ANNUAL REPORT

2019

UNJSPF

United Nations Joint Staff Pension Fund

CONTENTS

INTRODUCTION

Message from the Chief Executive of Pension Administration

As I assumed my new role as Chief Executive of Pension Administration on 1 January 2020, I bring to the position over 30 years of progressively responsible experience in pension administration and management, and I am excited to apply my knowledge and expertise to the continued modernization of this Pension Fund's operations.

One of my first priorities was to define a new strategy for the Pension Administration, and I have done so with the support of the Fund's staff and senior management and by consulting key stakeholders.

I am glad that the strategy has gained wide support, including by the Pension Board at its 67th session in July 2020.

Our new strategy is a three-year plan aiming to transform the way the Fund operates, increasing efficiency and establishing a more dexterous workplace. At the center of the strategy is a vision of a service-oriented pension fund, which provides outstanding, high quality services to our member organizations, participants, and beneficiaries, wherever they may be located. Supporting this vision, the Pension Administration has identified three strategic pillars: first, to simplify the client experience; second, to modernize pension services; and third, to develop a strong global partnership network.

Currently, COVID-19 has quick-started the modernization process, but let me provide you, before turning to the impact of the COVID-19 situation on the Fund, with two important pieces of information.

First, a key outcome of the Pension Board 2020 session is the confirmation that the Fund remains in very good financial health. The latest actuarial valuation as of 31 December 2019 revealed a small surplus of 0.5% of pensionable remuneration, well within the margin of +/-2% of pensionable remuneration recommended by the Fund's consulting actuary, which shows that the Fund is very close to actuarial balance and is considered to be well funded.

That means that our pensions are safe for the future and this has not changed in spite of the turbulent markets in the first months of 2020. The value of the assets is higher today than it was at the end of 2019, when it had already reached an all-time high of $72 billion dollars.

Secondly, the Fund continues to improve its operational performance. Year to date, over 90% of the new separation benefits were processed within 15 business days of receipt of complete separation documents, thereby exceeding the Fund's benchmark of 75%. The average processing of initial separation benefits for 2019 was 88.3%, so this year is the best result since the implementation of the Integrated Pension Administration System in 2015.

This means that our performance has been kept at a high level, despite the challenges

brought by general telecommuting required from March 2020 by the COVID-19 situation. Pension payrolls have been paid remotely without any delay. This is particularly noteworthy for April since it included the 2020 Cost of Living Adjustment (COLA), which added complexity.

The Fund started accepting separation documents in digital format, as COVID-19 led to postal disruption hence making reception of paper documents uncertain. The Fund has continued to provide outreach and direct client support, via its Call Center and in writing, remotely and without interruption, within the Fund's benchmark.

Over these past months, the Fund has clearly demonstrated a new agility and learning culture in implementing the structural and operational changes to ensure business continuity during this period.

As a matter of fact, the response to COVID-19 has further highlighted the need for paperless processes, without compromising the integrity of our controls.

We have also successfully tested a digital certificate of entitlement with FAO and WFP participants and retirees as test users. This service will considerably simplify the interaction between the Fund and its retirees and beneficiaries, and it will be proposed as an option in 2021.

As we move forward, we are committed to operational excellence in line with the growth in the number of our participants, retirees and beneficiaries. As we embrace modernization in our communications and technology, fed by data analysis, we move towards a more responsive organization, better equipped to fulfil our commitment to you.

Rosemarie McClean

Chief Executive of Pension Administration


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KEY STATISTICS

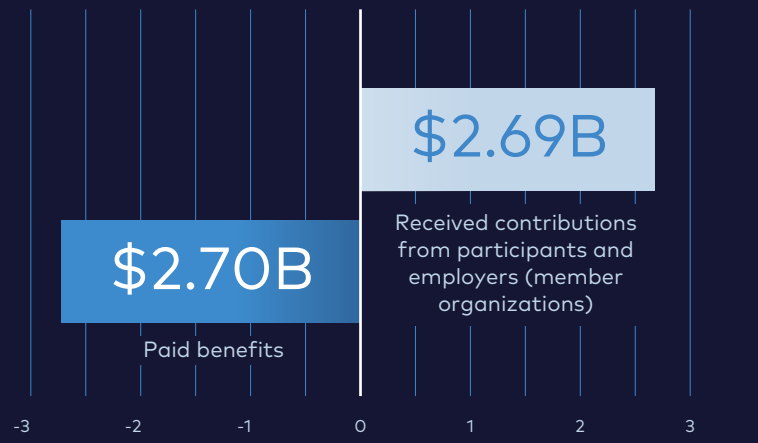
As of December 31, 2019

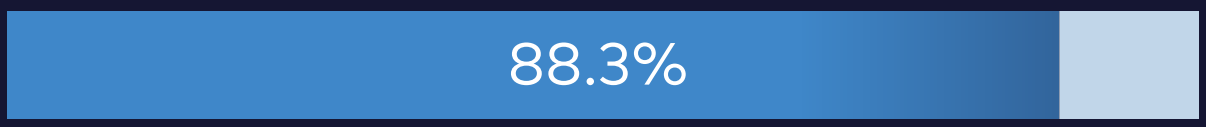
131,583

PARTICIPANTS

79,975

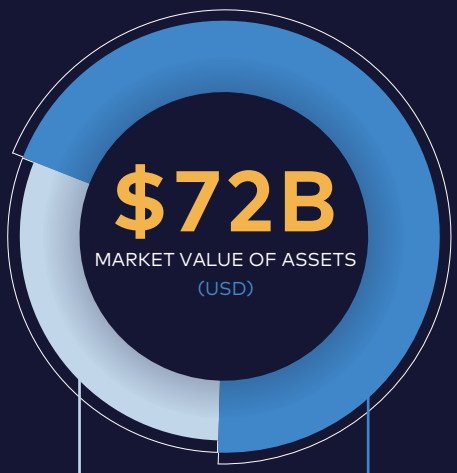
BENEFICIARIES





Percentage of initial benefit entitlement cases being processed within 15 business days

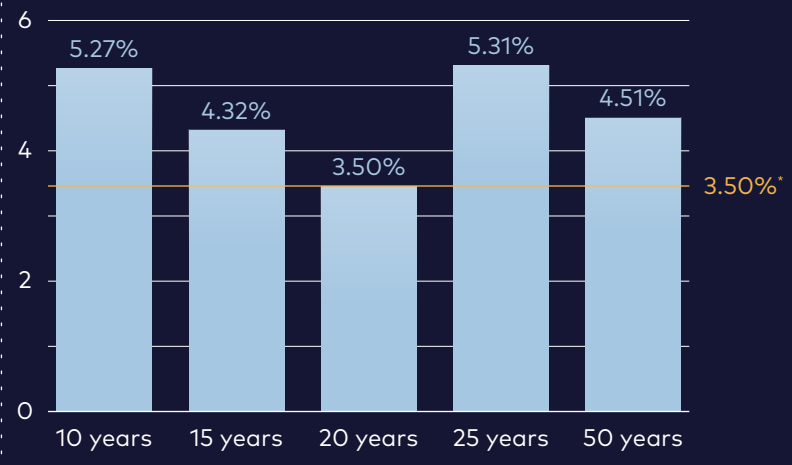
Investment Performance



33 CURRENCIES

Other $22B USD $50B

LONG TERM INVESTMENT OBJECTIVE

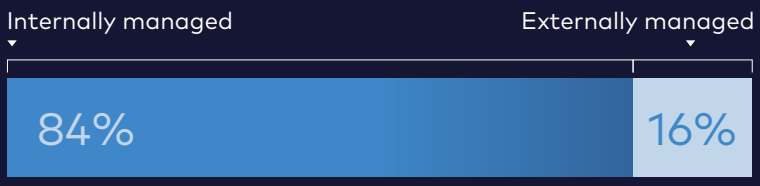


**The actuarial required long-term real rate of return in US Dollars.*

INVESTMENTS ACROSS

109

COUNTRIES/REGIONS



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About the UNJSPF


International
Labour
Organization
EMERGENCY
EMPLOYMENT
WORK
to better life

ABOUT THE UNJSPF

The United Nations Joint Staff Pension Fund (UNJSPF) was established by the General Assembly of the United Nations in 1949 to provide retirement, death, disability, and related benefits for staff upon cessation of their services with the United Nations and 23 member organizations.

