

Our Approach to Sustainable Investing

The UN General Assembly has mandated the Secretary-General (most recently in its Resolution A/RES/72/262 of 24 December 2017), as fiduciary for the investment of the assets of the UNJSPF, to ensure that decisions concerning investments “[take] fully into account the four main criteria for investment, namely safety, profitability, liquidity and convertibility”.

As a matter of general public disclosure policy, the UNJSPF does not comment on specific investments. However, we wish to highlight that 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.

The Fund believes 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.

The UNJSPF’s Investment Policy Statement (IPS) addresses ESG concerns by explicitly prohibiting investments in the tobacco and armaments sectors, while it does not mandate divestment in other areas. By deploying an active voting and engagement policy which supports NGO initiatives and communities, the Fund can more effectively impact positive and sustainable change consistent with our mission. The Fund believes in an effective dialogue with company management in order to affect corporate behavior and advocate for better outcomes. This encouragement and engagement policy does not mean that the Fund may never reach the conclusion to divest, but such decisions would be based on a comprehensive approach. Our experience is that this approach can take time, is not always easy, but is more effective in the long term.

The Fund acknowledges its responsibility to society as part of an international organization committed to social progress by being a founding signatory to the UN Principles for Responsible Investment (PRI) and its association with the United Nations Global Compact (UNGC) and the UN Environment Program (UNEP) Finance Initiative. The Fund is also an active participant amongst others in the Asset Owners Disclosure Project (AODP), CERES and the Climate Action +100 Initiative.

The UNJSPF adheres to ESG aware proxy voting guidelines (see below):

<https://www.issgovernance.com/file/policy/2017-sustainability-us-voting-guidelines.pdf>

<https://www.issgovernance.com/file/policy/2017-sustainability-international-voting-guidelines.pdf>

The above guidelines integrate best practices derived from the UN Global Compact (see below):

<https://www.unglobalcompact.org/library/1861>