

IFRS Sustainability Disclosure Standards

Sustainability & Climate Report 2024



UNJSPF

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Introduction

The mandate that we embrace as part of the United Nations system shines a light on how interconnected we all are. Risks to our shared global resources can ripple across the planet, while mitigating those threats and pursuing emerging opportunities can create untold universal benefits.

This report details the responsible investment strategy that the United Nations Joint Staff Pension Fund (UNJSPF, "the Fund," "We") has developed with this mindset. It builds upon last year's IFRS Climate Report, now covering a broader set of material sustainability-related risks and opportunities.

We are proud to be among the world's first to publish such a report, particularly given the importance of the topics to which these guidelines apply.

While recognizing there is much yet for the UNJSPF to do, we are keenly aware that our efforts do not exist in a vacuum. The long-term financial sustainability of our Fund – which allows us to provide retirement security to our hundreds of thousands of members, and reflects a healthy, thriving society – depends on a collective effort.

Although we are encouraged by our fellow adopters of the Principles for Responsible Investment and our peers in the Net-Zero Asset Owner Alliance (NZAOA) and other coalitions, recent data highlight the urgency of the challenges we face. International bodies, including the United Nations' Intergovernmental Panel on Climate Change (IPCC), have established science-based net emissions limits ("carbon budgets"), beyond which crucial global warming thresholds will be exceeded. According to the MSCI Sustainability Institute, listed companies are likely to extinguish their budgets for a 1.5°C scenario by October 2026. The real and significant damage from physical risks associated with this forecast (such as wildfires, floods, droughts, or glacial melting) must put all investors, companies and governments on high alert. The time for action is now.

Adopting global sustainability standards is one major step. Research shows that when organizations lack accountability, they may oversell their sustainability achievements, misleading stakeholders about risks they face and the requirements to mitigate them, while reducing support for the systemic and policy changes needed to safeguard our future.

For its part, UNJSPF follows a responsible investment strategy that reflects a holistic fiduciary duty in line with the realities of today's international financial system and the state of the climate transition.

In 2024, this strategy helped the UNJSPF achieve our first set of climate targets, nearly halving the financed emissions from our public equities, corporate fixed income and real estate portfolios compared to 2019. This result was significantly

higher than our original emissions reduction goal of 40 per cent. We are currently setting new targets for 2030, which will require us to look well beyond the fossil fuel exclusions that were instrumental in surpassing our 2024 goal. Achieving our ambitions to drive real world decarbonization in line with the Paris Agreement will also require cooperation from other asset owners, managers, businesses and governments.

Our multipronged responsible investment strategy continues to evolve. In 2024, we enhanced the integration of Environmental, Social and Governance (ESG) into our investment decisions and assessed the resilience of our portfolios against a range of climate scenarios. We expanded our screening process to include evaluation of UN Global Compact violators to determine whether these organizations may be pursuing profits at the expense of our Fund's and our planet's long-term financial sustainability. Impact investment became a formal fifth pillar of our strategy (including allocation to Natural Capital investments), and we enhanced our governance over sustainability topics by institutionalizing a Responsible Investment Committee.

What lies ahead is always uncertain, but through intention and transparency, guided by the values and insights of the UN, we aim to ensure that our actions pave the way to a sustainable and prosperous future for all.

The UNJSPF is fully committed to listening to its stakeholders as it is vital to continually improving our reporting practices. We appreciate comments and feedback to help further our progress. Please contact the Fund [here](#).

Robert van der Zee

Acting Representative of the Secretary-General
for the investment of the UNJSPF assets

Rosemarie McClean

Chief Executive of Pension Administration

1. Executive summary

The United Nations Joint Staff Pension Fund is a defined benefit pension plan serving the staff of the United Nations and 24 member organizations.

The UNJSPF is a universal owner, meaning its long-term oriented and diversified portfolio mirrors the global economy. Consequently, the Fund aims to mitigate risks that could jeopardize long-term economic value while seizing investment opportunities that promote sustainable prosperity. This involves adhering to the Fund's investment mandate and Investment Policy Statement (IPS) while also supporting the advancement of the United Nations Sustainable Development Goals (SDGs).

In line with the report "Fiduciary duty in the 21st Century" by the Principles for Responsible Investment (PRI) and the United Nations Environment Programme Finance Initiative (UNEP FI), the Fund believes its fiduciary duty includes incorporating environmental, social and governance (ESG) issues in its investment analysis and decision-making process. Beyond its pledge to reach net-zero carbon emissions from its investment portfolio by 2050, UNJSPF has integrated responsible investment principles into its daily activities.

The UNJSPF has considered and assessed ESG topics identified as material for each of the asset classes in which it invests. While climate remains the most material issue, other risks such as product design and lifecycle management, employee engagement and diversity & inclusion are also material topics for investments. For further details refer to section 3.

This report builds on UNJSPF's [2021-2022 climate reports](#), which were prepared following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as well as the [2023 Climate report](#), prepared in line with IFRS S2 standards. It discloses additional sustainability-related risks and opportunities, including natural capital, to reflect topics outside of climate change that are material to the Fund. This report, summarized below, contains information about the oversight, management and strategic response to these material sustainability- and climate-related risks and opportunities facing the Fund.

Governance

The UNJSPF has a formal governance process for sustainability- and climate-related risks and opportunities, with established roles and responsibilities across various levels of the organization. The Office of Investment Management (OIM) of the UNJSPF considers sustainability and climate in its decision-making process and follows a defined process of oversight, with ultimate accountability being with the Representative of the United Nations Secretary-General (RSG). The Chief Executive of Pension Administration (CEPA) is responsible for overseeing the Fund's administrative activities.

	Within OIM, there are three primary governance bodies that oversee the integration, management and monitoring of sustainability- and climate-related risks and opportunities. These bodies are the Responsible Investment Committee (RIC), Internal Investment Committee (IIC) and the Risk Committee (RC). The RIC was formed in 2024, reflecting OIM's continued commitment to its responsible investment strategy.
Strategy	UNJSPF recognizes the effect that sustainability- and climate-related risks (such as product lifecycle management) can have on the value of the Fund's assets and resilience. The UNJSPF also recognizes that, as a defined benefit pension plan, the Fund has exposure to sustainability- and climate-related risks and opportunities that might require adapting its financing activities over time. As a result, the UNJSPF has a multi-faceted strategy, reflected in the Sustainable Investing Manifest & Policy, covering five pillars: ESG Integration, Negative Screening, Climate Commitments, Stewardship and Impact Investing. Within this strategy, the UNJSPF's net zero objectives, specific to addressing climate change and based on the Net-Zero Asset Owner Alliance (NZAOA) recommendations, have three pillars: (1) reducing carbon emissions, (2) engaging with investee companies and (3) financing the clean energy transition. The UNJSPF believes that each pillar of its responsible investment strategy enables it to appropriately manage sustainability- and climate-related risks and opportunities across all asset classes. It also allows flexibility to continuously improve its responsible investment strategy as new data, tools and forms of sustainable financing become available.
Risk management	The Fund uses a mix of in-house methods and third-party data to identify and monitor sustainability- and climate-related risks and opportunities in its investment portfolio and its own operations. Sustainability- and climate-risk management relative to the Fund's own operations is monitored through its Enterprise-Wide Risk Management (EWRM) framework and process. This allows the Fund to manage its own ESG-related risks through internal controls and risk-tracking using an organization-wide Risk Map with accompanying risk registers. The primary mechanisms for monitoring our own climate risks include Business Continuity and Disaster Recovery Assessments, periodic risk assessments and the development and deployment of mitigation strategies. To manage sustainability- and climate-related risks and opportunities in its investment portfolios, UNJSPF has multiple processes in place related to ESG integration, negative screening, stewardship, climate and impact investing. The management of sustainability- and climate-related risks is integrated into the UNJSPF's EWRM Framework. The responsible investment processes are a coordinated effort between the Responsible Investment (RI), Investment and Risk and Compliance teams, as well as the Risk Investment Committee, Internal Investment Committee and the Risk Committee.

Metrics and targets

The UNJSPF uses several techniques of responsible investing, including (1) integration of ESG issues for approximately 74 per cent of its active investment portfolio, (2) sustainability-themed investing for approximately 5 per cent of its portfolio and (3) screening (which covers over 80 per cent of investments) as well as stewardship. The UNJSPF has set targets for the three pillars of its net zero strategy, as follows:

Reducing carbon emissions:

The Fund's 2050 net-zero greenhouse gases (GHG) emissions target aims to reduce scope 1 and scope 2 GHG emissions of our financed emissions across specific asset classes of the Fund, in line with the NZAOA recommendations.

The Fund has an interim target to reduce absolute GHG emissions by 40 per cent by 2025 from a 2019 base year. As of 31 December 2024, the UNJSPF has achieved a 48.2 per cent reduction in financed scope 1 and scope 2 GHG emissions since 2019. The Fund is actively working on creating the next 5-year intermediate-term target for 2025-2030.

Engaging with investee companies:

The Fund's active engagement target aims to educate and engage annually with the investment portfolio's top-emitting companies about their sustainability strategies (setting net zero targets as well as intermediary GHG reduction targets). In 2024, out of 58 companies with climate engagement, we completed nine climate engagements and achieved six intermediate milestones.

The UNJSPF may set new targets on other financially material issues.

Financing the green transition:

The Fund's transition financing target aims to support the transition to a low-carbon economy by increasing investments in green bonds, sustainable bonds and other climate-related financial instruments. In 2024, UNJSPF invested US\$551 million in green bonds (\$235 million in 2023), \$281 million in sustainability bonds (\$239 million in 2023) and \$71 million in sustainability-linked bonds (\$30 million in 2023), which in total represents 1 per cent of our investment portfolio.

2. About this report

Basis of preparation

2.1 Disclosure standards adopted

1. This report provides information about the United Nations Joint Staff Pension Fund's sustainability-related risks and opportunities, including climate and other material sustainability topics, for the 12 months ended 31 December 2024. It was prepared in line with the International Financial Reporting Standards Sustainability Disclosure Standards (IFRS SDS) issued by the International Sustainability Standards Board (ISSB) and in line with the Taskforce on Nature-related Financial Disclosures (TNFD). The Fund elected to apply these standards before their adoption by the International Public Sector Accounting Standards (IPSAS), under which the UNJSPF prepares its financial statements.
2. The identification of material sustainability risks and opportunities is explained in detail in section 3. Our materiality assessment does not include a comprehensive evaluation of all the qualitative and quantitative factors as required by IFRS SDS. Nevertheless, we believe that our materiality assessment is in line with the ISSB requirements. We acknowledge that our materiality assessment can be further enhanced in the future to work towards full compliance with IFRS SDS as it relates to the identification of all material sustainability-related risks or opportunities.
3. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information ("IFRS S1") and IFRS S2 Climate-related Disclosures ("IFRS S2") are comprehensive sustainability disclosures aimed at investors and financial markets. IFRS S1 requires entities to disclose sustainability-related risks and opportunities affecting cash flow, access to finance, or cost of capital over various timeframes. Similarly, IFRS S2 mandates disclosure of climate-related risks and opportunities impacting these financial aspects.
4. This report reflects many, but not all, requirements of the IFRS SDS. The UNJSPF expects to state compliance with all IFRS SDS standards once it has established the necessary processes and policies to collect the required data from other entities in its value chain, including those related to the investment portfolio.
5. This report integrates the TNFD recommendations to help organizations address nature-related issues with the ultimate goal of supporting a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes. Based on the work from the IFRS Foundation and the TNFD, nature-related disclosures are likely to become part of the IFRS requirements.

6. The UNJSPF did not obtain independent, third-party assurance on this report and will consider assurance in future reporting cycles. However, to help ensure the adequacy and effectiveness of the reporting process and the information provided, the UNJSPF prepared this report with assistance from an independent third party and the information contained herein has undergone a rigorous internal review process.
7. The expressions "sustainability" and "Environmental, Social and Governance (ESG)" are used interchangeably throughout this document.

2.2 Fair presentation

8. This report contains information, corresponding to the Financial Year 2024, that is complete, neutral and accurate. While preparing this report, the UNJSPF aimed to meet IFRS S1 fair presentation requirements. While unaudited, the UNJSPF has made reasonable efforts to ensure that, to the best of our effort:
 - A depiction of a sustainability-related risk or opportunity is provided and includes all material information necessary for primary users to understand it
 - A level of clarity for each disclosure is provided, which is dependent on the nature of the information, with a focus on presenting it as clearly as possible, rather than excluding any complex assumptions, if any
 - Information is free from material error, and precise corresponding descriptions are developed
 - Reasonable assertions and inputs are used in developing estimates, based on information of sufficient quality and quantity
 - Information on judgements about the future transparently reflects both those judgements and the information on which they are based
 - Information is presented to explain the context and the connections between the related items of information
 - In case of commercially sensitive information which may be related to sustainability-related opportunities, the Fund has assessed whether the disclosure of such information may potentially impact the Fund's advantage in pursuing said opportunity

2.3 Scope and boundary

9. This report should be read in connection with the UNJSPF's financial statements for the year ended 31 December 2024, available on the UNJSPF website at www.unjspf.org.

10. UNJSPF's financial statements for the year ended 31 December 2024 are prepared in accordance with IPSAS. Unless otherwise stated, the Assets Under Management (AUM) figures used in the UNJSPF's financial statements are used to report sustainability-related information and are applied consistently across the Fund's reporting boundaries.
11. This report includes information about UNJSPF's value chain. The value chain is the full range of interactions, resources and relationships related to UNJSPF's business model and the external environment in which it operates. The most material component of the UNJSPF's value chain includes the investee companies within the Fund's investment portfolio.
12. The information, metrics and targets presented in this report align to the financial reporting period from 1 January 2024 to 31 December 2024. The comparative information relates to the financial reporting period from 1 January 2023 to 31 December 2023. The baseline information is for the financial period from 1 January to 31 December 2019.
13. UNJSPF is in the process of further enhancing internal policies and controls in alignment with IFRS S1 and S2 requirements to ensure comparable information across all identified sustainability-related risks and opportunities in future years and increase the coverage of relevant performance metrics.