The defined benefit lifetime pension plan provided by the UNJSPF to staff and their survivors is an important component of the UN Common System employee value proposition. The Fund has offices in New York and Geneva, as well liaison offices in Nairobi and Bangkok.

General Overview

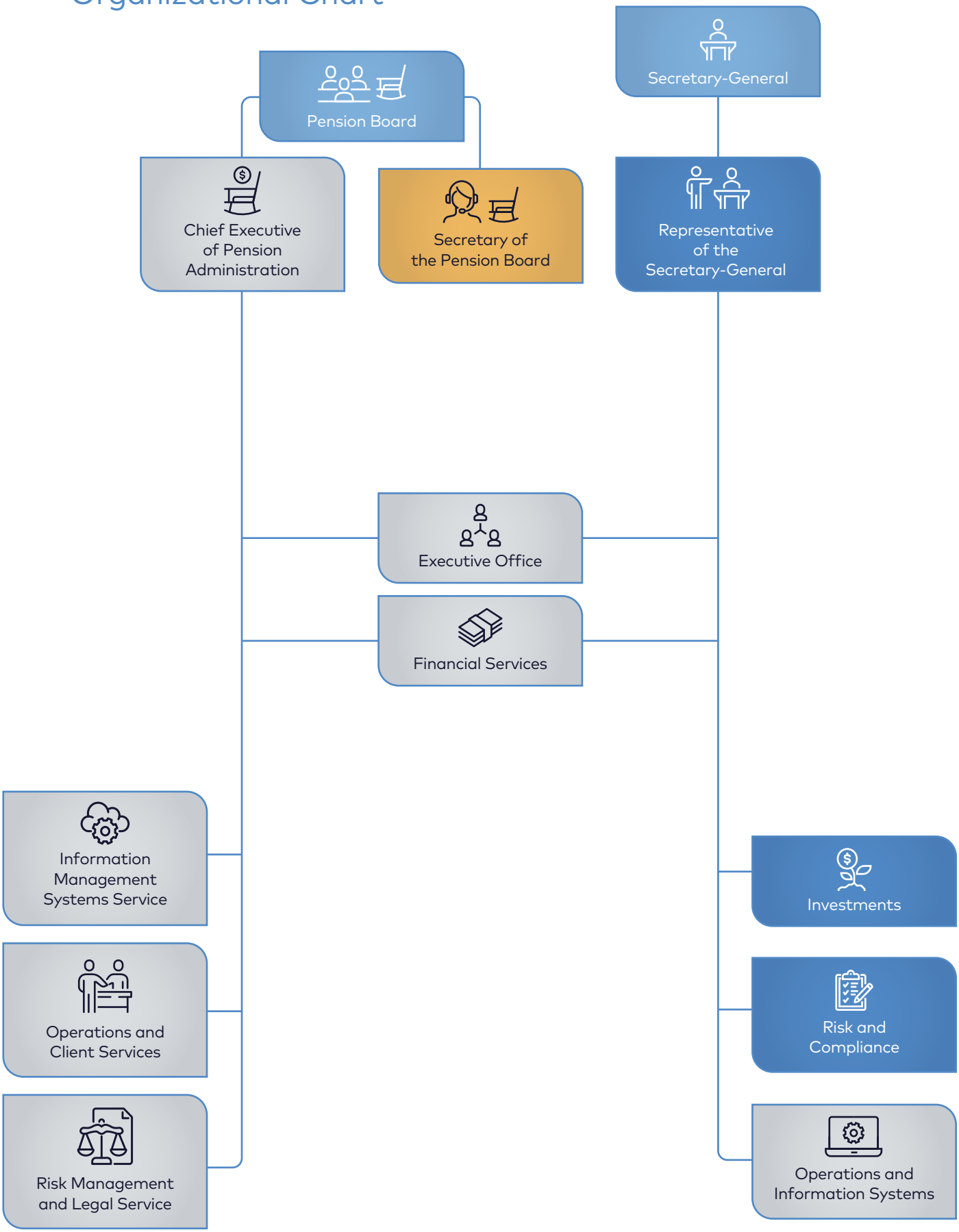
The Fund has a bifurcated organizational structure:

The **Chief Executive of Pension Administration** manages pension administration matters and reports to the Pension Board.

The United Nations Secretary-General is responsible for the investment of the assets of the Fund. Investments are managed by the **Office of Investment Management (OIM)**, which reports to the Secretary-General through his Representative for the investment of the assets of the Fund.

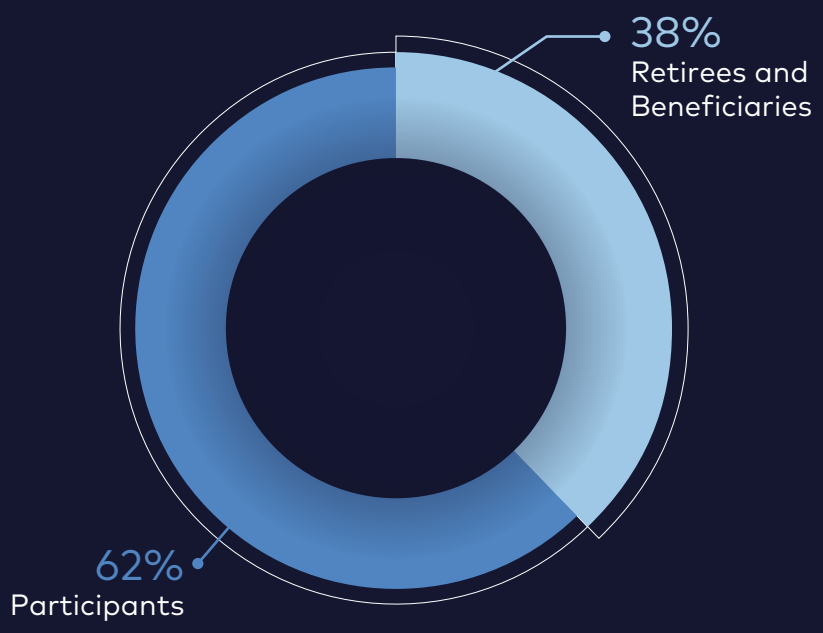
Additionally, the position of Secretary of the Pension Board was created by the United Nations General Assembly (UNGA) in 2018 and reports to the Pension Board.

Organizational Chart



Participation and Benefits

RATIO OF PARTICIPANTS TO RETIREES AND BENEFICIARIES



PARTICIPATION

Staff members of each member organization with an appointment of six months or longer become participants in the Fund. Each month, a percentage of the participant's pensionable remuneration is paid to the Fund, and the employing organization pays double the amount as its share of the contributions.

DEFINED BENEFIT PLAN

When a monthly payment option is selected by a participant, the Fund guarantees such payment, defined by a formula using service and pensionable remuneration. Therefore, benefits are not dependent on investment return or longevity. Risks are assumed by the member organizations and shared by participants through the level of contributions paid to the Fund.

RETIREMENT, DEATH, AND DISABILITY BENEFITS

Participants in the UNJSPF vest after five years of participation. In the event of death or disability, vesting is immediate. When they leave their employing organization, participants can opt for a withdrawal settlement (lump sum) or, if they have more than five years of service, a periodic benefit. Children under the age of 21, disabled children and surviving spouses are also eligible to receive benefits.


G.O.S
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Member Organizations

As of 31 December 2019, the member organizations of the Fund are the following:

Member Organizations		Number of Participants	Years of Admission
United Nations	UN	85,363	1949
Food and Agriculture Organization	FAO	11,760*	1950
World Health Organization	WHO	11,056	1949
International Organization for Migration	IOM	6,897	2007
International Labour Organization	ILO	3,939	1953
International Atomic Energy Agency	IAEA	2,802	1958
United Nations Educational Scientic and Cultural Organization	UNESCO	2,539	1951
International Criminal Court	ICC	1,230	2004
World Intellectual Property Organization	WIPO	1,216	1977
International Civil Aviation Organization	ICAO	761	1951
International Telecommunication Union	ITU	748	1960
United Nations Industrial Development Organization	UNIDO	712	1986
International Fund for Agricultural Development	IFAD	612	1977
Special Tribunal for Lebanon	STL	449	2009
World Meteorological Organization	WMO	374	1952
International Maritime Organization	IMO	365	1959
Comprehensive Nuclear-Test Ban Treaty Organization	CTBTO	300	2019
International Centre for Genetic Engineering and Biotechnology	ICGEB	175	1996
United Nations World Tourism Organization	UNWTO	89	1996
Inter-Parliamentary Union	IPU	47	2005
International Centre for the Study of Preservation and the Restoration of Cultural Property	ICCROM	45	1981
International Seabed Authority	ISA	43	1998
International Tribunal for the Law of the Sea	ITLOS	41	1997
European and Mediterranean Plant Protection Organization	EPPO	20	1983

**The World Food Programme (WFP) shares with FAO the same Staff Pension Committee. This number includes 8,223 WFP participants.*

Transfer Agreements

Currently, the Fund has signed Transfer Agreements with 22 entities, which allow the Fund's participants to transfer their pension rights from the Fund to an outside non-member organization, or vice versa, when they start a new job.

