

ESG Investing Breakfast Briefing

San Francisco: June 6 | Chicago: June 8 | New York: June 13

Keynote Case Study:

United Nations Joint Staff Pension Fund



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About the UNJSPF

- \$59 billion global pension fund for 23 member organizations
- 200,000 participants in 190 countries (2/3 actives & 1/3 retirees)
- Benefits paid in 15 currencies
- 3.5% real rate of return
- 85% internally managed



ESG is embodied in the values of the UN

| What does ESG mean for the UNJSPF? | | |
|------------------------------------|---------------------------|--|
| Humanitarian Organization | Responsibility to Society | |
| Fiduciary | Best Interest | |
| Armaments & Tobacco | Origins – WWII; WHO | |
| Sustainable Development Goals | Economic/Impact – Win/Win | |

The ESG journey

- Tobacco and armaments exclusion
- Responsible Investments (UN-PRI)
- COP 21 Paris Climate Change
- ESG is incorporated in SDG









How does the UNJSPF implement ESG?

| How does the UN implement ESG? | |
|---|--|
| Founding signatory to the UN supported Principles for Responsible Investing (PRI) | Customized ESG Proxy Policy |
| Armaments & Tobacco | Restrictions on Holdings No Benchmark Adjustments |
| Climate Change | Economic/Environmental Win/Win |
| SDGs | Holistic ESG integration in all asset classes |

The ESG Universe Spectrum

Circa 1960: Tobacco & Defense Exclusion

integration of ESG

decisions.

factors in investment

2013: ESG Proxy Automation ESG risk management Sustainable investment opportunities Higher-impact solutions PHILANTHROPY THEMATIC IMPACT RESPONSIBLE SUSTAINABLE TRADITIONAL Focus on one or Focus on one or a Focus on one or Focus on ESG risks Focus on positive Limited or no focus a cluster of issue cluster of issue areas a cluster of issue ranging from negative environmental and on non-financial where social or areas where social areas where social screening of harmful social outcomes. factors of underlying environmental need or environmental or environmental products to a wide through investment investments. creates a commercial need requires some need requires 100% consideration and selection, portfolio financial trade-off.

2014: Low Carbon ETFs/Green Bonds

growth opportunity

market-beating returns.

for market-rate or

Source: Bridge Ventures, DBAM

UNJSPF ESG Scope

management and

engagement.

investment committee

Conflicts with Fiduciary Responsibility

financial trade-off.

Internally Managed Equity

- No coal investments in United States
- Not divesting
- A seat at the table
- Engagement through encouragement
- Proxy Voting Policy includes ESG



Our ESG toolbox

ESG Universe Radar Screen: Reputational Risk Management & Universe Monitoring MSCI Barra ESG Portfolio Analytics: Snapshot Scoring, Custom Screening, Attribution & Carbon Intensity & **Footprint Analysis Bloomberg** MSCI ESG MANAGER ESG Company Analytics: Deep-dive Analytics, Scoring & Trend Summary & Qualitative Analysis **Bloomberg** MSCI ESG MANAGER Corporate Engagement: Company Engagement, Record Retention and Proxy Voting **ISS** (ESG & Controversies)

Carbon Footprint Measurement

- Measuring carbon footprint of internally managed equity
- Not disclosing carbon footprint yet
 - Measurement disclosure not standardized yet
 - Tested measurement services of several providers
 - Measurement methodology not consistent
- Not managing to a carbon footprint target
- Carbon Footprint lighter than MSCI ACWI



Externally Managed Equities

- Low Carbon ETFs
- Low Carbon ACWI developed by MSCI
- LOWC State Street Global Advisors
- CRBN BlackRock
- Two full years of performance data
- Tracking closely
- Using our influence enabling retail investors to participate



Fixed Income

- Green Bonds
 - Must be competitively priced
 - Demand exceeds supply
 - Increased supply on the horizon



Private Equity

- Externally managed funds
- Many fund managers provide ESG reports and have dedicated ESG staff
- Funds include renewables in Africa & Central America



Real Assets

- Externally managed funds
- Funds include Leed and Breeam certified buildings
- Funds include renewables in Africa, Central America, Latin America, Europe and U.S.



Together, we can make a difference!

- ESG alignment with fiduciary responsibility
- ESG is a relevant investment factor
- Incorporating ESG improves L-T risk/return profile
- Holistic ESG integration makes sense
- Win/Win: Economics & Sustainability
- Most investors call it ESG
- Most policy makers call it SDG
- They are inherently aligned.





AODP GLOBAL CLIMATE 500 ASSET OWNERS INDEX

UNJSPF receives AAA rating for climate change from AODP

The UN Joint Staff Pension Fund received a 2017 rating of AAA from the Asset Owners Disclosure Project (AODP) for incorporating climate change considerations in its investments. AAA is the highest rating. AODP rated 500 asset owners globally, and only 17 of them were rated AAA. The UN Joint Staff Pension Fund is rated #17 among all of the asset owners who were rated this year. Last year, the Fund was at #20, with a rating of AA.