2.4 Sources of guidance

14. This report follows the IFRS S1 and S2 requirements for disclosing sustainability related financial information. The UNJSPF has identified that the IFRS S2 Volume 15 ("Asset Management and Custody Activities") are applicable to the operations.

2.5 Judgements and measurement uncertainty

15. Taking into consideration all relevant information that is available at the time of preparing this report, the UNJSPF makes assumptions concerning the future and the circumstances existing during the reporting period. The resulting sustainability- and climate-related financial disclosures contain estimates that will, by definition, seldom equal the related actual results.
16. The assumptions and approximations that have a high level of measurement uncertainty relate primarily to the information (including amounts) reported about the UNJSPF's GHG emissions, including financed emissions in the investment portfolio and the outcomes of the climate scenario analysis.
17. The sources of measurement uncertainty and the assumptions, approximations and judgements the UNJSPF has made in measuring the amounts presented in this report are noted where relevant.

3. Material sustainability information

18. UNJSPF has conducted a materiality assessment to identify material sustainability-related topics in line with the ISSB requirements. Given the size of our investment portfolio in relation to the totality of our operations, our materiality assessment predominantly focuses on our investment portfolio. Furthermore, through our Enterprise-wide Risk Management process, we have identified additional material sustainability-related risks associated with the rest of our business operations. Refer to section 5.1 for further details.
19. According to the ISSB: "information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity."
20. Our materiality assessment has been guided by the impact of existing and forthcoming regulations; evolving requirements from reporting frameworks; sector, regional and global best practices and benchmarks established by global peers.
21. The materiality of most of our asset classes within our investment portfolio was assessed using the standards established by the Sustainability Accounting Standards Board (SASB). The SASB Standards serve as a source of guidance for implementing IFRS S1. These standards are industry-based and include General Issue Categories for determining material topics. Each General Issue Category contains disclosure topics that represent industry-specific versions of sustainability-related risks and opportunities.
22. In the absence of an IFRS Sustainability Disclosure Standard that specifically applies to a sustainability-related risk or opportunity, UNJSPF has applied judgement to identify information that: (a) is relevant to the decision-making of users of general purpose financial reports; and (b) faithfully represents that sustainability-related risk or opportunity.
23. Our materiality assessment was conducted through an assessment of how sustainability-related topics may impact overall investment returns, positively (i.e., opportunity) or negatively (i.e., risk) for each of the major asset classes in which we invest. Each asset class has unique sustainability-related risks and opportunities.
24. The outcome of the materiality assessment shown in the table below (item 25) highlights the most significant general issue categories for each asset class that could positively or negatively impact our investment returns. These general issue categories are considered when making investment decisions and vary by asset class.

	Asset class	Market value 12/31/24 (US\$ million)	Sources	Key General Issue Categories ¹	Key Issues Categories across asset classes
Public markets	Listed equity & publicly traded corporate debt	53,290	SASB (industries assessment) ²	• Product design & lifecycle management • Energy management • Employee engagement, diversity & inclusion	Climate Change Natural Capital Human Rights
	Sovereign bonds	15,852	Treasury Bonds-N/A Emerging Markets-LSEG's Sustainable Sovereign Risk	• Political risks • Environmental risks	
	Securitized products	8,879	SASB assessment for Mortgage Finance	• Selling practices & product labelling • Physical impacts of climate change • Access and affordability	
	Supra- and sub-sovereigns, agencies, municipal bonds	710	PRI guidance on fixed income assets	• Governance structure • Physical impacts of climate change	
	Cash & cash equivalents	873			
Private markets	Private equity, Private credit & infrastructure funds	8,597	Diligence Guidelines PRI Investment Due Diligence Questionnaire SASB (industries assessment)	• Climate risks • Mitigation of material adverse effects arising from environmental harm, social risks and governance failures • Product quality and safety	
	Real estate equity funds	7,032	GRESB SASB assessment for Real Estate	• Energy management • Water management • Management of tenants sustainability impacts • Climate change adaptation	

¹ A General Issue Category is an industry-agnostic version of the Disclosure Topics that appear in each SASB Standard. The industry-based Disclosure Topics ensure each SASB Standard is tailored to the industry, while the General Issue Categories enable comparability across industries. Disclosure Topics are industry-based versions of sustainability-related risks and opportunities.

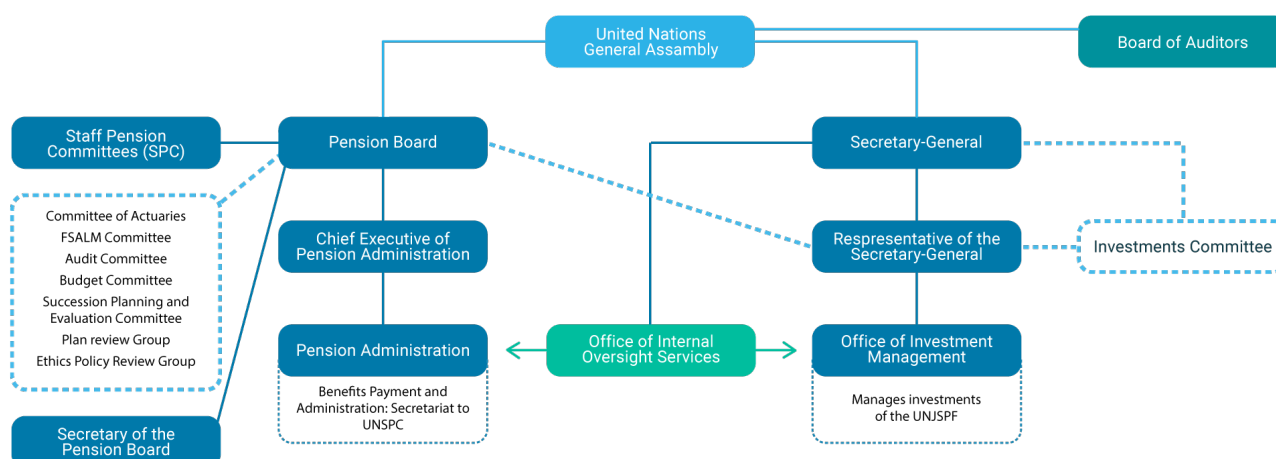
² SASB Codified Standards Level II 231219 1.1

25. We recognize the following enhancements to our materiality assessment, which we intend on implementing in future reporting years to work towards full compliance with the IFRS SDS:
 - Comprehensive evaluation of qualitative and quantitative factors as required by the IFRS SDS
 - Incorporation of all SASB specific disclosure topics into our materiality assessment for each of the asset classes in which we invest
 - Translate the General Issues identified within the SASB Industry-based guidance into sustainability-related risks and opportunities specific to our investments
 - Incorporate the sustainability-related risks related to our own business operations into our materiality assessment and improve the identification of stakeholders and overall approval of this assessment
 - As a result of the inherent limitations to our current approach, we may not have identified all material sustainability-related risks or opportunities
26. The most important sustainability- and climate-related topics from a financial materiality perspective were identified as follows:
27. According to the World Economic Forum's 2024 Global Risks Report, biodiversity loss and ecosystem collapse present significant risks to the economy, natural resources and people. Companies operating in ecosystems vulnerable to biodiversity loss and ecosystem collapse may face financially material issues, such as supply chain and operational disruptions, increased costs, damaged assets and reputational issues that could erode consumer trust. The World Economic Forum states that over 50 per cent of global GDP is highly or moderately dependent on ecosystem services. As such, the UNJSPF believes that Natural Capital is a material topic, in addition to those discussed above.
28. Additionally, the UNJSPF believes that upholding responsible business practices aligned with the 10 principles of the UN Global Compact is financially material for its investments, in particular on topics related to Human Rights.
29. The details on how these material issues are managed are disclosed in the following sections.

4. Governance

Oversight and management of sustainability- and climate-related risks and opportunities

30. The Representative of the Secretary-General (RSG) and the Chief Executive of Pension Administration (CEPA) hold the top oversight roles for the Fund. They are responsible for overseeing the sustainability- and climate-related risks associated with the UNJSPF's operations and investments, each within the scope of their respective duties.
31. The Investments Committee (IC) and Pension Board also play a critical role in advising on relevant sustainability- and climate-related risks and opportunities in the Fund.
32. The Office of Investment Management (OIM) is responsible for managing the Fund's assets. Within OIM, the Responsible Investment Committee (RIC) collaborates with the Risk Committee (RC) to monitor sustainability- and climate-related risks, and works with the Internal Investment Committee (IIC) to coordinate the Fund's responsible investment strategy.
33. The UNJSPF's Sustainability-related Policy formally documents the strategy, investment approach and the roles and responsibilities involved in overseeing and managing sustainability- and climate-related risks and opportunities. The Policy emphasizes that integrating Environmental, Social and Governance (ESG) factors is essential to safeguarding long-term portfolio value, aligning with the United Nations Sustainable Development Goals (SDGs), Paris Agreement targets and international frameworks such as the Principles for Responsible Investment and Net-Zero Asset Owner Alliance. This is detailed in the graphic below.



4.1 Oversight responsibility of the Representative of the Secretary-General

34. The United Nations Secretary-General has delegated fiduciary responsibility and authority for the management and investment of the Fund's assets to the RSG. The RSG, as chief executive of the Office of Investment Management (OIM), is responsible and accountable for the Fund's long-term financial sustainability and overseeing OIM, which supports the RSG in fulfilling their duties, including actively monitoring sustainability- and climate-related risks and opportunities.
35. The RSG also oversees the Responsible Investment Committee (RIC), which advises and supports the IIC and RC on responsible investment matters including the implementation and monitoring of sustainability- and climate-related risks, opportunities and targets. The RSG is directly responsible for integrating these issues into the Fund's investment strategy. Furthermore, the RSG ensures alignment between the Fund's responsible investment strategy and overall investment strategy.
36. The RSG supervises the management of sustainability- and climate-related risks and the implementation of the Fund's responsible investment strategy (both of which are managed by OIM), including oversight of the Fund's sustainability goals and climate-related targets. The RSG receives regular updates, including quarterly information on the ESG profile of investments and the carbon footprint of the investment portfolio as well as fossil fuel exposure on a weekly basis.
37. Because the UNJSPF is a supranational entity that has a compensation policy based on established criteria, its executive remuneration policy does not include a variable compensation component and therefore does not incorporate sustainability- or climate-related performance metrics.
38. The RSG provides at least one annual update to the UN Secretary-General on the Fund's progress toward fulfilling its responsible investment goals and climate-related targets. This update outlines the strategic approach for achieving the Fund's goals and commitments, enabling the UN Secretary-General to oversee and provide guidance on the progress related to the Fund's sustainability targets and commitments.

4.2 Oversight responsibility of the Chief Executive of Pension Administration

39. The Chief Executive of Pension Administration (CEPA), operating under the authority of the Pension Board, is responsible for overseeing the Fund's administrative activities. This role encompasses strategic planning and operational direction, including proposing strategic approaches to

sustainability-related risks and making key decisions. The CEPA is also responsible for establishing policies, managing the Fund's operations, certifying benefit payments, overseeing risk management—which includes sustainability- and climate-related risks—and ensuring regulatory compliance. Additionally, this role involves supervising staff and managing stakeholder communications.

4.3 Board committee responsibilities

40. The IC of the UNJSPF advises the RSG on the Fund's investment strategy, including elements related to climate and sustainability. The IC works with OIM to ensure alignment with overall responsible investment goals. A key objective of the IC is to assist the RSG in implementing the UNJSPF's responsible investment strategy. This involves advising the RSG on integrating sustainability into investment policy, diversifying the Fund across various investment vehicles and markets, adhering to best practices and addressing other investment-related matters as needed.
41. The Pension Board of the UNJSPF receives annual updates from both the RSG and OIM regarding the Fund's progress toward its targets and commitments, as well as its exposure to sustainability- and climate-related risks and opportunities. While the Pension Board does not hold formal oversight or approval authority over these matters, OIM may consider the Board's recommendations when developing sustainability strategies.

4.4 Skills and competencies of oversight bodies

42. The RSG possesses the essential skills and competencies to effectively oversee the UNJSPF's sustainability- and climate-related risks and opportunities. This includes the successful completion of the Principles for Responsible Investment (PRI) Academy's flagship course, Applied Responsible Investment, which equips the RSG with advanced knowledge on sustainability- and climate-related considerations which are formally integrated into the UNJSPF's investment strategy.
43. Executives receive annual training on sustainability- and climate-related risks and opportunities as part of UNJSPF's broader commitment to responsible investment. UNJSPF is developing training on sustainability topics, such as climate change, to be delivered to board committees and other management groups in the future.
44. In line with UNJSPF's approach to integrating sustainability across the investment process, all investment officers must complete an advanced ESG training (either the PRI Certificate or the CFA certificate in Sustainable Investing). Courses are also available for all OIM full-time staff to pursue the PRI certificate as well as the CFA certificates in ESG Investing and Climate Risk, Valuation and Investing.