Below is a list of the current Transfer Agreements that the Fund has entered into:

- African Development Bank (AfDB)
- Asian Development Bank (ADB)
- Council of Europe (CoE)
- European Bank for Reconstruction and Development (EBRD)
- European Centre for Medium Range Weather Forecast (ECMWF)
- European Communities (EC)
- European Free Trade Association (EFTA)
- European Organization for the Safety of Air Navigation (Eurocontrol)
- European Organization for the Exploration of Meteorolgical Satellites (EUMETSAT)
- European Space Agency (ESA)
- European Union Institute for Security Studies (EUISS)
- European Union Satellite Centre (SatCen)
- Government of Canada
- Inter-American Developement Bank (IDB)
- International Monetary Fund (IMF)
- North Atlantic Treaty Organization (NATO)
- Organization for Economic Co-operation and Development (OECD)
- Organization for the Prohibition of Chemical Weapons (OPCW)
- Organization for Security and Co-operation in Europe (OSCE)
- Universal Postal Union (UPU)
- World Bank
- World Trade Organization (WTO)

Diversity and Inclusion

Consistent with the values of the United Nations, the UNJSPF is dedicated to promoting respect for all employee differences and to ensure a collaborative, supportive, and respectful environment that increases organization-wide participation and contribution.

GEOGRAPHIC DIVERSITY

As of 31 December 2019, staff members are nationals of 65 countries, including the following:

- Albania
- Australia
- Bangladesh
- Belgium
- Benin
- Bhutan
- Bosnia & Herzegovina
- Brazil
- Bulgaria
- Burkina Faso
- Cambodia
- Cameroon
- Canada
- China
- Colombia
- Comoros
- Costa Rica
- Cyprus
- Czech Republic
- Ecuador
- Egypt
- Estonia
- Ethiopia
- Finland

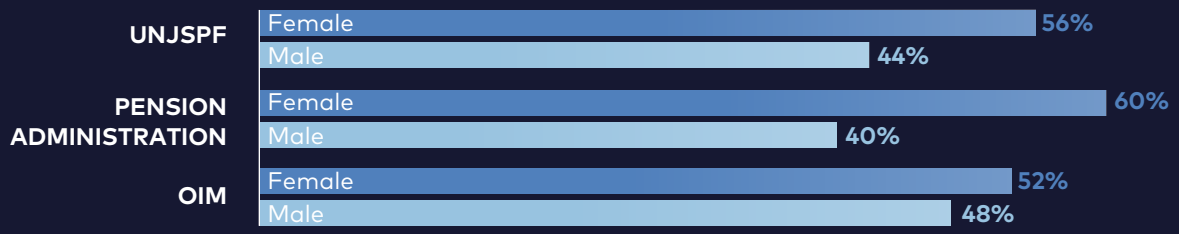
- France
- Germany
- Guyana
- Haiti
- Holland
- Hungary
- Jamaica
- Japan
- India
- Indonesia
- Israel
- Italy
- Kenya
- Malaysia
- Mauritius
- Mexico
- Mongolia
- Morocco
- Myanmar
- Nigeria
- Norway
- Pakistan
- Philippines
- Poland

- Republic of Korea
- Russian Federation
- Romania
- Senegal
- Spain
- Sri Lanka
- Switzerland
- Thailand
- Trinidad & Tobago
- Tunisia
- Turkey
- UK
- USA
- Viet Nam
- Yemen
- Zambia
- Zimbabwe

GENDER DIVERSITY

as of 31 December 2019

In addition to geographic diversity, the UNJSPF ensures gender parity amongst its staff members at all levels.



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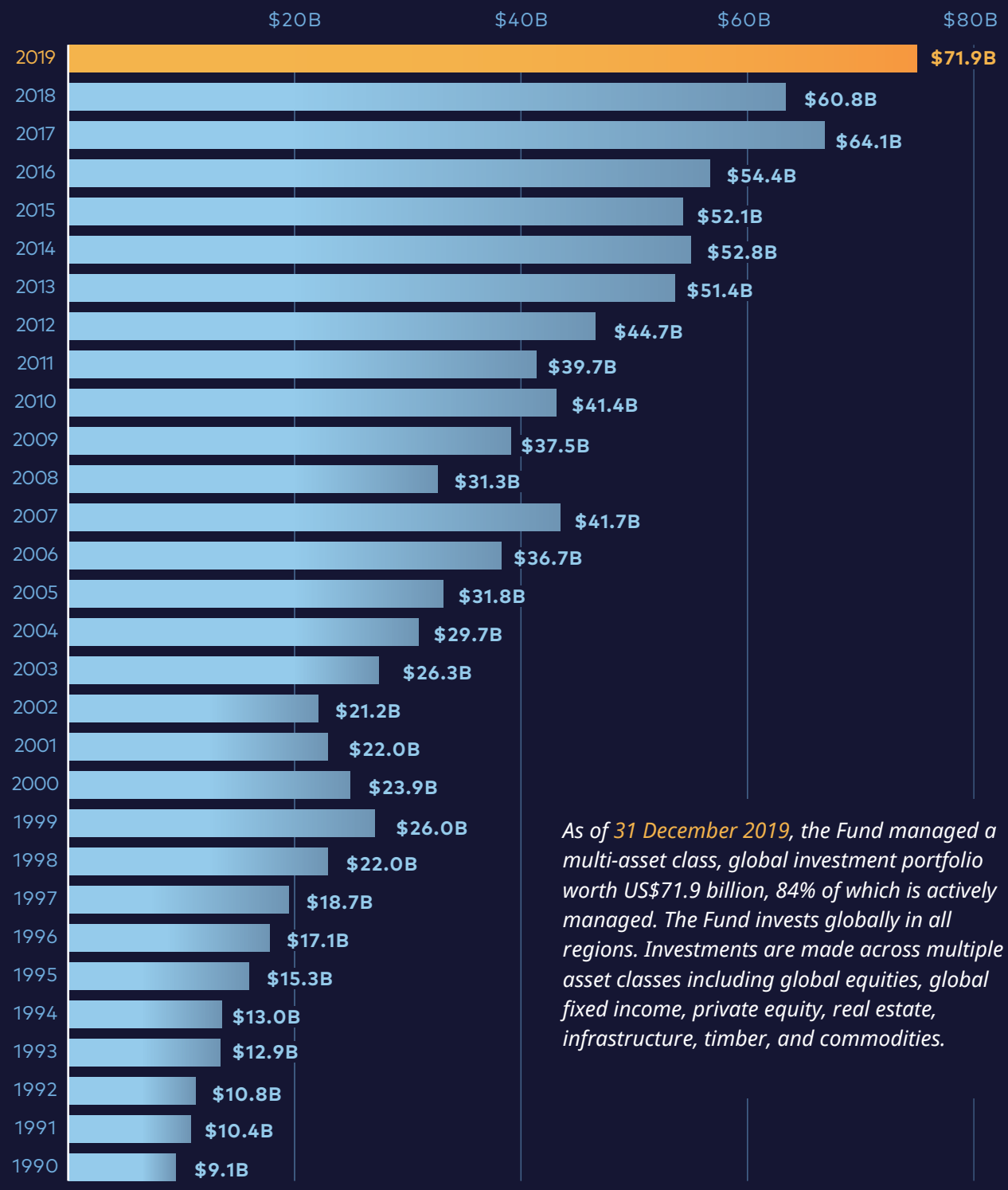
Investments


IOM
IOM

ASSETS UNDER MANAGEMENT

As of December 31, 2019



As of 31 December 2019, the Fund managed a multi-asset class, global investment portfolio worth US$71.9 billion, 84% of which is actively managed. The Fund invests globally in all regions. Investments are made across multiple asset classes including global equities, global fixed income, private equity, real estate, infrastructure, timber, and commodities.

