

## **ESG Investing Breakfast Briefing**

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

# KEY NOTE CASE STUDY UNJSPF

Speakers: Carol Boykin, RSG, UNJSPF Herman Bril, Director, UNJSPF



#### 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

RAI CONFERENCES

ESG Investing

Circa 1960: Tobacco & Defense Exclusion 2014: Low Carbon ETFs/Green Bonds 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. growth opportunity financial trade-off. integration of ESG management and for market-rate or investment committee factors in investment market-beating returns. decisions. engagement. Source: Bridge Ventures, DBAM Conflicts with Fiduciary Responsibility **UNJSPF ESG Scope** 

## 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 **REPRISK** MSCI Barra ESG Portfolio Analytics: Snapshot Scoring, Custom Screening, Attribution & Carbon Intensity & Footprint Analysis Bloomberg MSCI SESS 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) CORPORATE SOLUTIONS

## 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.



"Climate action is gathering momentum not just because it is a necessity but also cecause it presents an opportunity to forge a peaceful and sustainable future on a healthy planet" António Guterres



#### **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.