4.5 Management's role in the governance processes to manage sustainability and climate-related risk and opportunities

45. Management of sustainability- and climate-related risks and opportunities is divided between three committees within OIM: (1) the Internal Investment Committee (IIC), (2) the Responsible Investment Committee (RIC) and (3) the Risk Committee (RC).
46. The IIC is responsible for advising the RSG and the Chief Investment Officer (CIO) on the implementation of the Fund's responsible investment strategy. The IIC oversees investment strategy changes, including new responsible investment strategies, which include impact investing and UN Sustainable Development Goal (SDG)-aligned investing.
47. The RIC was developed to support the implementation of our responsible investment strategy and to help advise the RSG on responsible investment matters. The RIC also oversees responsible investment performance, the implementation of responsible investment practices for each asset class and the Fund's sustainability goals and climate targets. The CIO, Head of Responsible Investment, Chief Risk and Compliance Officer (CRCO), Director for Public Equities, Director of Fixed Income and Director for Private Markets are all voting members of the RIC.
48. The RC is responsible for mitigating risks associated with the Fund's portfolios. This includes reviewing sustainability- and climate-related risks. The RIC assists the RC by monitoring these risks within the investment portfolio.
49. The Responsible Investment team is instrumental in the management of sustainability- and climate-related strategy, including sustainability-related risks and opportunities, and works alongside both our investment and risk teams.
50. UNJSPF's Enterprise-Wide Risk Management (EWRM) Working Group is responsible for integrating sustainability- and climate-related risks into the overall EWRM Framework to help address these risks in the Fund's own operations. For more information on the EWRM Framework, see the Risk Management section below.

4.6 Use of controls and procedures to support oversight of sustainability- and climate-related risks and opportunities

51. The UNJSPF's controls and procedures framework underpins the oversight and management of sustainability- and climate-related risks and opportunities. These risks and opportunities are addressed through formal

review and approval mechanisms established as part of the sustainability- and climate-related risks oversight process described above.

52. The UNJSPF carefully evaluates trade-offs associated with sustainability- and climate-related risks and opportunities through the RIC. Chaired by the CIO and composed of all senior investment officers, the RIC serves as the primary forum for discussing topics related to the sustainability- and climate-related trade-offs that impact the Fund. These include: ESG risks across asset classes, divestment from specific business activities, approval of climate transition plans and increased commitments to sustainability-related training and responsibilities for all investment officers. This governance structure ensures that responsible investment is a priority for senior investment officers and management. Although the RIC is the primary venue for these discussions, issues can be escalated to the IIC or RC when necessary, underscoring the importance of sustainability to the Fund.
53. Despite the evolving global political landscape and uncertain regulations, the UNJSPF remains committed to its responsible investment strategy. Implementing this strategy is complex due to the intricacies of various asset classes and the diversity of internal and external managers. However, the governance structures established by the UNJSPF are designed to address these challenges effectively.

5. Strategy

Overview

- 54. Sustainability is embedded in the Fund's culture, operations and strategic planning. It informs strategic decision-making and drives long-term value creation for stakeholders. The associated responsible investment strategy has five main pillars: negative screening, ESG integration, stewardship, impact investing and climate targets.
- 55. The Fund's responsible investment strategy incorporates financially material issues to support sustainable growth, manage risks and deliver measurable outcomes, including product design and lifecycle management, employee engagement and diversity & inclusion.
- 56. A core objective of our strategy is to promote sustainable business practices and stewardship that advocates improvement of the environment, fair labour practices, non-discrimination and the protection of human rights which align with the financially material issues identified above. This approach is aligned with UNJSPF's fiduciary duty, and includes material environmental, social and governance considerations that are integrated throughout the investment decision-making process.

5.1 Business model and value chain

- 57. The business model of the UNJSPF is classified under the Asset Management & Custody Activities industry as an asset owner, according to the IFRS Sustainability Disclosure Standards. Consequently, the UNJSPF's business model and value chain, along with its sustainability- and climate-related risks and opportunities, are primarily concentrated in portfolio management activities related to the Fund (the investee companies within the Fund's investment portfolio). Below, we discuss areas within the portfolio where we identify the most significant sustainability- and climate-related risks and opportunities. See the Risk Management section for additional information on the ESG risks most impactful to the Fund's portfolio.
- 58. In addition to the portfolio, we acknowledge the existence of ESG risks on UNJSPF's own business operations. The risks identified in the Enterprise Risk Management Risk Map (below) are detailed in the Risk Management section. This assessment is distinct from the materiality assessment detailed above and covers the Fund in its entirety, not only investments.

	Risk Category	Risk Appetite
STRATEGIC	Economic, Political, Social, Technological, Environmental	Moderate
	Reputation, Communication & Misinformation	Low
COMPLIANCE & LEGAL	Privacy & Confidentiality	Low
	Ethics	No appetite
	Fraud & Corruption	No appetite
	Regulatory Compliance	No appetite
	Investment Compliance	No appetite
OPERATIONAL	Cybersecurity	Low
	Business Continuity / Disaster Recovery	Low
PEOPLE RISK	Talent Attraction & Recruitment	Moderate
	Talent Retention & Succession Planning	Moderate
	Performance Management	Low
	Training & Development	Low

UNJSPF Enterprise Wide Risk Management Risk Map, UNJSPF Risk and Compliance, December 2024

5.2 Sustainability-related risks and opportunities

5.2.1 ESG risks

59. Integrating ESG factors into the investment process provides investors with quantitative and qualitative data to evaluate an investment's risks and opportunities holistically. As discussed in the materiality assessment, the Fund has identified sustainability risks and opportunities related to its investments, specifically for each of its major asset classes. In assessing these issues, the UNJSPF considers both the investee company's exposure to such risks and the effectiveness of its risk management processes.

60. The environmental factors that pose material risks to the portfolio include:

Environmental factors	
Product lifecycle management	Energy management in manufacturing
Financed emissions	Physical impacts of climate change
Energy management	Water management
Environmental footprint of hardware infrastructure	Climate change adaptation

61. While the prioritization of environmental factors varies by sector, it is important for companies across all sectors to manage their environmental risks and reduce their GHG emissions, given the climate urgency, ideally in line with a credible climate transition plan. Certain sectors may be more environmentally intensive, such as energy, manufacturing and transport. Other sectors, such as financials, may have lower direct climate impacts, whereas their Scope 3 carbon emissions may be more pertinent.
62. The social factors that can pose material risks to the portfolio include but are not limited to:

Social factors	
Employee diversity & inclusion	Political risk
Recruiting & managing a global, diverse & skilled workforce	Selling practices & product labelling
Data security	Management of tenant sustainability impacts
Product security	

63. The factors evaluate how effectively companies in all sectors fulfill their social responsibilities across their operations, global supply chains and partnerships with local communities. The UNJSPF assesses each of these factors by asset class to determine whether material social topics affect investment decision-making for each asset class. Companies are assessed on their management of employee well-being and rights, including those of contracted workers. Poor management may result in operational disruptions and increased employee turnover. In sectors like technology, social issues such as privacy and data security can be particularly significant, potentially leading to litigation and reputational damage, thus reducing stakeholder trust. Additionally, companies need to manage human rights risks in the communities where they operate, ensuring compliance with global standards like the UN Global Compact

Principles (UNGC) and the UN Guiding Principles on Business and Human Rights (UNGPR).

64. The general governance factors that can be material risks within the portfolio include but are not limited to:

Governance factors	
Incorporation of environmental, social and governance factors in credit analysis	Policies designed to incentivize responsible behaviour
Incorporation of environmental, social and governance factors in investment management	Sustainability impacts

65. The governance aspect of ESG is crucial for assessing how effectively companies manage their operations and strategy for long-term financial success. This includes evaluating whether companies integrate ESG factors in their operations. Important considerations might include the presence of independent and qualified board members, transparency in compensation, transparency in reporting and management incentives.

5.2.2 Sustainability opportunities – UNJSPF impact investing

66. Emerging regulations and shifting market standards further reinforce the need to integrate sustainability considerations into our investment strategy. The transition to a low-carbon and nature-positive economy, for example, presents investment opportunities in areas such as clean energy, resource efficiency, sustainable food systems and inclusive infrastructure.
67. Impact investing has become a strategic pillar of the Fund's responsible investment strategy, contributing to sustainable development while pursuing risk-adjusted returns. This approach is grounded on the material ESG factors relevant to the Fund. In turn, the Fund allocates capital to a growing set of impact investments that explicitly aim to generate measurable social and environmental outcomes alongside financial returns. These investments offer long-term value creation potential and expose the Fund to unique sustainability-related opportunities.
68. Material opportunities associated with impact investing lie in the Fund's ability to:
- Allocate capital toward global development priorities, particularly those aligned with the UN Sustainable Development Goals, such as SDG 13, Climate Action, which is one of the main issues identified in the materiality mapping
 - Gain exposure to long-term growth trends in financially material opportunities such as climate mitigation, resource efficiency, inclusive

infrastructure and economic development

- Capture enhanced risk-adjusted returns through early participation in sustainability-linked market innovations, including labelled bonds, outcome-based financing and climate infrastructure
- Strengthen the Fund's role as a universal owner by deploying capital to address systemic risks, such as climate change, biodiversity loss and inequality

69. At the same time, impact investments expose the Fund to a specific set of sustainability-related risks, such as greenwashing risks and impact delivery and execution risks. Through its impact programme, the Fund evaluates and manages these risks using robust due diligence and monitoring frameworks.
70. The Fund's approach is aligned with globally recognized frameworks including the Operating Principles for Impact Management (OPIM), the Impact Management Project (IMP), the SDGs and IRIS+ metrics. Relevant risks are further mitigated through the Fund's impact screening and classification system. The Fund applies a contribution framework that follows the principles of universal ownership, proactive sourcing and impact influence. This allows us to shape market practices and signal expectations around rigorous impact management.

5.3 Climate-related risks and opportunities

5.3.1 Climate-related risks

71. Climate is a material issue to the Fund, across all asset classes, whether through product design and lifecycle management, energy management or the physical impact of climate change.
72. The UNJSPF monitors and seeks to address the following types of climate-related risks in its own business operations and in the investment portfolio:

Physical risks pertain to the business operations of the UNJSPF and the Fund's investments. Such risks are defined as acute and chronic extreme weather events that result in higher operating expenditures (OpEx), capital expenditures (CapEx), losses or write-offs (including increasing depreciation rates) and disruptions to supply chains and operations. These risks affect the values of the Fund's investments and other assets and could cause interruptions to the Fund's own business operations. A delay in mitigation and abatement efforts exacerbates these risks.

- Acute physical risks are event-driven risks related to shorter-term extreme weather events such as hurricanes, floods and tornadoes.
- Chronic physical risks arise from longer-term weather patterns and related effects such as sustained higher temperatures, rising sea levels, drought and

increased wildfires. These risks can have related effects such as decreased arability of farmland, decreased habitability of land and decreased availability of fresh water.

Transition risks are actual or potential negative effects on the Fund's financial statements, business operations, or value chains attributable to regulatory, technological and/or market changes to address the mitigation of, or adaptation to, climate-related risks. This includes disruptions to established ways of production and business models resulting from low-carbon economy shocks. Such disruptions could lead to higher OpEx and CapEx associated with new systems and technologies, as well as obsolescence and, in some cases, stranded assets.

73. The material climate-related physical and transition risks that the Fund's investment portfolio faces are as follows:

Physical risks	Transition risks
Water stress	Liability
Floods	Reputational
Heatwaves	Technology transition
Wildfires	Market adjustment
Cold waves	Policy
Hurricanes	Regulatory
Sea level rise	Liquidity

5.3.2 Nature-related risks

74. Climate change and biodiversity loss are interconnected and interdependent. Ecosystem services³, such as carbon sequestration by forests or wetlands, or mangroves providing flood protection, play a role in climate regulation and offer protection from natural hazards. Stopping and reversing biodiversity loss is essential to aligning with a net zero pathway.
75. Similar to climate, the Fund faces nature-related transition and physical risks, defined as follows:

Nature-related physical risks result from the degradation of biodiversity. These

³ The Convention on Biological Diversity defines an ecosystem as "a complex of living organisms and the abiotic environment with which they interact in a specified location." Ecosystem services are benefits human beings get from nature, such as clean air or crop pollination.

location-specific risks may be chronic (such as the loss of protective habitats) or acute (loss of wild pollinator insects). Worst-case estimates from the World Bank suggest that a collapse of just four ecosystem services could result in a \$2.7 trillion contraction of the world's GDP by 2030.

Nature-related transition risks are due to the misalignment of economic activities with actions aimed at protecting, restoring and/or reducing negative impacts on nature. They may arise from changes in regulation, policy, technology, investor sentiment or consumer preferences. An example would be a failure to meet the due diligence expectations of EU regulations on deforestation-free products and associated litigation risks.

These risks could materialize for the Fund as credit, market, liquidity and/or reputation risks.

5.3.3 Climate-related opportunities

76. The systemic transformation posed by climate change also creates investment opportunities. Investing in climate mitigation and adaptation measures is an opportunity in both the public and private sectors, and climate investments have increased in recent years across multiple asset classes. Climate investment opportunities include diversifying energy sources to support a climate transition, novel decarbonization mechanisms, circular economy-related resource management processes and improving supply chain and business processes for resource efficiency. New investment products and asset classes are emerging to address these climate investment opportunities. These include public equity funds that invest with a thematic climate focus, use-of-proceeds bonds, sustainability-linked instruments and private markets funds with a climate-focused mandate. As the climate investment market grows in size and complexity, the UNJSPF continues to evaluate climate investment opportunities.

5.3.4 Nature-related opportunities

77. The World Economic Forum estimates that reversing biodiversity loss and contributing to a nature-positive world over the next 10 years could generate business opportunities worth \$10 trillion. In 2024, the UNJSPF allocated capital to nature-related opportunities through its impact investing pillar, targeting solutions in reforestation, water efficiency and sustainable agriculture.

5.3.5 Definitions of time horizons for sustainability- and climate-related risks and opportunities

78. The UNJSPF assesses sustainability- and climate-related risks and opportunities over short-, medium- and long-term time horizons, consistent with its overall investment strategy. Sustainability and climate risks can

have both short- and long-term impacts. Climate physical risks, such as extreme weather or wildfires, are already materializing in the short term, while chronic physical risks like increased temperatures, rising sea levels and changing precipitation patterns might occur in the longer term. The UNJSPF's definitions of short, medium and long term are as follows:

Short term	Fewer than 3 years
Medium term	From 3 years to 15 years
Long term	More than 15 years

5.4 Sustainability strategy and decision-making

79. The Fund acknowledges the importance of assessing Environmental, Social and Governance (ESG) material issues to gain a comprehensive understanding of the risk-return profile of investments. As a result, the Fund has established policies, processes and tools to integrate sustainability- and climate-related risks and opportunities into the investment process. By employing strategies such as negative screening, ESG integration, stewardship, impact investing and climate targets, we utilize multiple approaches to ensure sustainable considerations are embedded in our investment process and strategy and how we address financially material sustainability- and climate-related issues. The following section discusses the investment strategies employed as part of the sustainability strategy.