INVESTMENT POLICY STATEMENT

The management of the investment of the assets of the United Nations Joint Staff Pension Fund (UNJSPF) is the fiduciary responsibility of the Secretary-General (SG) of the United Nations, in consultation with the Investments Committee, and in light of the observations and suggestions, made from time to time, by the Pension Board on the investment policy.

The Representative of the Secretary-General (RSG) has been delegated the responsibility and authority to act on behalf of the Secretary-General in all matters involving the fiduciary duties of the SG relating to the investment of the assets of the Fund, including representing the Secretary-General at meetings of the Investments Committee, the Pension Board, and other meetings where investment matters pertaining to the UNJSPF are being discussed. The Representative of the Secretary-General is assisted by OIM. Investments must, at the time of initial review, meet the criteria of safety, profitability, liquidity and convertibility.

Investments are carried out within the framework of an Investment Policy Statement (IPS) which is usually updated comprehensively subsequent to the completion of an Asset-Liability Management (ALM) study, conducted once every four years. The Investment Policy Statement was last updated in August 2019 and is available on the OIM website.

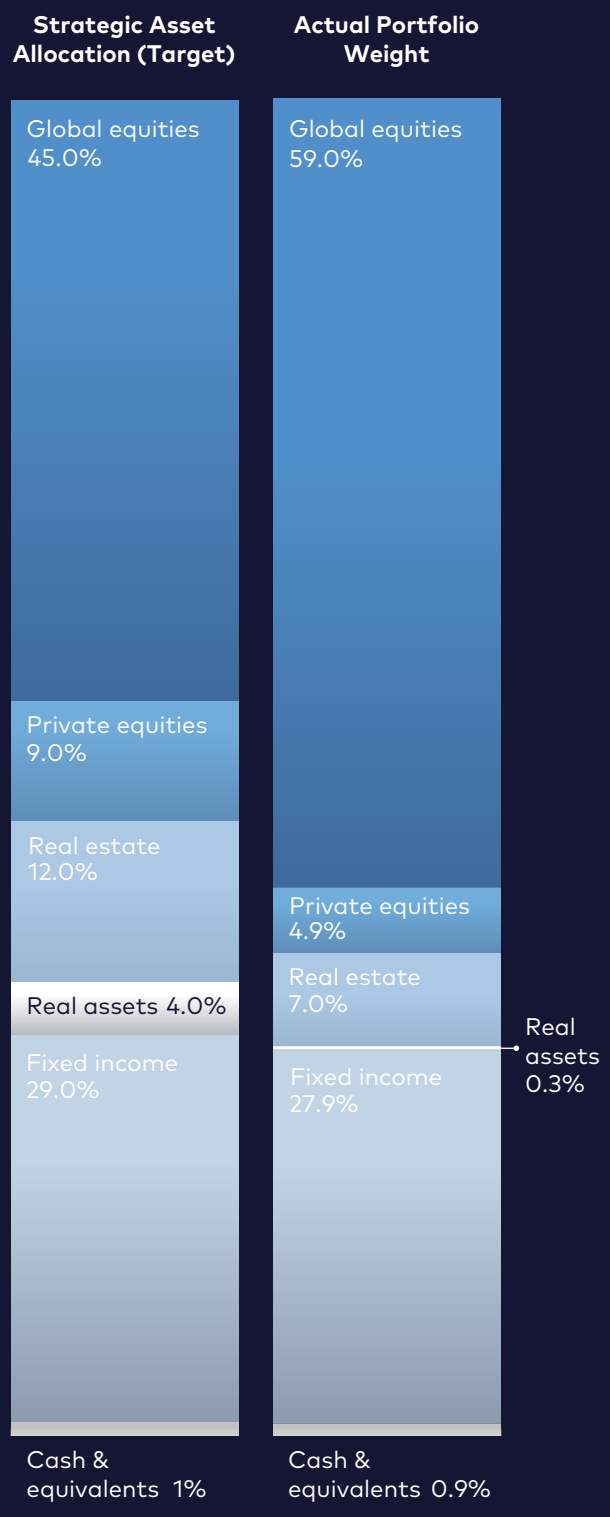
LONG-TERM AND SHORT-TERM INVESTMENT OBJECTIVES

The Fund's current "**Long-Term Investment Objective**" is to meet or exceed a 3.5% real rate of return (net of inflation, as measured by the US Consumer Price Index) in US dollar terms annualized over the long-term (15 years and longer).

The Fund's current "**Short-Term Investment Objective**" is to meet or exceed the return of the Policy Benchmark over the short-term (three years).

In aiming to prudently meet its long-term obligations, the Fund must ensure an adequate level of investment return on its assets while being mindful of the approved Risk Appetite Statement and the requirements posed by its liabilities.

ASSET ALLOCATION



GLOBAL PUBLIC EQUITIES

The Global Equities Group seeks to generate superior long-term risk adjusted returns relative to its benchmark. This asset class is managed internally by four teams: North America, Europe, Asia Pacific, and Global Emerging Markets. The benchmark for Global Equities is the Morgan Stanley Capital International All Country World Index (MSCI ACWI), customized to exclude tobacco and armaments stocks. The benchmark is composed of approximately 2,700 securities across 47 countries/regions, including 24 Emerging Markets. Each regional team's benchmark is the relevant MSCI regional benchmark. Small cap equities and select markets outside this benchmark are currently managed through specialized external managers and funds.

Our in-house public equity teams follow a disciplined investment process centered on equity screening, fundamental analysis, and frequent dialogue with corporate management teams of the companies the Fund invests in or is interested in adding to the portfolio.

OIM is a long-term, long-only investor and prefers high quality companies, able to generate stable cash flow return on investment above their cost of capital and achieve sustainable and profitable growth. The equity teams also consider ESG factors in their investment decisions. All investments are made in compliance with applicable risk parameters and investment guidelines.

GLOBAL FIXED INCOME

The Global Fixed Income & Treasury Teams seek to achieve an above benchmark return by actively investing in local currencies around the globe and investment grade securities. In addition to the Global Fixed Income portfolio, the teams also manage the Operational Cash and Treasury Cash portfolios.

The teams use a top-down macro/fundamental research focus to identify investment ideas in local debt markets. Analysis is performed on the economic outlook, valuations and positioning. A bottom-up analysis is used for individual

security decisions. This includes an examination of credit quality, sector allocation, maturity profile, liquidity and relative value. The portfolio is constructed with a bias towards low risk securities and with consideration given to diversification and relative value.

The portfolio is reviewed regularly to adjust to changes in the economic environment and to take advantage of emerging opportunities. Strict compliance with investment guidelines and the allocated risk budget is maintained at all times.

REAL ESTATE

The Real Estate Team is responsible for investments in global real estate through externally managed funds. The team works proactively through the selection and management of its external managers to reduce risk and increase long term returns. OIM's real estate investment program started in 1971.

As of 2019, the portfolio was invested in over 120 externally managed funds globally.

The real estate program invests in high quality managers that provide superior long-term risk adjusted returns while improving overall portfolio diversification.

The allocation target is 50 percent core "open ended" funds and 50 percent non-core "closed end" funds. The Fund's core funds are diversified by geography and property type, and its non-core funds are diversified by vintage year, geography, property type and risk profile. The performance benchmark for the Real Estate portfolio follows the National Council of Real Estate Investment Fiduciaries Fund Index - Open End Diversified Core Equity (NCREIF NFI-ODCE) + 100 basis points.

REAL ASSETS

The Real Assets Team invests in externally managed funds, with a majority focus on infrastructure. Selection is based on moderate leverage, strong cash flow yield and a demonstrated track record of profitable realizations. Modest allocations to timber, agriculture and commodities funds, invested on a global basis, are also part of the Real Assets portfolio.

OIM began investments in Infrastructure in 2011. The portfolio invests in high quality real asset managers around the globe that provide superior long-term risk adjusted returns while improving overall portfolio diversification.

