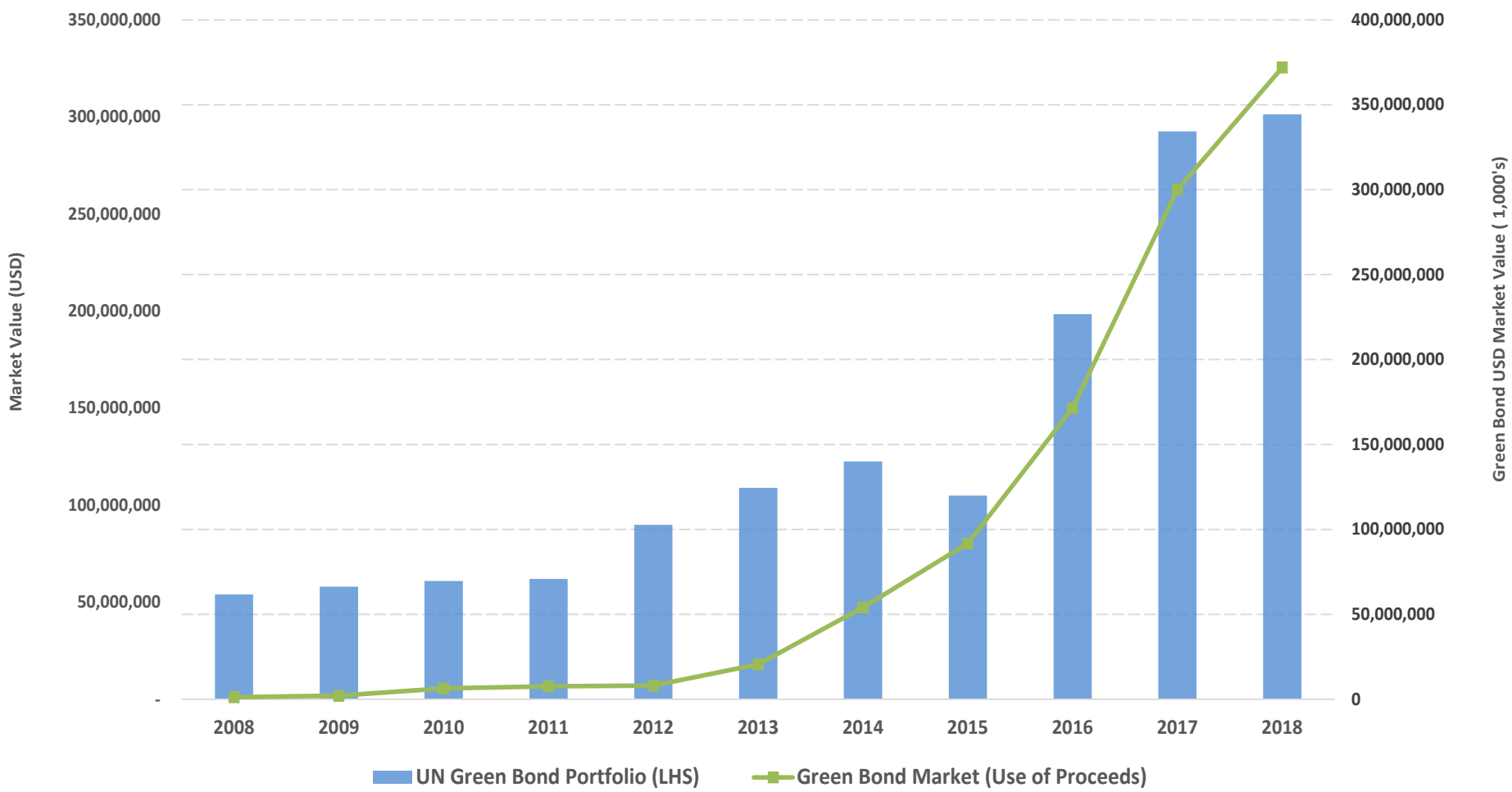
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UNJSPF green bond portfolio growth

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UN Green Bond Portfolio vs. Green Bond Market (*Use of Proceeds)



Source: Bloomberg

*Use of Proceeds = Outstanding – Cumulative Issuance

Engagement through encouragement

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- By deploying an active voting and engagement policy, the Fund can more effectively impart positive sustainable impact and change consistent with our mission
- The UNJSPF adheres to sustainable investment proxy voting guidelines
- Sustainability voting policy seeks to promote sustainable business practices and stewardship that advocates for improving the environment, fair labor practices, non-discrimination, and the protection of human rights
- Sustainability voting policy references internationally recognized sustainability-related initiatives



The Fund is also an active participant in the Asset Owners Disclosure Project (AODP), CERES | Climate Action +100 Initiative, PRI & Bretton Woods II Responsible Asset Allocator Initiative

Our sustainable investment approach has been recognized:

- Awarded an A+ rating for the PRI in 2018
- Ranked number #17 out of 500 investment managers in the 2017 Asset Owners Disclosure Project (AODP)
- Ranked number #7 out of 100 global pension funds in the 2018 Asset Owners Disclosure Project (AODP)
- Recognized as one of the top twenty-five most responsible asset allocators in the Bretton Woods II List for 2017

Sustainable Investing is an imperative, not an option...



Our Approach to Sustainable Investing

As a signatory to the United Nations' Principles of Responsible Investing or PRI, the Office of Investment Management (OIM) incorporates environmental, social and governance (ESG) considerations throughout the investment decision-making process.