5.4.1 ESG integration & risk management

80. The Fund recognizes the importance of identifying and analyzing material ESG factors that may have significant financial impacts on underlying investments. The diversified investments made on behalf of UNJSPF beneficiaries are intended for long-term growth and thus are exposed to long-term financial risks. Our ESG integration process is designed to help mitigate these risks. By integrating ESG issues, including climate change and energy management, the UNJSPF aims to enhance the risk-return profile of its investments. The Fund employs an ESG integration process that includes conducting ESG due diligence on new investments, performing climate assessments, monitoring developments and engaging with entities that lag in ESG standards.

81. The UNJSPF also prioritizes sector-specific material ESG issues, identified through the materiality assessment performed when making investment decisions. By leveraging external resources, particularly the SASB materiality framework, the UNJSPF has developed an internal ESG assessment to help review investment opportunities, taking into account the ESG issues most

impactful to the sectors in which the Fund invests.

5.4.2 Negative screening

82. The Fund implements negative screening (rule-based exclusions of certain investments) to mitigate risks that could affect long-term performance. These exclusions, detailed below, apply to equity and fixed income across both internal and external portfolios, including private market investments. To accommodate these exclusions, the Fund has developed custom benchmarks for monitoring and performance analysis.

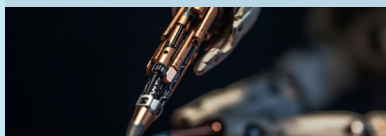
Controversial weapons

Any involvement in nuclear systems and weapons, chemical & biological weapons, cluster munitions, landmines and/or depleted uranium.



Conventional weapons

Any involvement in the production of conventional weapon systems intended for military markets or companies deriving at least 10 per cent of their revenues from any weapons-related activities.



Tobacco

Any involvement in the production of tobacco products. Distribution, retail and supply: companies deriving at least 15 per cent of their revenue from these activities.



Fossil fuels*

Companies deriving at least 1 per cent of their revenue from the mining, extraction, or production of thermal coal (including lignite, bituminous, anthracite and steam coal).

Companies deriving at least 10 per cent of revenue from any combination of:

- Extraction and production of oil and gas
- Refining of oil and gas
- Oil and gas pipelines and/or transportation of oil and gas, including any revenue from midstream operations but excluding revenues from terminals and storage facilities
- Petrochemical products, including revenue from industrial organics, inorganics, lubes and greases

- Equipment and/or service(s) for the exploration and production of oil and gas, including revenue from oil and gas exploration services, related equipment manufacturing, seismic surveys, engineering services and heavy construction related to oil and gas exploration activities
- Distribution and/or retail of oil and gas, including revenues from crude and petroleum products storage facilities and terminals, bulk stations, gasoline and fuel oil retail stations as well as liquefied petroleum gas stations and natural gas distribution
- Production and/or sales of biofuel
- Trading of oil and gas and related products
- Mining, extraction, or production of thermal coal



*Certain exceptions may apply to ETFs, green bonds and companies with a credible transition plan (based on an internal assessment), allowing the Fund to support the transition to a low-carbon economy.

5.4.3 Impact investing

83. In January 2023, the General Assembly's Resolution (A/RES/77/258) called for the increased development of impact investments within the Fund's portfolio, while managing to the real rate of return target set for the Fund. In response, the UNJSPF established an impact investing programme intended to produce attractive risk-adjusted returns while achieving positive, measurable social and environmental outcomes. The Fund's approach, based on the principles of intentionality, impact management and impact risk mitigation, is designed to deliver both tangible real-world impacts and financial resilience.
84. While our impact investing strategy is not driven by financial materiality in the traditional ESG sense, it reflects the Fund's broader mission to generate measurable environmental and social outcomes alongside financial returns. The identification of impact themes is based on global sustainability priorities rather than on sector-specific material ESG risks.
85. However, as part of our impact due diligence and ongoing investment assessment, we incorporate ESG analysis to evaluate financially material risks and opportunities. This ESG analysis aligns with materiality principles set out by frameworks such as SASB and is integrated into the risk assessment of all investments, including those classified as impact.
86. The impact investment focus areas are mapped to the UN Sustainable Development Goals (SDGs) and are prioritized according to their potential to mitigate systemic risks and support long-term value creation.

These include:

- Climate and energy: renewable energy, clean mobility, alternative fuels and energy-efficient infrastructure. This addresses material issues related to climate change mitigation, energy transition and greenhouse gas emissions management.
 - Natural resources: circular economy, sustainable agriculture, biodiversity protection and pollution prevention. This addresses resource efficiency, lifecycle management, land and water use, biodiversity protection and pollution management.
 - Fundamental needs and infrastructure: affordable and resilient housing, food security and access to healthcare, which relate to product quality and safety, access and affordability, human rights and community relations.
 - Community empowerment and development: financial inclusion, education and decent job creation, supporting inclusive economic growth, and addressing material issues such as income inequality, education access, employee engagement, diversity and inclusion and labour practices.
87. These themes represent both a mitigation of long-term systemic risks and

an opportunity to generate risk-adjusted returns by backing sustainable and future-fit business models. They guide proactive sourcing and engagement efforts and are supported by robust monitoring and reporting practices that ensure alignment with the Fund's investment policy and impact goals.

5.4.4 Stewardship and engagement

88. The UNJSPF considers active ownership, through engagement and proxy voting, a fundamental component of its responsible investment strategy. This approach is essential for mitigating long-term financially material issues, achieving our investment objectives and supporting the creation of long-term value for our participants and beneficiaries. We view stewardship not only as a means to protect and enhance shareholder value but also to influence corporate behavior and improve ESG performance across our portfolio. Our approach is formalized in our Stewardship Guidelines, which outline our proxy voting and engagement practices.
89. Engagement is conducted on an ongoing basis across public equity and corporate fixed income holdings through the UNJSPF's partnership with Federated Hermes' Engagement and Ownership Services (EOS). The UNJSPF actively monitors these engagements, which cover a wide range of material issues, including climate change, natural resource use, labour rights and decent work, governance structures and biodiversity. Additionally, EOS engages with companies exposed to physical climate risks. In particular, the EOS engagement process focuses on developing adaptation plans to enhance resilience. In the coming years, EOS is committed to strengthening its focus on the need for a just transition that addresses the human rights impacts of shifting to a low-carbon economy.
90. The UNJSPF is concurrently enhancing its capacity for internal and collaborative engagement, particularly concerning financially material issues such as climate change, biodiversity loss and human rights. The UNJSPF actively participates in leading investor networks, including Climate Action 100+ (an investor initiative aimed at ensuring the world's largest corporate greenhouse gas emitters take appropriate climate action), Nature Action 100 (a global investor-led engagement initiative focused on boosting corporate ambition and action to reverse nature and biodiversity loss), FAIRR (a collaborative investor network raising awareness of the material risks and opportunities in intensive livestock production) and Climate Engagement Canada (a collaborative initiative that promotes the transition to a net-zero economy among the largest Canadian corporate emitters). These networks regularly provide updates on engagement progress and outcomes related to sustainability- and climate-related risk considerations in investee companies.
91. The Fund upholds a proxy voting policy, developed in collaboration with Institutional Shareholder Services (ISS), that aligns with its long-term objectives, climate strategy and sustainability commitments. This customized policy allows the UNJSPF to adopt consistent voting positions on issues like

climate accountability, board oversight, shareholder rights, biodiversity and social equity. Each proxy season, starting in 2024, the UNJSPF reviews a focus list of high-priority companies, with votes for these entities undergoing enhanced internal scrutiny and case-by-case analysis by the Responsible Investment and Investment teams. This process ensures alignment between our stewardship priorities and voting outcomes.

92. Proxy voting and engagement are integrated into broader investment decision-making and ESG risk management. Together, they provide insight into corporate alignment with long-term sustainability goals and support the Fund's contribution to real-world outcomes.

5.4.5 Trade-offs of sustainability and climate risks and opportunities

93. The most significant trade-off for the Fund concerning sustainability- and climate-related risks and opportunities involves divestments and exclusions. As a universal owner with performance targets, the decision to exclude controversial yet potentially profitable business activities is not taken lightly. The UNJSPF's primary fiduciary responsibility to participants, retirees and beneficiaries is to meet or exceed the Investment Policy's long-term (15-year) benchmark return without exposing the portfolio to undue risk of loss. Exclusions and divestments can influence the portfolio's risk-return profile. For instance, the decision to divest from fossil fuels was significant but aligned with a 1.5°C scenario that supports the Fund's climate strategy and net zero commitments.
94. Regarding the Fund's commitment to fossil fuel divestment, implemented in 2021, the UNJSPF conducted comprehensive studies on its impact on the portfolios. This analysis included various revenue thresholds, definitions and scopes (such as production, reserves and the entire value chain) for fossil fuels, as well as comparisons with peer assessments. Additionally, the UNJSPF evaluated the historical returns of its investment portfolio, excluding fossil fuels, against benchmark returns.
95. The UNJSPF acknowledges the challenges associated with its responsible investment strategy. Supporting the transition to a low-carbon economy is a key component of the Fund's strategy; however, defining what constitutes a credible transition plan can be challenging due to varying frameworks and associated expectations. The Fund is collaborating with various initiatives to ensure adherence to best practices in these assessments. Additionally, the impact of stewardship on companies remains uncertain, as this strategy depends on external stakeholders aligning their business models with our investment requirements, a process that will likely take years to materialize.
96. The UNJSPF strives to integrate responsible investment considerations into all its activities while maintaining consistency with its fiduciary responsibility to achieve long-term performance objectives. The UNJSPF believes that excluded securities carry long-term risks such as becoming stranded assets and facing

regulatory and reputational challenges. These factors can materially affect company operations and cash flows over the long term.

5.5 Climate strategy and decision-making

5.5.1 Mitigation activities

97. To fulfil the Fund's fiduciary duty to its participants, retirees and beneficiaries, it is crucial to understand how climate-related risks and opportunities may affect its holdings. Climate-related risks are likely to materialize over the Fund's long-term investment horizon. The UNJSPF has incorporated into the Fund's investment strategy the following areas of activity designed to reflect climate mitigation pathways: (1) divesting from fossil fuel companies that are not transitioning to a low-carbon economy; (2) setting decarbonization targets; (3) engaging in structured dialogue with investee companies, including through proxy voting and collaborative engagement; and (4) investing in the green economy.

Divesting from fossil fuel companies

98. In 2021, the UNJSPF implemented a Fossil Fuel Divestment Policy that prevents investment in companies deriving more than 10 per cent of revenues from fossil fuel-related activities across the value chain. The policy aims to target those companies that are not shifting their business models toward a low-carbon economy aligned with the Paris Agreement. It seeks to limit exposure to climate-related transition risk throughout the Fund's portfolio.
99. The policy applies to investments in public markets and to all new investments in private markets. The policy does not apply to companies in exchange-traded funds (ETFs) nor green bonds. Companies are identified using metrics derived from third parties (e.g., MSCI) to define and identify companies with fossil fuel activities that should be excluded from the investment portfolio in accordance with the policy. The policy does not apply to transitioning companies in our equity portfolios, which are identified and evaluated based on an internal assessment of their transition strategy.

Setting decarbonization targets and a carbon budget for the investment portfolio

100. The Fund has put in place a net zero strategy as part of its overall investment strategy. In 2020, the UNJSPF joined the Net-Zero Asset Owner's Alliance (NZAOA) and committed to achieving net zero by 2050 and establishing intermediate targets every five years in line with the Paris Agreement. The Fund's net zero strategy has three pillars: (a) reducing carbon emissions, (b) engaging with investee companies and (c) financing the transition (defined by the NZAOA as "investments in economic activities considered to contribute to climate change mitigation (including transition enabling) and/or adaptation, in

alignment with existing climate-related- sustainability taxonomies and other [generally acknowledged climate related frameworks](#)).

Reducing carbon emissions

101. The UNJSPF set a goal to reduce absolute carbon emissions by 40 per cent for its public equities, corporate bonds and private real estate portfolios by 2025, compared to 2019 levels. By the end of 2024, the Fund surpassed this target, reducing absolute carbon emissions by 48 per cent compared to 2019 levels. This achievement was due to divestment from fossil fuels, engaging with portfolio companies and tilting the portfolio away from high emitters. Having met the intermediate targets for 2019-2025, the UNJSPF is now actively preparing to set intermediary targets for 2025-2030.
102. To fulfill its climate commitments, the UNJSPF has established an annual internal carbon budget for its investment teams. Updated internal carbon budgets will be developed once 2030 targets are formalized. These carbon budgets impose emissions limitations on the portfolios, aligning with the intermediate targets set by the UNJSPF, such as the 40 per cent reduction in financed GHG emissions associated with portions of the Fund's financed emissions by 2025 (refer to paragraph 235 in the Metrics & Targets section below). The internal carbon budgets are designed to guide investment decisions as the UNJSPF continues transitioning its investment portfolio to achieve net zero by 2050.
103. It is important to recognize the significant challenges we encounter in achieving our climate targets. These challenges can be categorized into two main issues: data quality and limited control over issuers' decarbonization efforts. Data issues are prevalent across asset classes and portfolios and include inconsistencies between data providers as well as calculation difficulties, such as determining scope 3 financed emissions. When it comes to driving real-world decarbonization, engagement may not yield the desired results since it depends on the willingness and ability of companies and issuers to align with our climate ambitions.