PRIVATE EQUITY

The Private Equity Investments Team is responsible for investments in private equity through externally managed funds. OIM began its private equity program in 2010.

Its charter is to build a private equity portfolio by identifying and investing in top-tier managers that provide superior long-term risk adjusted returns while improving overall portfolio diversification.

The Fund's Private Equity program currently consists of a select number of externally managed funds diversified by vintage year, private equity subsectors and geography. The performance benchmark for the private equity portfolio is the MSCI ACWI, customized (plus 200 basis points— excluding weapons, tobacco and thermal coal). The Private Equity Team invests in high quality managers that provide superior long-term risk adjusted returns while improving overall portfolio diversification. As of 2019, the portfolio was invested in over 60 externally managed funds globally.

DIVERSIFICATION OF INVESTMENTS

The Fund's policy of broad diversification continues to be a reliable strategy for improving the risk-return profile of the Fund over the long-term. The Fund is unique among major pension funds in its commitment to diversifying its portfolio on a fully global basis.

The Fund continually makes efforts to identify opportunities to diversify its investments by asset class and geographical regions. As of 31 December 2019, the Fund had investments in 109 countries/regions, including both developed and developing markets. This included direct securities investments in 45 countries and 33 currencies, along with indirect investments in additional countries through international institutions and externally managed funds.

RISK AND COMPLIANCE

The Risk and Compliance Section at OIM is comprised of two teams: the Risk Team and the Compliance Team. The Risk Team independently monitors and oversees the consistent implementation over time of OIM's risk management policies and practices. A key part of risk management is running frequent analyses and reporting them back on a regular basis to the Risk Committee, as well as various other internal committees, and supporting the investment process. All periodic (quarterly and annual) official risk reports use information provided by a third party, the independent Master Record Keeper. The team has overall responsibility for measuring, monitoring and reporting on risks across asset classes.

Monitoring and ensuring compliance with existing policies and guidelines is an integral part of the activities of OIM. Our office has a comprehensive governance framework which includes a Compliance Committee, committed to the transparency of its activities and emphasizing standards of honesty, integrity and professionalism in which management leads by example. The Compliance function of OIM is focused on identifying, assessing, monitoring and reporting on compliance risks in matters relating to OIM's investment activities, and the personal conduct of staff members related to their professional activities.

In the Fund secretariat, the Enterprise Risk Management function within the Risk Management and Legal Services Section executes, maintains and monitors the Fund's risk management and internal control policies and methodologies.

The function ensures that an enterprise approach to risk management and internal control is embedded in the strategic planning and decision-making processes. This includes independently assessing, reporting on, and monitoring enterprise-wide risks, as well as collaborating with management to select and implement appropriate risk mitigation strategies.

The function presents risk management reports to the enterprise-wide risk management working group; coordinates the business continuity strategy and serves the meetings of the business continuity working group; facilitates the documentation and testing of internal controls to support the preparation of the Fund's Statement of Internal Control; acts as a liaison with the Fund's oversight mechanisms; and works in close coordination with the Office of Investment Management in enterprise risk management and internal control matters.

SUSTAINABLE INVESTING

In 2019, we made significant progress by further aligning OIM's investment activities with the values of the United Nations. This included advancements in our sustainable investing strategy and an acceleration of our climate program, further integration of environmental, social, and governance (ESG) factors across all asset classes, a divestment announcement from thermal coal, enhanced ESG and carbon reporting capabilities, and updates to the OIM Investment Policy Statement (IPS) to codify our approach to sustainable investing. We also augmented our sustainable investing team to further expand our ESG efforts. OIM is pleased to announce that in 2020, we joined the United Nations-convened Net-Zero Asset Owner Alliance and committed to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

These additions are integral parts of OIM's continual efforts to implement a climate change strategy, as an important pillar of our sustainable investing approach. More information can be found in our **2019 Report on Sustainable Investing**, OIM's second report on the Fund's approach to sustainable investing.

2019 RECOGNITION IN SUSTAINABLE INVESTING

Awarded an A+ rating for the PRI

Ranked #7 out of 100 global pension funds in the 2018 Asset Owners Disclosure Project

2019 RAAI Leader's List: One of the Top 25 Most Responsible Asset Allocators in the world

EXCLUSIONS

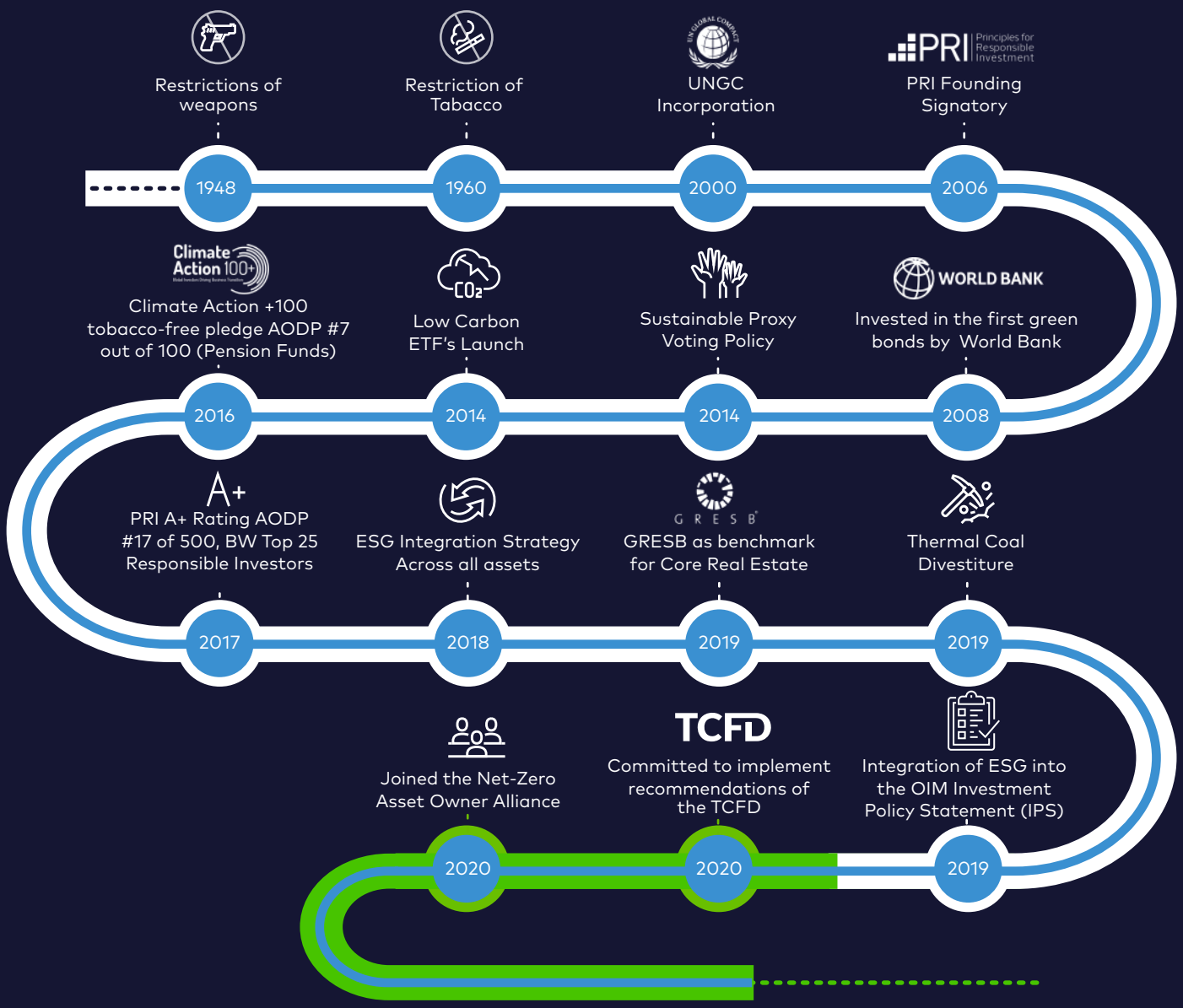
Investments in companies that derive any revenue from the production of tobacco, and that primarily deal with manufacturing and distribution of tobacco and tobacco related products, are prohibited.

In addition, the Fund shall not invest in the securities of companies that derive any revenue from the production of military weapons systems or weapons of mass destruction, including nuclear, chemical, or biological weapons, or derive more than 10 percent of their revenue from the production of customized components for purposes of the production of military weapons, weapons systems, or weapons of mass destruction.