Engaging with investee companies and other organizations

104. As part of its responsible investment strategy, the UNJSPF has adopted recommendations from the NZAOA to periodically engage with the Fund's top emitters. These engagements aim to encourage the establishment of GHG reduction targets aligned with the Paris Agreement, adoption of science-based targets and alignment of financial statements and lobbying. The NZAOA recommends that the Fund either engage with the portfolio's top 20 emitters, or companies that make up 65 per cent of total GHG emissions within the portfolio. As such, the UNJSPF has elected to engage with the top 20 emitters within our portfolio.

105. To facilitate climate progress, the UNJSPF uses an escalation process if companies fail to meet targets. This includes shareholder voting consistent with universal ownership principles, which includes supporting proposals on systemic risks like climate change and governance that impact long-term returns.
106. The UNJSPF supports industry-wide climate initiatives, recognizing the threat of climate change to the environment, economy and society. It participates in efforts like NZAOA to transition portfolios to net zero by 2050, and advocating for collaborative and science-based policies aligned with the Paris Agreement.

Financing the transition - investing in the green economy

107. The UNJSPF recognizes that decarbonizing the global economy requires a significant scaling of investment in climate-aligned technologies, infrastructure and solutions. To address this, the Fund has committed to investing in the green economy and the clean energy transition as part of the climate and impact investing pillars of its responsible investment strategy. This involves allocating a growing share of assets to investments that contribute to climate change mitigation and adaptation, in line with recognized sustainable taxonomies and science-based pathways such as the IPCC 1.5°C scenarios, IEA Net Zero roadmap and SDG mapping tools.
108. Investments in climate solutions made by the UNJSPF span public and private markets and include opportunities such as renewable energy, energy storage, grid electrification, water infrastructure and low-carbon transport. These investments are selected and monitored using an internal impact framework that emphasizes intentionality, measurability and impact risk. These investments are broadly categorized into two types: (i) transition-focused investments that support the decarbonization of high-emitting sectors and (ii) scaling-focused investments that expand existing low-carbon or climate-resilient technologies. Both categories are critical: scaling green technologies accelerates deployment, while transitioning carbon-intensive sectors is essential to addressing the largest sources of emissions and achieving a just and economy-wide transformation.
109. In private markets, the UNJSPF sources investments across infrastructure, real estate, private equity and credit. In public markets, the UNJSPF complements its labelled bond allocations with investments through multilateral development banks and thematic external funds. These efforts aim to mobilize capital efficiently while upholding the Fund's fiduciary duties.
110. In 2024, the UNJSPF made several strategic allocations aligned with this approach. This included growing our allocation to green, social and sustainability bonds (GSSBs) to \$1.04 billion (up from \$534 million in 2023). Over \$300 million has also been allocated to infrastructure investment focused on grid decarbonization and energy transition, a climate-focused real estate investment, private equity and private debt mandates and the

initiation of a public equities search for managers aligned with the SDGs and environmental challenges.

111. To monitor progress of the allocation to these investments, the UNJSPF tracks exposure to climate solutions, as well as growth in commitments over time. Where data allows, impact metrics such as avoided emissions, installed renewable capacity and resilience outcomes are collected and reported.
112. The resources required by the Fund to address climate-related risks and opportunities will change over time. To date, the UNJSPF has increased its staff and budget to enhance its capacity for conducting engagement activities, updating and responding to new regulations and accessing information from data providers. As the investment strategy and net zero strategy evolve, additional resources may be necessary. The UNJSPF is committed to ensuring that the necessary resources are available to achieve net zero GHG emissions within the Fund by 2050.

5.5.2 Developing a natural capital and biodiversity strategy

113. The Fund is currently developing its strategy for natural capital and biodiversity. Biodiversity loss can significantly damage natural ecosystem services and pose financial risks to companies, affecting asset valuations and portfolio returns. Consequently, the Fund is emphasizing nature and biodiversity investment training for all employees while exploring actions in investment strategy, risk management, stewardship and disclosures. The Fund expects to publicly disclose a dedicated strategy in the next two years.
114. Policy engagement is also critical to halt and reverse biodiversity loss and in 2024, the UNJSPF was a signatory to a "Statement to governments to address biodiversity loss from long-term investors". In 2022, the Fund became a signatory of the UN Biodiversity Conference (COP 15) statement from the financial sector, a global initiative committing the financial community to contribute to the protection and restoration of biodiversity and ecosystems through financing activities and investments.

5.6 Financial position, financial performance and cash flows

115. Contributions from active staff members are the primary cash inflow source for the Fund. Investment returns (change in price of an asset, dividends and interest payments) are the primary sources of financial performance. No significant risks of material adjustments to cash inflows or financial performance are expected in the next annual reporting period, including adjustments related to sustainability and climate risks. At the end of 2023, the Fund conducted an asset liability management (ALM) study, performed every four years, to assess the Fund's long-term resilience.
116. Historically, the Fund's actual contribution rate (percentage of an employee's compensation deducted from their paycheck and contributed

by their employer to fund the retirement plan) has exceeded its required contribution rate (RCR, i.e., the net present value of future annual pensionable remuneration that is required to fully fund the pension plan), indicating a strong cash flow and solvency record. The current contribution rate (CCR) is 23.7 per cent of annual pensionable earnings. Climate scenario analyses related to the contribution rate are discussed in paragraph 125. The climate factor may impact returns and therefore the contribution rate.

117. In addition to a stable contribution rate, the Fund has demonstrated a history of positive funded ratios since 2015. A funded ratio exceeding 100 per cent means that even if all participants were to separate immediately, the Fund has enough assets to pay all future expected benefits.
118. In the medium and long term, climate change may have a significant impact on the RCR, based on the Net-Zero Financial Crisis and High Warming scenarios which would lead to lower investment returns (see below).

5.6.1 Climate scenario analysis

119. To understand how climate-related risks and opportunities affect the financial position, performance and cash flows of the Fund, the UNJSPF utilizes climate scenario analysis. Integrating climate-related scenario analysis is designed to help quantify systemic climate-related risks and opportunities across asset classes, regions, sectors and holdings. Broader sustainability scenario analysis that considers scenarios beyond climate are not currently available, but the UNJSPF will continue to assess and implement such capability as it becomes more readily available.
120. The UNJSPF conducts an asset liability management (ALM) study every four years to assist the United Nations Secretary-General and the United Nations Joint Staff Pension Board with managing investments and funding obligations and liabilities. This study includes climate scenario analysis, with support from Ortec Finance, which helps shape the Fund's long-term climate-related strategy. The most recent ALM study was carried out in 2023, with the next one scheduled for 2027. Meanwhile, the UNJSPF receives a quarterly "Navigator Report" that assesses the Fund's climate risk exposure. Both the ALM study and the quarterly reports utilize climate scenario analysis to evaluate the risk profile of future climate-related trends at the portfolio level. The ALM study's findings affect the Fund's overall strategic investment approach.
121. Measuring the investment performance of a pension plan is typically done by comparing the actual returns of the plan with a relevant benchmark. The Navigator allows the UNJSPF to compare the overall short-, medium- and long-term performance of two recommended portfolio benchmarks to the Fund's current strategic asset allocation (SAA) under various climate scenarios, described below. The SAA is an investment approach in which the investor establishes target allocations for different asset classes and

periodically rebalances the portfolio to maintain these allocations.

5.6.2 Scenario analysis inputs and assumptions

122. The climate scenarios that the UNJSPF considered as part of its Q4 2024 Navigator Report are as follows:

Scenario	Description
Base	Reference baseline, used to compare the results of the stress scenarios
Net Zero	Explores risks and opportunities of an orderly transition aligned with a 1.5°C scenario Very low emissions Aligns with IPCC scenario SSP1 – RCP1.9
Net Zero Financial Crisis	Considers a disruptive reaction from financial markets, limiting temperature increase to 1.5°C Very low emissions Aligns with Intergovernmental Panel on Climate Change (IPCC) scenario SSP1 – RCP 1.9
High Warming	Assumes very severe physical climate risks and a 3.7°C temperature increase High emissions Aligns with IPCC scenario SSP3 – RCP 7

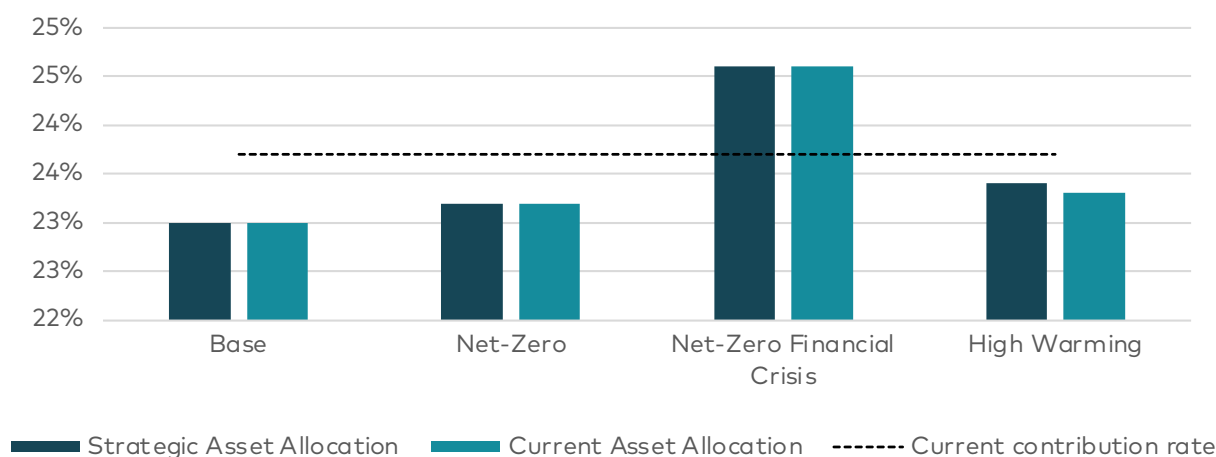
Ortec Finance, 2025 Ortec Finance Climate Scenarios

123. The climate scenarios described above align with narratives based on IPCC scenario descriptions. Each scenario considers both physical and transition risks, including achieving global net zero GHG emissions by 2050, either in an orderly manner or by triggering a financial crisis, as well as a failed transition resulting in temperature increases above 3°C. Each narrative assumes distinct policy and technological changes, energy usage, physical risks and pricing mechanisms. These assumption inputs inform the scenarios' Capital Market Assumptions (CMA) and are adjusted for sensitivity analyses to assess the resilience and suitability of the portfolio's overall asset allocation in a given scenario. The UNJSPF is working on incorporating more climate scenarios into its analysis.

124. By considering both physical and transition risks across various economic models, the Fund can mitigate the impact of climate-related risks on its investment portfolio, including through informed asset allocation decisions (made through the incorporation of these scenarios in determining the SAA).

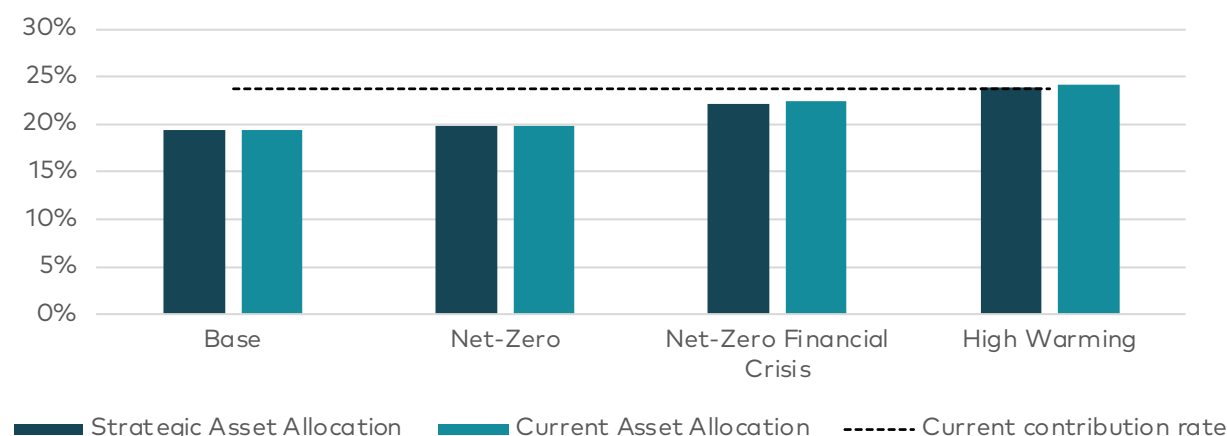
125. The Fund's primary cash flows are contributions from its pension holders. Therefore, climate scenario analysis was conducted on the expected RCR for both a five- and 15-year period across the Base, Net-Zero, Net-Zero Financial Crisis and High warming scenarios. Results of this analysis are below.

5-year Expected Required Contribution Rate (Q4 2024)



Ortec Finance, data as of 31 December 2024

15-year Expected Required Contribution Rate (Q4 2024)



Ortec Finance, data as of 31 December 2024

126. In the charts above, the Strategic Asset Allocation is tested in addition to the Current Asset Allocation, since the analysis takes a longer-term view.