In addition to these exclusions, announced in 2019, OIM will completely divest from investments in publicly traded companies that derive significant revenues from thermal coal activities by December 31, 2020. Furthermore, OIM shall not make any new investments across all asset categories in companies deriving revenue from thermal coal activities beyond this threshold.

We believe this will strengthen our existing engagement and stewardship approach of a collaborative and constructive dialogue with company management to achieve mutually beneficial outcomes, supported by an active investment management strategy.

OUR HISTORY OF SUSTAINABLE INVESTING



OUR SUSTAINABLE INVESTMENT APPROACH IS BASED ON THREE PILLARS

EXCLUSIONARY
Prohibits investments in tobacco, weapons, and thermal coal across the Fund's assets

FULL ESG INTEGRATION
Supports investment decisions with ESG metrics across all asset classes

ENGAGEMENT
Proxy voting and stewardship as active dialogue with our investee companies

5

Actuarial Matters and Asset Liability Management

ACTUARIAL VALUATION

Actuarial valuations are undertaken every two years to determine whether the present and estimated future assets of the Fund will be sufficient to meet its present and estimated future liabilities, using various sets of assumptions as to future economic and demographic developments. The most recent valuation of the Fund was carried out as of 31 December 2019, with the results presented to the Pension Board at its 67th session in July 2020.

The valuation that was performed as of 31 December 2019 used the following three economic assumptions:

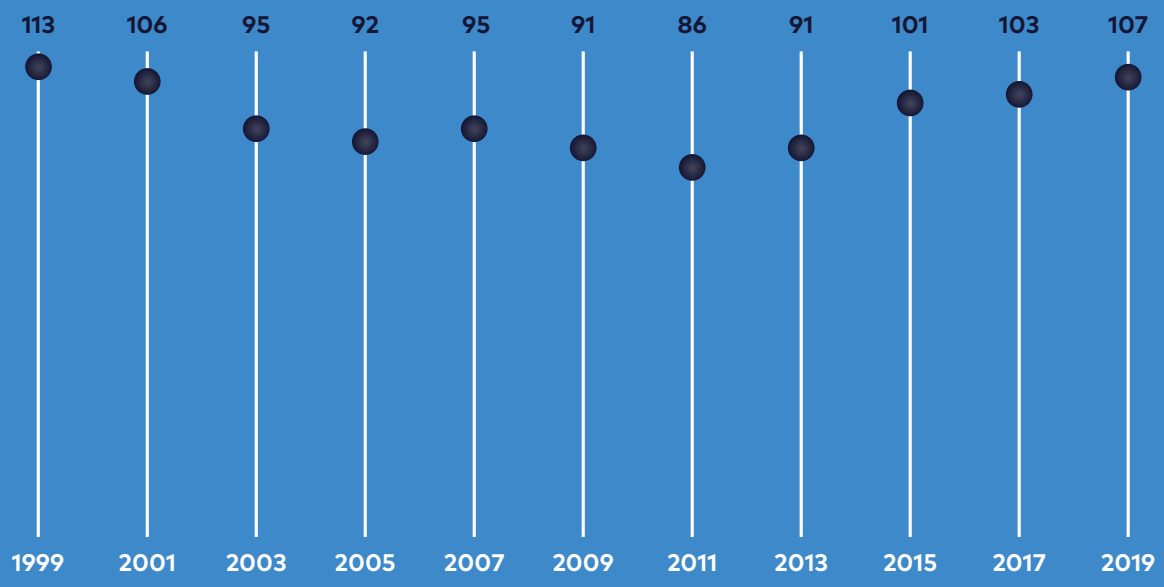
1. An assumed rate of increase in pensionable remuneration of 3.0% per annum
2. An assumed rate of nominal investment return of 6.0% per annum
3. An assumed rate of inflation of 2.5% per annum

It was also assumed that the growth in Professional (P-level) staff for the next 10 years would be 0.5% per annum, followed by zero growth thereafter; and zero growth in General Service staff.

Another analysis that is carried out with the actuarial valuation is the determination of funding ratios. This analysis assists the Board in its assessment of the financial position of the Fund on a current, rather than, projected basis. The funding ratios are comparisons of the current assets of the Fund with the value of the accrued benefits (liabilities) on the given valuation date and are calculated on a "plan termination basis".

As of 31 December 2019, the Fund was found to be in a strongly funded position, as it had been for the past two valuations (see table below). The current funded ratio is 107.1%, which was obtained by dividing the actuarial value of assets (i.e. US$67,816 million) by the actuarial value of the accrued benefits (i.e. US$63,343 million).

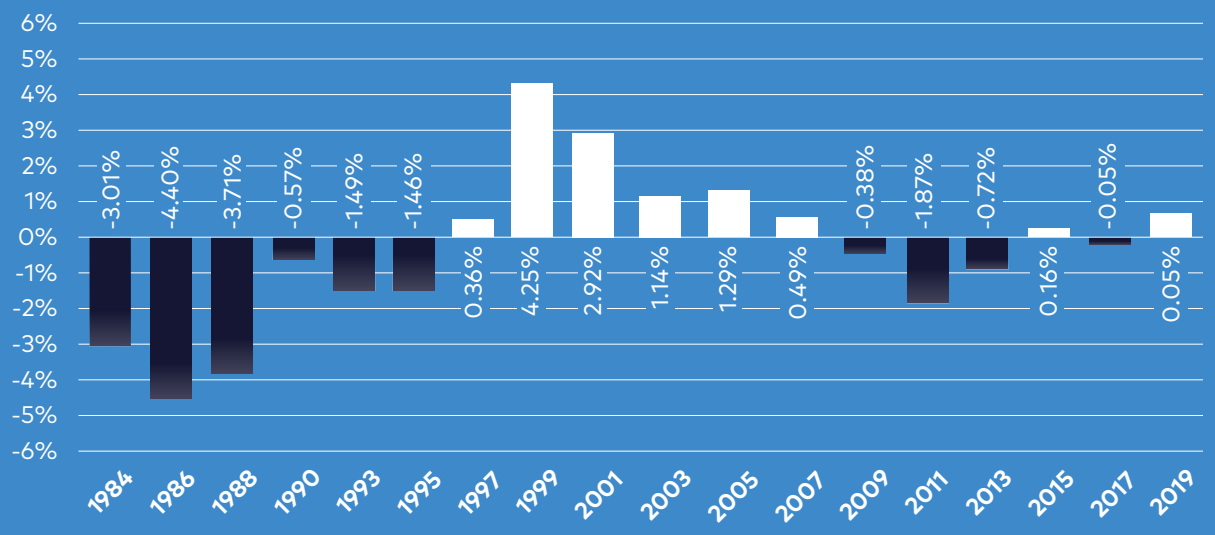
FUNDED RATIOS FOR VALUATIONS AS OF 31 DECEMBER (1999-2019)



Factors that affect the funded status of the Fund, as well as the funding deficit or surplus, are investment returns, trends in the number of participants compared to the assumptions made, changes in benefit, provisions, and changes in contributions to the Fund. Each of these factors is monitored closely by the Pension Board through the actuarial valuation and the advice of the Committee of Actuaries and the Consulting Actuary.

Regarding the Asset and Liability Management study conducted in 2019, it was concluded that the Fund is expected to continue to be well funded throughout the 30-year projection using the strategic asset allocation selected by the Office of Investment Management (OIM). Further, using this investment strategy, there is a high probability that the current 23.7% contribution rate will be sufficient to meet the ongoing funding requirements over this period. **In addition, due to the maturity of the plan, achieving OIM's long-term investment objective of 3.5% real rate of return is the most important variable in maintaining the Fund's healthy funded status.**

HISTORICAL DIFFERENCES BETWEEN REQUIRED AND ACTUAL CONTRIBUTIONS RATE



ASSET LIABILITY MANAGEMENT

Every four years, a consultant performs an Asset Liability Management (ALM) Study that evaluates the assets together with the liabilities of the Fund and is reviewed by the Pension Board through its Fund Solvency and Assets and Liabilities Monitoring Committee (FSALM). The ALM Study uses long-term capital market assumptions to model the assets and develop the optimal strategic asset allocation which will help to deliver on the obligations of the Fund.