127. The Fund's CCR is 23.7 per cent of annual pensionable earnings. According to the latest official actuarial valuation, dated December 31, 2023, a rate of 21.4 per cent of the net present value of future annual pensionable remuneration is required to fully fund the pension plan. An RCR higher than the actual contribution rate indicates a deficit, while an RCR lower than the actual rate suggests a surplus. The scenario analysis was conducted over the medium and long term to better understand how climate risks may influence the Fund's cash flows, using the RCR as a proxy.
128. The most significant financial risk to the Fund's contribution rate over the next five years would arise if a scenario akin to the Net-Zero Financial Crisis (NZFC) or High Warming occurred, which would result in an RCR of approximately 25 per cent.
129. The NZFC scenario poses the greatest risk to the contribution rate in the medium term because it is expected to cause negative return impacts, leading to a higher RCR. This scenario assumes that capital markets do not fully recover from the sentiment shock, which, in combination with rising inflation, leads to a persistently high RCR in the long term.
130. The Net-Zero scenario does not present a material impact in the short term, but in the longer term we see an increase in the RCR due to projected higher inflation, which increases liabilities. Transition scenarios are generally inflationary due to assumptions of high carbon taxes and investment stimulus in low-carbon technologies.
131. In a High Warming scenario, the highest negative return impacts are expected in the longer term, given the timeline on which physical risks tend to materialize.
132. The Navigator also includes climate scenario analysis to forecast financial returns across the portfolio and for each asset class for a five- and 15-year period as of the end of 2024. The results from this analysis are illustrated in the table below.

	Baseline		Net-Zero		Net-Zero Financial Crisis		High Warming	
Climate impact (delta) per asset class	Geometric Mean		Geometric Mean		Geometric Mean		Geometric Mean	
	5-Year	15-Year	5-Year	15-Year	5-Year	15-Year	5-Year	15-Year
Total Assets	6.9%	6.5%	0.0%	0.0%	-1.3%	-0.4%	-0.7%	-1.8%
Equity and Private Assets	7.7%	7.1%	0.0%	0.0%	-2.0%	-0.7%	-1.1%	-2.9%
Global Public Equities	7.4%	6.6%	0.0%	0.1%	-2.3%	-0.8%	-1.0%	-2.9%
Developed Market Equity	6.8%	6.2%	-0.1%	0.0%	-2.4%	-0.8%	-1.0%	-3.1%
Emerging Market Equity	8.8%	7.2%	0.0%	0.2%	-2.1%	-0.7%	-0.9%	-2.4%
Private Equity	8.6%	7.6%	0.0%	0.1%	-1.8%	-0.7%	-1.3%	-3.6%
Real Assets	6.9%	6.4%	0.0%	-0.1%	-0.9%	-0.5%	-1.2%	-2.3%
Real Estate	6.70%	6.20%	0.1%	0.0%	-0.9%	-0.5%	-1.0%	-2.2%

	Baseline		Net-Zero		Net-Zero Financial Crisis		High Warming	
Infrastructure	7.00%	6.70%	-0.4%	-0.1%	-1.0%	-0.5%	-2.0%	-3.1%
Private Debt	4.00%	4.20%	0.0%	0.0%	-0.1%	0.0%	-0.1%	-0.3%
Fixed Income and Cash	5.00%	5.00%	0.0%	0.0%	-0.2%	0.0%	-0.1%	-0.2%
Fixed Income	5.10%	5.00%	0.0%	0.0%	-0.2%	0.0%	-0.1%	-0.2%
US Core Bonds	5.10%	5.00%	0.0%	0.0%	-0.2%	0.0%	-0.1%	-0.2%
Non Core Bonds	4.80%	5.40%	0.0%	0.0%	-0.6%	-0.2%	-0.1%	-0.4%
Cash & Equivalents	4.00%	3.30%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%

Ortec Finance, data as of 31 December 2024

133. The chart above reflects the impact that climate scenarios can have on returns over the medium- and long-term for the Fund's asset classes. The left side of the table shows the Baseline Geometric Mean expected return for each asset class for five and 15-year periods. The rest of the table shows the climate impact (delta) per asset class in each climate scenario (i.e., not the expected financial return). In the Net Zero scenario, there is minimal impact on all expected returns in both the short and long term. In the NZFC scenario, the Fund experiences more severe impacts due to the sentiment shock and the Fund's 60 per cent allocation to public equity and private market assets, which are generally more exposed to climate risk compared to fixed income. The High Warming scenario shows how physical risks tend to materialize more in the long term.

134. While it is impossible to predict which scenario will unfold, climate scenario analysis offers valuable insights into the risks the Fund faces and the resilience of current and proposed strategies under different economic and financial market conditions. The aim of this analysis is to evaluate how the proposed portfolios would fare under various potential climate scenarios.

135. Given the UNJSPF's responsible investment strategy, sustainability and climate risk management monitoring, the Fund does not expect disruptions nor a significant risk of a material adjustment within the next annual reporting period to the Fund's financial performance or cash flows.

5.6.3 Nature-scenario analysis

136. Ortec's climate scenarios also include some nature scenarios, such as changes in precipitation patterns and the resulting stress on water resources. Water stress (where demand exceeds supply) is closely related to several extreme weather perils modelled in Ortec's acute physical risk model: too much water leads to floods, while too little can cause droughts and wildfires. Both extremes have implications on economic growth and asset returns. Nature scenarios have not yet been implemented in investment decision-making, as this topic remains nascent for the industry and the Fund.

5.7 Resilience

Capacity to adjust or adapt the Fund's strategy and business model

137. Each climate scenario assessed as part of the ALM study provides climate-informed risk-return metrics, in absolute dollar values, which quantify the Fund's exposure to systemic climate-related risks and opportunities across asset classes, regions and sectors. This enables the UNJSPF to consistently integrate climate risk into risk management, the Strategic Asset Allocation (SAA) and asset-liability management for investment decision-making. It is also used in stress testing both the current SAA and the recommended portfolios, as seen in the table above.
138. The result of each climate scenario analysis allows the UNJSPF to assess the effect of investment decisions on the long-term financial condition, resilience and performance of the Fund. It also helps to ensure that a real rate of return of 3.5 per cent per year is achieved and to identify any risks to doing so. This allows the UNJSPF to make any necessary adjustments to the Fund's portfolio asset mix to account for the effect that systemic climate-related risks and opportunities may have on investment returns.
139. Overall, the UNJSPF believes that the Fund is resilient to sustainability- and climate-related uncertainties. The Fund has historically experienced minimal impacts during times of market or economic crisis. This is due primarily to the fact that the Fund is a universal owner and heavily diversified in terms of its holdings. In accordance with its risk management process, the Fund has proven to be resilient over time.

6. Risk management

6.1 Processes and policies to identify, assess, prioritize and monitor sustainability- and climate-related risks

140. The UNJSPF assesses and manages sustainability- and climate-related risks that can have an effect on UNJSPF's own business operations and on the Fund's investment portfolio.

6.1.1 UNJSPF business operations

Risk type	Description	Monitoring and mitigation strategies
Sustainability risks	Risks affecting portfolios due to the Fund's responsible investment strategy, climate targets and ESG factors	Monitored through the EWRM Risk Map and Responsible Investment Risk Register, using ESG integration, carbon footprint calculator, etc.
Organizational resilience and business continuity risks	Climate-related risks affecting operations, such as impacts on operational buildings	Business Continuity Plan and Disaster Recovery Assessment, ongoing evaluations, results of which inform risk register in the EWRM Framework
Cybersecurity and privacy risks	Evolving cyber threats like ransomware and AI malware impacting operational security	Enhanced cyber monitoring, threat detection and incident response mechanisms
People and culture risks	Managing workforce capabilities, diversity and gender parity while ensuring employee support	UNJSPF People Strategy for 2025 and beyond, focusing on talent retention, diversity, technology and high-performance culture initiatives
External risks (economic, political, social, technological)	Threats such as geopolitical instability, environmental disruption and cyber vulnerabilities affecting operations	Scenario-based planning, reverse stress testing, diversified pension payment channels, new digital services and proactive supplier risk management

141. Each sustainability-related risk identified by UNJSPF is assigned a formal risk score based on inherent and residual risk ratings, then prioritized using the EWRM Framework methodology.

6.1.2 Investment portfolio

Climate scenario analysis

142. The UNJSPF utilizes Climate Scenario Analysis to better understand climate-related risks and financial impacts to the portfolio. The UNJSPF seeks to understand climate risk through both a short- and long-term time horizon and uses different data sources (such as MSCI or GRESB) to monitor climate

risk holistically. For additional information on climate scenario analysis, please refer to the Strategy section above.

ESG risk dashboard

143. The Fund is developing an internal ESG Risk Dashboard to monitor sustainability-related risks on a quarterly basis for public equities and corporate bonds. The ESG Risk Dashboard has four focus areas, based on the Fund's sustainable priorities: financially material ESG issues, climate, human rights and natural capital metrics. The dashboard also identifies key risk indicators for each sector, in line with financially material issues. The UNJSPF began monitoring ESG risks through this dashboard starting at the end of 2024.
144. Material key risk indicators (KRIs) are governed by risk limits and a risk remediation process. If a risk limit is exceeded, the RI team and investment officers may conduct a deeper analysis to determine the cause of the significant change in the KRI and assess the need for risk mitigation. This is a new process for the UNJSPF, and as monitoring continues through 2025, the organization will continue to adapt to any challenges or insights gained.

ESG integration

145. We focus our ESG integration efforts within our investment portfolio on the following four categories:
- a. Internal corporate public markets – listed equity and publicly traded corporate debt
 - b. Internal non-corporate public markets – sovereign bonds, securitized products and supra- and sub-sovereigns
 - c. External managers (public and private markets)

a. ESG integration process for internal corporate public markets

Overview

146. The Fund's internal corporate ESG integration process is structured as follows:
- ESG monitoring is carried out by both the RI team and investment officers. A quarterly ESG review, run by the RI team, enables monitoring of current holdings and may prompt deeper analysis. The development of our ESG and climate dashboard is intended to enhance this process. Both the RI team and investment officers receive alerts regarding any changes in ESG ratings and other sustainability metrics, such as UNGC alignment, and investment officers pay attention to ESG matters when monitoring their holding companies. The investment strategy followed by the UNJSPF is a

Fundamental one (i.e., reviewing indicators to uncover a security's value).

- ESG due diligence is conducted for any new investments by investment officers, with the support of the RI team and enforced by the compliance team. Additional due diligence and monitoring is carried out for companies flagged as high ESG risks (i.e., UN Global Compact violators or low ESG performers; see below). Investment officers use the SASB materiality framework and data inputs such as MSCI's ESG Assessment, RepRisk, EOS engagement information and insights gathered during direct company meetings and by relevant third-party assessments. The findings are then documented on the investment team's tear sheet, which is a reference document summarizing a company's profile.
- ESG monitoring and due diligence take into consideration the key material issues for the Fund (e.g. product design and lifecycle management, energy management and employee engagement, diversity and inclusion) and individual investments.
- Passive investments (ETFs and external passive investments for fixed income) are not included in these processes.
- The quality of ESG incorporation is evaluated during quarterly review, by comparing the positive or negative delta of the portfolio with its benchmark.
- Stewardship efforts are also performed, both internal and external (see below). An important part of the mitigation efforts relies on our stewardship strategy.

UN Global Compact (UNGC) monitoring

147. The Fund advocates responsible business practices aligned with the 10 principles of the UN Global Compact (UNGC), which emphasize Human Rights, Labour, Environment and Anti-Corruption. Companies that violate these principles face higher risks, including litigation, reputational and operational challenges. Consequently, the Fund excludes entities identified as UNGC violators by MSCI methodology and has a process for reviewing the violators that investment officers believe should remain in the investment universe, with the RIC making the final decision.
148. New investments or holdings newly identified as UNGC violators are reviewed by the RIC based on both financial and ESG analyses to determine if they should remain in the investment universe. If these companies remain in the investment universe, the RIC and investment teams may engage with them in accordance with the Fund's engagement policy. In 2024, the Fund concentrated on the annual general meetings of UNGC violators, reviewing its proxy voting guidance and escalating issues, as necessary.
149. The Fund identifies companies with low ESG performance as those rated "CCC" by MSCI, indicating they are industry laggards with high exposure to ESG risks and low risk management. Investment teams closely monitor these companies, conducting ESG due diligence with the RI team's support,

while the Risk and Compliance team acts as a third line of defence. This process allows the UNJSPF to assess the company's ESG profile, evaluate risk mitigation and engage if necessary.

Human rights due diligence

150. The Fund follows the Principles for Responsible Investment (PRI) and the UN Guiding Principles on Business and Human Rights (UNGPs), which provide a framework for enhancing human rights standards in business operations. The Fund is committed to implementing these principles across asset classes and geographies, and has developed the following guidelines to assess human rights in its investments:
- Identify risks: the Fund identifies human rights risks in current and potential investments using tools and consultants. This includes monitoring compliance with UNGC and UNGP.
 - Prevent and mitigate: the Fund excludes certain investments, like weapons, to prevent human rights violations. It practices active ownership by engaging with companies about human and labour rights, expecting them to acknowledge and address potential violations.
 - Monitoring: the Fund monitors investee companies, private investments and external managers for progress and significant controversies, identifying areas for improvement.
 - Communicate actions: the Fund reports on human rights-promoting actions taken, including relevant statistics and examples.
151. The Fund employs stewardship levers to mitigate potential negative outcomes for its portfolio companies. Through corporate engagement, the long-term outcomes we aim for include: no company causing or contributing to human or labour rights abuses in its own operations or supply chain, and the provision of effective redress if any harm occurs; access for all individuals to basic human rights, such as affordable nutritious food, healthcare and internet access; and complete respect for the human rights of all indigenous peoples, including those residing in high-risk areas. More details on stewardship activities are given below.

Corporate stewardship

152. Stewardship is a central pillar of the UNJSPF's responsible investment approach. Through engagement and proxy voting, the UNJSPF seeks to manage ESG risks, promote sustainable corporate behavior and uphold its fiduciary duty while advancing the values of the United Nations. The UNJSPF engages both directly and through collaborative initiatives to influence corporate behavior on environmental and social issues. The UNJSPF believes that long-term value creation depends on active ownership and system-level change.