The latest asset-liability management study was submitted to the 66th session of the Pension Board in July 2019. The Board took note of the results of the 2019 asset-liability management study and the conclusions of the Committee of Actuaries and the FSALM Committee, specifically: (a) The real rate of return earned by the Fund continues to be the most significant factor in maintaining solvency; (b) The 23.7% contribution rate continues to be appropriate; (c) There are no expected future liquidity problems for the projected 30 years of the study, even though it is anticipated that benefits will exceed contributions in coming years in the context of the growing maturity of the Fund.

6

Governance

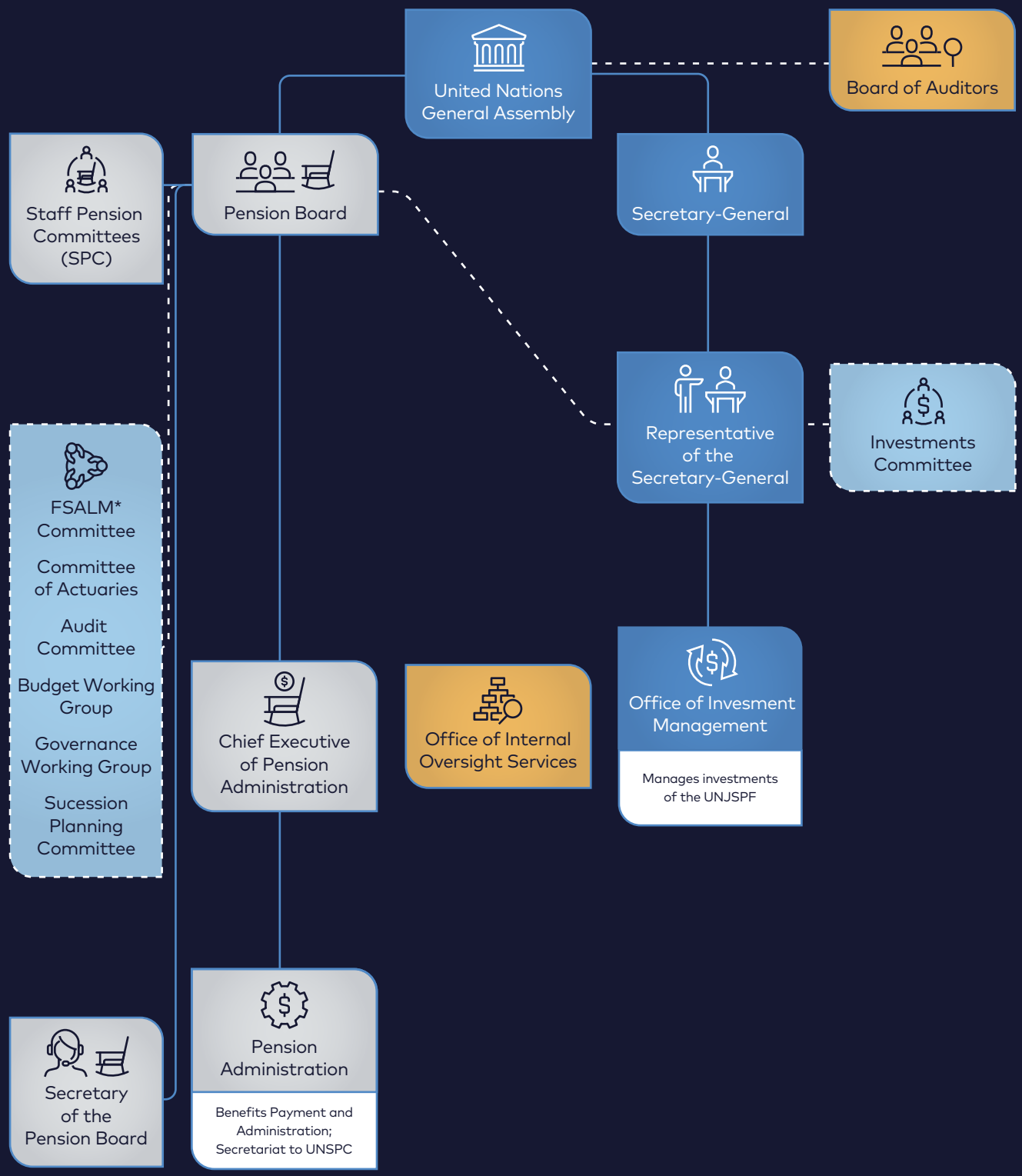

CHINESE
THAILAND
VIET

GOVERNANCE

The Fund is administered by the United Nations Joint Staff Pension Board, a Staff Pension Committee for each member organization and a Secretary to the Pension Board and to each Staff Pension Committee. The governance of the Fund has been high on the agenda of the Pension Board and the UNGA for the past two years.

An independent position of Secretary of the Pension Board was created by the UNGA resolution 73/274 effective 1 January 2020. A report on governance from an independent entity will be submitted together with the 2020 Pension Board report to the UNGA.

Governance Chart



**Fund Solvency and Assets and Liabilities Monitoring Committee*

Fund Administration

UNITED NATIONS JOINT STAFF PENSION BOARD

Function: The Pension Board formulates recommendations for approval by the United Nations General Assembly including budget, changes to the Regulations and Rules, and governance. It also reports on the long-term solvency (30 or more years) of the Fund and makes observations and suggestions on the investment policy from time to time.

Composition: The Pension Board is comprised of 33 members; 11 members represent governing bodies of the member organizations, 11 members are appointed by the chief administrative officers of the member organizations, and 11 members are elected by participants in service. Attendance at Board sessions includes other categories without voting rights such as representatives of retirees.

STANDING COMMITTEE

Function: The Pension Board appoints a Standing Committee that has the power to act on behalf of the Board when the latter is not in session. The Committee also considers appeals of decisions of the Staff Pension Committees by participants and of decisions of the Chief Executive of Pension Administration.

Composition: The Committee is comprised of 15 members; five members represent the governing bodies of the member organizations, five members are appointed by the chief administrative officers of the member organizations, and five members are elected by participants in service. In addition, the representatives of retirees participate without voting rights.

STAFF PENSION COMMITTEES (SPC) AND THEIR SECRETARIES

Function: For each member organization, a Staff Pension Committee administers the participation in the Fund of its staff members and has the power to determine incapacity for the purpose of the award of disability benefits.

Composition: Each Staff Pension Committee is comprised of an equal number of members representing (i) the governing body, (ii) the chief administrative officer, and (iii) the participants in service.

Secretaries: The Fund secretariat acts as the secretariat to the United Nations Staff Pension Committee (UNSPC). The Secretaries of Staff Pension Committees of other member organizations are appointed by the chief administrative officer of each member organization on the recommendation of the respective Staff Pension Committee.

Pension Board Committees and Working Groups

COMMITTEE OF ACTUARIES

Function: The Committee of Actuaries advises the Pension Board on actuarial questions arising out of the operation of the Fund's Regulations.

Composition: The Committee consists of more than five ad hoc members and independent actuaries, all of whom are respected in their field from around the world. The members are appointed by the United Nations Secretary-General upon the recommendation of the Pension Board.

FUND SOLVENCY AND ASSETS AND LIABILITIES MONITORING COMMITTEE (FSALM)

Function: The FSALM Committee monitors the solvency of the Fund and provides advice and recommendations to the Pension Board on asset-liability matters.

Composition: The FSALM Committee is comprised of eight members designated by the Pension Board; two from each of the three constituent groups on the Board, as well as two additional members designated by the Federation of Associations of Former International Civil Servants (FAFICS).

AUDIT COMMITTEE

Function: The Audit Committee provides assistance to the Board in fulfilling its oversight responsibility relating to: (a) the performance and independence of the internal audit function; (b) the accounting and financial audit reporting processes of the UNJSPF; (c) adherence to the Internal Audit Charter of the Fund, and UNJSPF Regulations and Administrative Rules relating to audits.

Composition: The Committee has six members reflecting the tripartite composition of the Pension Board, two external expert members and one representative of FAFICS.

INVESTMENT COMMITTEE

Function: The Investments Committee advises the United Nations Secretary-General on the investment of the assets of the Fund.

Composition: The Committee is comprised of nine members plus ad hoc members appointed by the United Nations Secretary-General after consultation with the Pension Board and the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ), subject to confirmation by the United Nations General Assembly.

a. Record of the 2019 meeting of the United Nations Joint Staff Pension Board.