153. UNJSPF's most recently updated Stewardship Guidelines: Proxy Voting and Engagement are linked [here](#).
154. In 2024, the UNJSPF exercised its proxy voting rights at all eligible shareholder meetings (entirely by proxy). Through its engagement service provider, Hermes EOS, it engaged with more than 655 portfolio companies on issues relating to environmental, social, governance, strategy and risk-related objectives. The UNJSPF continued to vote in alignment with our sustainability and climate guidelines, which assess whether companies' strategies are consistent with a 1.5°C pathway, including scrutiny of emissions targets, climate governance and transition planning. The UNJSPF has one employee dedicated to stewardship.

Proxy voting

155. The UNJSPF exercises voting rights across its listed equity holdings as part of its fiduciary duty to protect and enhance long-term value. The Fund's proxy voting activities are global in scope and cover directly held equity positions, with voting executed via service provider ISS. UNJSPF's customized proxy voting policy, developed in partnership with ISS, reflects the Fund's priorities, particularly in relation to climate and sustainability. Our primary proxy voting objective is to maximize our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.
156. The UNJSPF has two different policies: one for voting items in the United States of America and one for international votes.
157. The Fund does not default to voting in favour of management, including in markets where such practices are common. Instead, voting decisions are assessed case-by-case, informed by materiality and alignment with universal ownership principles.
158. Voting decisions are made through ISS' recommendations based on our custom policy, with oversight from the Responsible Investment team. For a subset of companies identified as having the most material ESG or climate-related concerns, the UNJSPF conducts additional internal reviews to ensure alignment between the Fund's voting policy and vote execution. This process includes monitoring proxy advisor recommendations and evaluating whether voting outcomes are consistent with the Fund's stewardship priorities. Voting summary statistics are disclosed annually on the Fund's website through a report.
159. The Fund opts for a mix of sustainable and climate priorities in proxy voting by incorporating sustainability factors into each aspect of governance decisions, as well as using ISS' Specialty Climate Voting Policy based on principles consistent with good stewardship that incorporate climate change-relevant information, flags and voting recommendations. We understand the severity

of climate change as a threat to humanity, as well as posing a risk of asset loss in a low-carbon future. To tackle this challenge, proxy voting in the context of climate change allows the Fund to actively manage and mitigate exposure to climate-related risks in our portfolio companies.

160. The Fund aims to prioritize shareholder resolutions calling for climate and nature considerations. As responsible investors, the Fund votes for proposals and requests in relation to increasing investments in clean and renewable energy, increasing energy efficiency, climate and nature reporting and limiting operations in environmentally sensitive areas. We understand our responsibility as the UN Joint Staff Pension Fund to hear our shareholders' input on climate- and nature-related calls and will vote based on these shareholder proposals.
161. The UNJSPF doesn't communicate voting decisions to entity management. All the votes are cast by proxy.

Engagement

162. Similarly to proxy voting, our engagement activities are centered around maximizing our portfolio-level risk-adjusted returns. Our approach is a combination of proactive and reactive engagements, to make sure that ESG issues are well managed and address issues that may have already occurred. Engagements occur across all asset classes.
163. These engagements aim to address key financially material issues and include:
- i) Governance: effective board oversight, independent members
 - ii) Strategy, risk and communication: the clear articulation of a company's purpose to deliver long-term value to all stakeholders, supported by a sustainable business model and strategy that addresses the needs of its stakeholders
 - iii) Climate change: limiting greenhouse gas emissions, where possible, in line with the goals of the Paris Agreement to limit climate change to below 2°C and pursue efforts towards 1.5°C while building resilience to the future physical risks of climate change
 - iv) Wider societal impacts: challenging companies and governments to adhere to the highest ethical standards, with zero tolerance of bribery or corruption, including responsible approaches to paying taxes and seeking positive impacts from products and services while reducing to the extent possible any associated harms.
164. The majority of our engagements are conducted by an external provider, with selected engagements conducted by Investment Officers. We seek to engage with a variety of individuals at the portfolio entities, including board members, CEOs or investor relations managers
165. Environmental issues accounted for the largest share of engagement activity

in 2024, reflecting the Fund's strategic focus on climate change, natural capital and resource efficiency. These priorities are increasingly recognized by the industry as systemic financial risks, particularly in light of recent regulatory developments such as the TNFD recommendations and enhanced climate disclosure frameworks.

- 166. Engagements are globally distributed, concentrated in North America and Europe, reflecting both portfolio exposure and regulatory dynamics, which can affect stewardship results.
- 167. The UNJSPF also expanded its collaborative stewardship efforts in 2024 by joining Nature Action 100 and Climate Engagement Canada, and signing a joint investor statement urging action on antimicrobial resistance.

Outcomes and escalation process

- 168. External engagement insights and voting outcomes are shared with portfolio managers and investment officers through provider updates and reporting. These insights may inform investment analysis. Where relevant, investment teams are consulted on engagement priorities, particularly in cases where active ownership may enhance investment performance or mitigate downside risks.
- 169. The UNJSPF employs a structured escalation framework when engagement efforts fail to yield progress. This includes: voting against directors, supporting shareholder resolutions aligned with long-term risk mitigation, collaborating with other institutional investors to increase pressure and, as a last resort, considering reallocation or divestment.
- 170. In addition to publicly available [Stewardship Guidelines](#), the UNJSPF annually publishes an Engagement Report and Proxy Voting Highlights. For more details on UNJSPF's stewardship activity, the most recent Engagement Report is linked [here](#). The most recent Proxy Voting Highlights report is linked [here](#).

b. ESG integration process for internal non-corporate public markets

- 171. The Fund has exposure to non-corporate public markets through the following portfolios: sovereign debt (US treasuries, government-related debt, emerging market sovereign debt), securitized products and supra- and sub-sovereigns and agencies. Please refer to the following sections for additional insight into how the Fund implements its ESG integration process for each.

Sovereign debt

- 172. In an assessment of the Fund's US Treasury portfolio, we did not identify material ESG risks. As such, ESG integration for the US sovereign debt is limited.

173. Outside of the Fund's US Treasury portfolio, the UNJSPF performs ESG integration techniques for its emerging market sovereign debt portfolio. In 2024, ESG integration for this portfolio was enhanced. Our investment dashboards now include environmental and political risks (social and governance) and data points. The portfolio has increased its exposure to labelled bonds, including green, social and sustainable bonds, whose proceeds are dedicated to specific projects, as well as sustainability-linked bonds, whose financial characteristics depend on whether the issuer meets predefined sustainability targets.
174. For government-related bonds, the Fund is continually improving its ESG integration process to better assess and mitigate ESG risks across various issuer types. For instance, the investment team is incorporating more considerations for climate-related physical risks when evaluating municipal bonds.

Securitization

175. Through its securitized portfolio, the Fund is mainly exposed to mortgage-backed securities (MBS) issued by government-sponsored enterprises (GSE): the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Government National Mortgage Association ("Ginnie Mae"). Based on SASB assessments for mortgage finance, both selling practices and product labelling (predatory lending), as well as physical impacts of climate change, could lead to default, representing a prepayment risk for the Fund. In 2024, the RI team met with and engaged GSEs to deepen their assessment of predatory lending and climate-related physical risks. The agencies have implemented measures to prevent predatory lending and mitigate climate physical risks. The Fund will continue to track audits and engage with agencies to monitor any potential gaps. For the remainder of its securitized portfolio, the Fund observes best practices and adjusts as new trends emerge.

c. ESG integration for external managers (public and private markets)

176. The UNJSPF applies a rigorous ESG integration process to all externally managed investments across both public and private markets. This process, through ESG due diligence and monitoring, is designed to evaluate how external managers identify, assess and manage material ESG and climate-related risks and opportunities throughout the investment lifecycle. The robustness of ESG approaches is expected to vary by manager, and the Fund's assessments are calibrated accordingly.
177. For private market investments, including private equity, real estate, private credit and real assets, the Fund has developed a dedicated ESG due diligence framework grounded in widely recognized industry standards. These include the PRI's LP Responsible Investment Due Diligence Guide, the ILPA ESG

Assessment Framework, selected elements of the GRESB Real Estate and Infrastructure Assessments and SASB sector-specific materiality guidance. ESG factors are integrated at all stages of the investment lifecycle, from pre-investment due diligence and selection to post-investment monitoring and engagement.

178. Before committing capital, the Fund assesses the General Partners' (GPs) approach to ESG integration, including governance structures, policy frameworks, climate risks and natural capital. Post-investment, the Fund actively monitors ESG performance through engagement with GPs to track progress on material ESG issues.
179. For public market investments, ESG integration is also evaluated through a dedicated due diligence and monitoring process that draws from best practices including PRI guidance. This process reviews the strength and credibility of external managers' ESG frameworks, including assessing ESG and climate policies, governance oversight and investment-level ESG integration. The Fund also reviews managers' capabilities on themes such as natural capital and diversity, equity and inclusion (DEI).
180. External managers are assessed using a proprietary ESG scoring methodology that rates their ESG integration practices. The results are documented and shared with the relevant investment officers and at internal governance committees, including the PMC and the IIC. As part of the due diligence and monitoring processes, the UNJSPF assesses managers on the following sustainability- and climate-related key issues.

Policy, ESG strategy and commitments	ESG integration policy
	Industry ESG associations
	ESG reporting standards
	Firm responsible investment or climate strategy
Oversight, people and resources	ESG internal oversight
	Resources (FTEs, providers, consultants etc.)
	Responsible investment trainings
	Employee or executive remuneration tied to responsible investment
Investment process	ESG data, resources, tools and practices
	Pre-investment ESG integration
	Post-investment ESG monitoring
	ESG risk management
	Stewardship activities and engagement with companies
Diversity, equity and inclusion	Policy on DEI and sexual harassment
	Targets, metrics and progress tracking

Climate-related risks and opportunities	Climate strategy & net zero commitments
	Climate reporting
	Climate engagement activities
	Fossil fuel exposure
Monitoring and reporting	ESG reporting metrics
	Carbon footprint
	Material ESG incident reporting
Natural capital	Policy and commitment
	Oversight of natural capital strategy
	Risk assessment and management

181. Our ESG due diligence framework is aligned with international best practices, including the Principles for Responsible Investment (PRI and the Institutional Limited Partners Association (ILPA) ESG Due Diligence Guidance).
182. The UNJSPF requires all external managers to be PRI signatories prior to investment. In 2024, the UNJSPF engaged with pre-existing managers who had not yet become signatories. These managers are either in the process of becoming signatories or have committed to doing so. Should they fail to become signatories, the UNJSPF will not re-invest with them or consider them for future mandates. To reinforce accountability, the UNJSPF incorporates ESG-related provisions in side letters, requiring managers to integrate ESG factors into their investment decision-making processes, comply with the Fund's exclusion criteria and notify the Fund of any material adverse events and ESG incidents.
183. Each investment is assessed and scored. Where material ESG concerns are identified during due diligence, these are discussed with the Risk and Compliance teams. The UNJSPF seeks appropriate mitigation measures, clarifications or other remedies before finalizing the investment recommendation or determining a path forward.
184. The ESG due diligence analysis and findings are shared with the relevant investment teams before investment committee discussions to ensure ESG risks and opportunities are considered in the decision-making process. The UNJSPF expects external managers to demonstrate formal commitments and provide evidence of effective implementation, transparency in ESG risk management and alignment with recognized best practices. ESG due diligence is conducted alongside standard financial and operational due diligence, allowing for a comprehensive assessment of risks and opportunities. The results of ESG due diligence are presented to the IIC or the PMC, depending on the nature of investments (public vs private markets).
185. ESG monitoring continues throughout the investment relationship. External managers are expected to report regularly on material ESG developments,

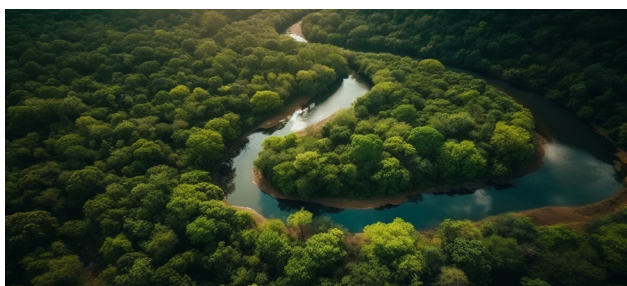
changes in ESG policies or governance structures, progress on climate and DEI initiatives and disclosure of any significant ESG incidents. Where material ESG issues arise during the course of the relationship, they are reviewed in collaboration with the Risk and Compliance teams to determine the need for appropriate mitigation actions or, if necessary, escalation measures.

6.2 Processes to identify, assess, prioritize and monitor sustainability- and climate-related opportunities

186. The Fund consistently seeks new opportunities to achieve real-world impact through its investments while also delivering strong returns. It employs a structured process to identify, assess and classify investments. Prospective opportunities undergo a two-step impact due diligence process: first, an impact screen evaluates alignment with the Fund's impact criteria and minimum thresholds; second, a more detailed impact assessment is conducted.
187. The investment team identifies and evaluates impact opportunities using an internal "impact screen" to ensure alignment with the UNJSPF's definition of impact. This initial review is verified by the RI team. In the second step, the RI team conducts a detailed assessment of the opportunity using an impact scorecard that evaluates 1) intentionality: the degree to which the investment is designed to generate positive environmental or social outcomes and is aligned with UNJSPF's sustainability themes; and 2) impact management: the robustness of the investment's setting, monitoring and reporting impact metrics. Based on this assessment and scoring, the opportunity is classified as either "impact-aligned" (investments that contribute meaningfully to positive outcomes but where impact is not the core objective) or "impact-centered" (where delivering measurable social or environmental impact is a primary intention, supported by robust management systems). These classifications are tracked to ensure alignment with the Fund's impact investing policy and reporting commitments. Impact investment opportunities and decision-making align with the following illustrative investable themes, which guide the identification and evaluation of impact opportunities across public and private markets. These themes are embedded in the Fund's impact investment due diligence and monitoring processes to ensure alignment with its impact objectives.