The 66th session of the Pension Board was held at the United Nations Office at Nairobi, Kenya, from 22 to 26 July 2019.

The Board took note of the long-term financial stability of the Fund, as confirmed by the latest Asset Liability Management Study, mentioned above. Following the 2018 United Nations General Assembly's resolution on pension matters, the Board defined the modalities to separate the functions of the CEO and the Secretary of the Pension Board. The Board also elected a new Chief Executive of Pension Administration, Ms. Rosemarie McClean, who subsequently assumed her position on 1 January 2020.

The Board took note of the investment report, stating that 2018 was a challenging year in global financial markets. The asset value of the Fund had decreased by $3.4 billion to $60.8 billion at the end of 2018, but had recovered to $67.4 billion on 30 June 2019.

b. 2019 General Assembly Decisions

In December 2019, the United Nations General (UNGA) adopted resolution 74/263 whereby it, inter alia, approved the Fund's budget for 2020, and asked the Fund to continue considering governance issues by engaging an independent external entity to conduct a comprehensive analysis, giving due regard to best practices of pension funds. The UNGA approved amendments to provisions of the Fund's Regulations, Rules and Pension Adjustment System, essentially to reflect the separation of the role of Secretary of the Board from that of the Chief Executive Officer of the Fund, which title was changed to the Chief Executive of Pension Administration. The full description of the amendments is in the Annex. The amended Regulations and Rules in force as of 1 January 2020 are available on the Fund's **website**.

In addition to the above permanent committees, the Pension Board has created adhoc working groups:

- **the Budget Working Group***
- **the Governance Working Group**
- **the Succession Planning Committee**

**The Pension Board has decided in 2020 to establish the Budget Working Group as a permanent committee*

These working groups adhere to the tripartite composition and include representatives of FAFICS.

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FINANCIAL STATEMENTS


4th UNWTO/UNESCO World Conference on Tourism and Culture:
Investing in future generations
MICHIKO UENO
JAPAN
4th UNWTO/UNESCO World Conference on Tourism and Cultu
Investing in future generations
Kyoto, Japan, 12-13 December, 2019

FINANCIAL STATEMENTS

Information included in this section is extracted from UNJPSF's audited Financial Statements. The information provided in the Annual Report is to provide an overview of the financial developments of UNJSPF and is not a summary or a compilation of all information included in the audited Financial Statements. These audited Financial Statements are published on the Fund's website www.unjspf.org.

Statement of Changes in Net Assets Available for Benefits

Thousands of United States dollars

	For the year 2019	For the year 2018
INVESTMENT INCOME/(LOSS)		
Net change in fair value of investments	10,009,778	(4,502,075)
Interest income	518,791	376,716
Dividend income	918,469	912,237
Income from real assets	78,547	55,510
Less: transaction costs and management fees	(158,748)	(143,435)
Less: withholding tax	(3,232)	(5,972)
Other invetsment-related (expenses) /income, net	(1,348)	505
	11,362,257	**(3,306,514)**
PENSION CONTRIBUTIONS		
From participants	890,381	820,209
From member organizations	1,771,258	1,630,838
Other contributions	27,217	6,104
	2,688,856	**2,457,151**
PENSION BENEFITS		
Withdrawal settlements and full commutation benefits	194,582	181,671
Retirement benefits	2,511,119	2,530,498
Other benefits/adjustments	(5,736)	(42,609)
	2,699,965	**2,669,560**
ADMINISTRATIVE EXPENSES		
Fund secretariat	49,428	36,222
Office of Investment Management	40,028	32,212
Audit	1,631	1,235
Pension Board	678	450
	91,765	**70,119**
OTHER EXPENSES	952	819
Increase/(decrease) in net assets available for benefits	**11,258,431**	**(3,589,861)**

Statement of Net Assets Available for Benefits Changes

Thousands of United States dollars

	31 December 2019	31 December 2018
ASSETS		
Cash and cash equivalents	436,354	564,891
Investments		
Equities	42,309,141	34,401,159
Fixed income	20,412,531	18,824,833
Real assets	5,201,835	4,340,466
Alternatives and other investments	3,626,467	2,743,377
	71,549,974	**60,309,835**
Contributions receivable	64,912	55,889
Accrued income from investments	163,163	158,251
Receivable from investments traded	15,390	7,869
Withholding tax receivable	35,789	20,133
Other assets	25,398	22,068
Total assets	**72,290,980**	**61,138,936**
LIABILITIES		
Benefits payable	105,970	102,488
Payable from investments traded	27,191	159,913
After-service health insurance and other employee benefit liabilities	103,989	87,891
Other accruals and liabilities	19,352	12,597
Total Liabilities	**256,502**	**362,889**
Net assets available for benefits	**72,034,478**	**60,776,047**

Statement of Accumulated Benefits

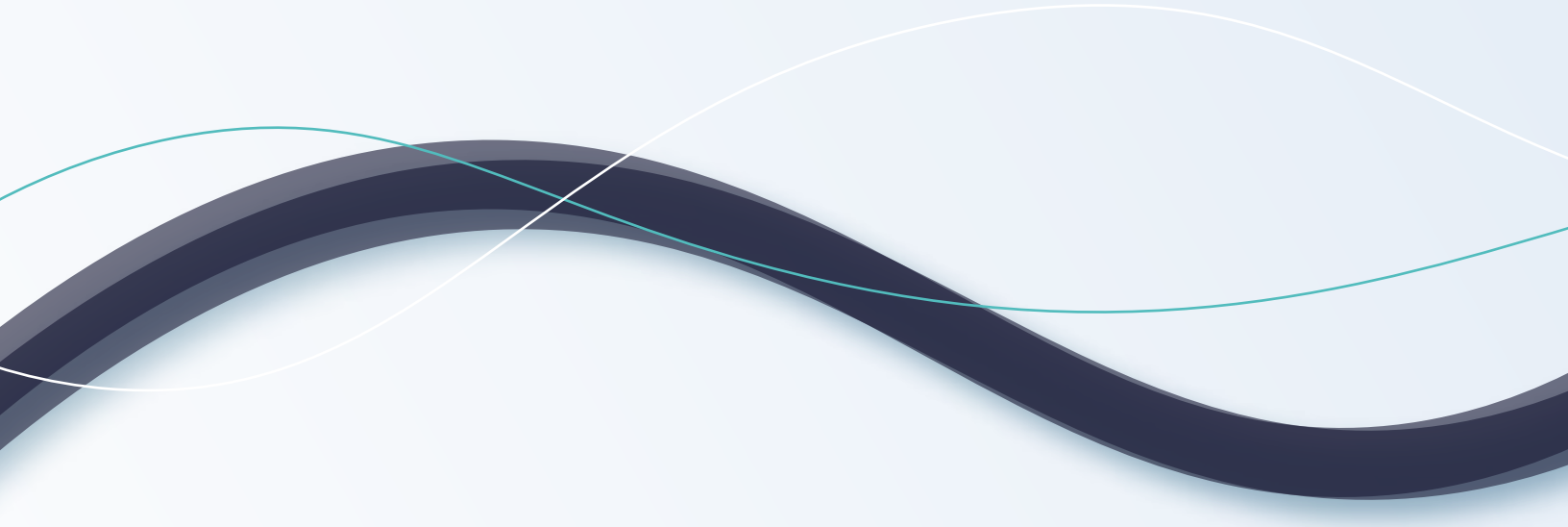
The actuarial present value of accumulated plan benefits as of 31 December 2019 is as follows:

Millions of United States dollars

	If future pension payments are made under the Regulations	
	Without pension adjustments	*With pension adjustments*
Actuarial value of vested benefits		
Participants currently receiving benefits	26,482	34,703
Vested terminated participants	1,078	1,852
Active participants	16,199	22,136
Total vested benefits	**43,759**	**58,691**
Non-vested benefits	902	1,138
Total actuarial present value of accumulated plan benefits	**44,661**	**59,829**

Key assumptions include:

- Life expectancy of participants (2017 United Nations mortality tables adjusted for forecast improvements in mortality)
- Annual investment return of 6.0 per cent, which serves as the discount rate for liabilities
- Annual rate of 2.5 per cent for cost-of-living increases in pensions



UNJSPF
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