Climate & energy
Clean and affordable energy
Clean mobility
Battery storage
Green buildings
Alternative fuels





Natural resources

Responsible consumption & production
Clean water & sanitation
Sustainable agriculture
Biodiversity
Pollution prevention

Fundamental needs & infrastructure

Access to affordable and quality healthcare
Industry, innovation & resilient infrastructure
Affordable housing
Food security



Community development & empowerment

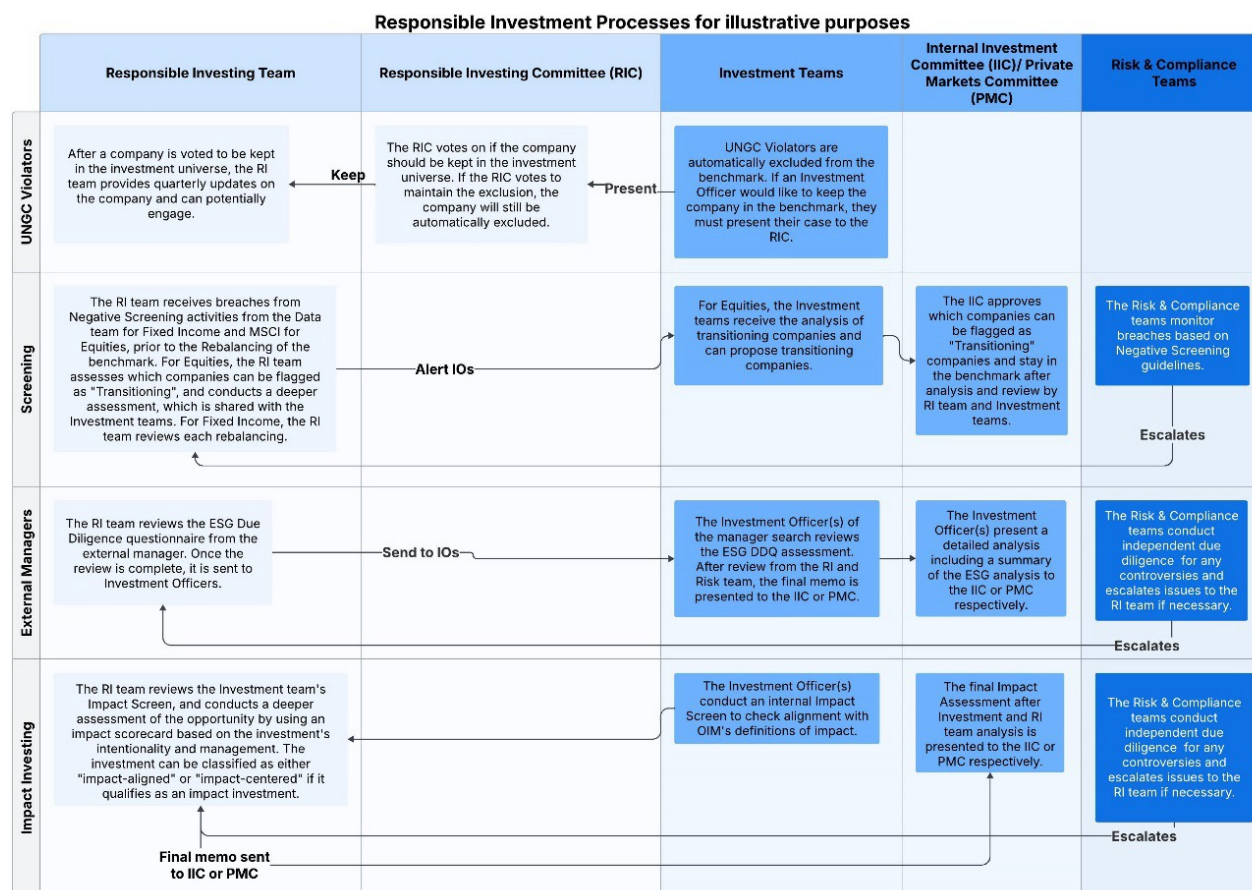
Education
Diversity & inclusion
Financial inclusion

188. The UNJSPF does not use scenario analysis to assess sustainability- or climate-related opportunities within the Fund's overall investment strategy.

6.3 How processes are integrated into overall risk management

189. For UNJSPF's own business operations, all sustainability- and climate-related risks are integrated into UNJSPF's EWRM framework and processes. Key components of the EWRM framework include periodic risk assessments, which are monitored through an enterprise risk register. The risk register includes risk appetite criteria to serve as a basis to define risk mitigation strategies or internal controls to monitor the Fund's key risks. The risk profile of the Fund is monitored and reviewed quarterly by the Enterprise-wide Risk Management working group. The Risk and Compliance teams promote the implementation of the EWRM framework, facilitate risk assessments and monitor assumed risks against risk appetite to advise on the implementation of risk management strategies. In responsible investment processes, the RI team generally leads oversight while coordinating with other teams, including Investment, Risk, Compliance and Data. Committee oversight of decision-making is also provided for certain processes through the RIC, IIC and/or RC. These teams and committees collaborate closely on the management,

oversight and monitoring of sustainability and climate risks within the portfolio, showcasing the integrated nature of these issues in the UNJSPF's overall risk management system. Below is a chart illustrating how responsible investment risk processes are integrated across the Investment, Risk and Compliance divisions.



7. Metrics & targets

Industry sustainability disclosure topics & metrics

190. The UNJSPF falls most closely in line with the [Asset Management & Custody Activities sector](#). IFRS defines this sector as "entities [that] manage investment portfolios on a commission or fee basis for institutional, retail and high net-worth investors." The UNJSPF's primary activity is related to portfolio management. The Fund does not have any assets under administration to report.

7.1 Incorporation of environmental, social and governance factors in investment management & advisory metrics

191. The tables below shows the UNJSPF's incorporation of environmental, social and governance factors in investment management & advisory metrics – broken down between active and passive investments. Integration of ESG issues is defined as the systematic and explicit inclusion of financially material issues into investment analysis and investment decisions. Sustainability-themed investing is defined as investment in themes or assets specifically related to sustainability. Screening includes only negative/exclusionary screening.

Asset class	Market value - total (millions of USD)	Market value - active (millions of USD)	Screening alone	Sustainability - themed investing alone*	Integration of ESG issues alone	Screening and integration	Screening and thematic	None	Total
Net assets available for benefits	95,421	-	-	-	-	-	-	-	-
Total investments and cash and cash equivalents	95,233	-	0.1%	0%	2.0%	74.1%	5.2%	18.6%	100%
Listed equity	42,557	39,600	-	-	-	91.0%	9.0%	-	100%
Sovereign bonds**	15,852	15,852	-	-	11.1%	-	0.9%	88.0%	100%
Private equity, private credit & infrastructure funds	8,597	8,597	-	-	-	100%	-	-	100%
Securitized products***	8,879	8,879	-	-	-	84.9%	2.0%	13.1%	100%
Real estate equity funds	7,032	7,032	-	-	-	100%	-	-	100%
Publicly traded corporate debt	10,733	5,750	-	-	-	89.2%	10.8%	-	100%
Supra- and sub-sovereigns, agencies, municipal bonds ****	710	209	22.3%	13.0%	-	-	-	64.7%	100%
Cash & cash equivalents	873	873	-	-	-	-	-	100%	100%

Asset class	Market value - total (millions of USD)	Market value - active (millions of USD)	Screening alone	Sustainability - themed investing alone*	Integration of ESG issues alone	Screening and integration	Screening and thematic	None	Total
Other assets and (liabilities), net	188	188	-	-	-	-	-	-	-
Net assets available for benefits	95,421								
Total investments and cash and cash equivalents	95,233		60.4%	0.8%	0%	0%	0%	38.9%	100%
Listed equity*****	42,557	2,957	-	-	-	-	-	100%	100%
Sovereign bonds	15,852	0	-	-	-	-	-	-	-
Private equity, private credit & infrastructure funds	8,597	0	-	-	-	-	-	-	-
Securitized products	8,879	0	-	-	-	-	-	-	-
Real estate equity funds	7,032	0	-	-	-	-	-	-	-
Publicly traded corporate debt	10,733	4,983	100%	-	-	-	-	-	100%

UNJSPF, data as of 31 December 2024

192. For a description of UNJSPF's approach to incorporation of ESG factors in investment management processes and strategies, please refer to paragraphs 145-146 and 171-185 in the Risk Management section.

193. For a description of proxy voting and investee engagement policies and procedures, please refer to paragraphs 152-170 in the Risk Management section.

194. The UNJSPF also uses specific metrics to assess financially material issues. Some of the metrics used are summarized in the table below.

	Asset class	Financially material issues	Indicators
Public markets	Listed equity & publicly traded corporate debt	Product design & lifecycle management Energy management Employee engagement Diversity & Inclusion	Scope 1 and 2 financed emissions Energy intensity Labour management score
	Sovereign bonds	Political risks Environmental risks	Political risk score Environment risk score
	Securitized products	Selling practices & product labelling Physical impacts of climate change	Responsible lending practices Climate physical risks (wildfires, wind, floods)

*Sustainability-themed investing includes the Fund's climate solutions for equities, impact investments and dedicated climate funds.

**For sovereign debt, ESG integration is implemented in the emerging market sovereign debt portfolio. As ESG integration cannot be included in the US Treasury portfolio, this significantly lowers the percentage for sovereign bonds.

***Investments other than GSE MBS are not included in the screening and integration process.

****Screening applies to sub-sovereigns and municipal bonds, not to supranationals or agencies.

*****Exchange Traded Funds (ETFs) do not have exclusions as they are standardized products.

	Asset class	Financially material issues	Indicators
Public markets	Supra and, sub-sovereigns, agencies, municipal bonds	Governance structure Physical impacts of climate change	Transparency and reporting
	Cash & cash equivalents	-	-
Private markets	Private equity, private credit & infrastructure funds	Climate risks Mitigation of material adverse effects	Transparency and reporting Exposure to high-risk sectors or geography Energy intensity ESG Incidents and mitigation practices
	Real estate equity funds	Energy management Water management Management of tenant sustainability impacts Climate change adaptation	Transparency and reporting Engagement and improvement plan with assets Energy efficiency certifications

7.2 Greenhouse gas (GHG) emissions

195. The UNJSPF measures the Fund's scope 1, scope 2 and scope 3 GHG emissions, which are defined as:

Scope 1	Direct GHG emissions that occur from sources that are owned or controlled by the UNJSPF
Scope 2	Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the UNJSPF
Scope 3	Indirect GHG emissions (not included in scope 2) that occur in the UNJSPF's value chain, encompassing both upstream and downstream activities

196. The measurement of GHG emissions involves significant uncertainty. The assumptions used for these calculations are detailed in the "Measurement, inputs and assumptions" section below.

197. The Fund's absolute gross GHG emissions for the year ended 31 December 2024 are as follows:

Scope	Emissions (MtCO ₂ e)	
	2024	2023
Scope 1	40.7	38.9
Scope 2	410.7	457.1
Scope 3	12,200,160.8	12,445,712.5
Total	12,200,612.2	12,446,218.0

198. The total gross GHG emissions have been stable from 2023 to 2024. Despite this stability, there have been important variations in the underlying data. In

2024, we included the scope 3 emissions for corporate bonds, which increased the total scope 3 emissions by over 1.5 million tons of CO₂e. This was offset by lower scope 3 emissions for equities (-1.7 million tons of CO₂e between 2023 and 2024).

199. The UNJSPF's scope 3 GHG emissions stem from activities related to assets that are not owned or controlled by the UNJSPF but exist within its value chain. The Fund's material scope 3 emissions, based on categories from the US Environmental Protection Agency (US EPA), are described in the table below.

Scope 3 category	GHG emissions (MtCO ₂ e)	
	2024	2023
Category 1: Purchased goods and services	4,011.2	3,194.0
Category 6: Business travel	452.4	304.5
Category 7: Employee commuting	257.8	279.0
Category 15: Investments (scope 1, 2 and 3)	12,195,439.3	12,441,935.0
Total	12,200,160.8	12,445,712.5

200. The Fund invests in assets that produce GHG emissions through their operations and value chains. These are classified as the Fund's scope 3 category 15 emissions, commonly known as financed emissions. Category 15 encompasses emissions linked to the Fund's investments and constitutes the largest portion of its scope 3 emissions, accounting for 99.96 per cent of total UNJSPF emissions.

201. In fiscal year 2024, the UNJSPF removed scope 3 categories from the calculation that were deemed insignificant and did not have a material impact on the total GHG emissions reported. This is the case of category 5: Waste generated in operations, which was removed from the reported categories.

7.3 Measurement approach, inputs and assumptions

202. The UNJSPF measures its GHG emissions using: (1) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), (2) Greenhouse Gas Protocol: Scope 2 Guidance: An Amendment to the GHG Protocol Corporate Standard (2015), (3) Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) and (4) Partnership for Carbon Accounting Financials (PCAF): Financed Emissions, and The Global GHG Accounting and Reporting Standard Part A (Second Edition 2022). These are industry standards commonly used when measuring scope 1, scope 2 and scope 3 GHG emissions (including financed emissions) and are consistent with the methodologies set out in IFRS S2.

203. The UNJSPF has created internal methods using assumptions and tools for different GHG emissions calculations. For scope 1, scope 2 and scope 3 GHG emissions other than financed emissions, the UNJSPF uses assumptions and tools from the US EPA's Simplified GHG Emissions Calculator and the IPCC's Fifth Assessment Report. In addition, the UNJSPF uses emissions factors and data from the North American Industry Classification System, International Civil Aviation Organization and American Express.
204. The Partnership for Carbon Accounting Financials (PCAF) recommends calculating the scope 3 GHG emissions attributable to a financial institution, such as a pension plan, by determining an attribution factor and applying it to the GHG emissions of an investee company. The attribution factor reflects the portion of the investee company's annual emissions that can be attributed to the financial institution. It is calculated as the ratio of the UNJSPF's holding in the investee company (numerator) to the value of the investee company (denominator). This ratio is then multiplied by the investee company's annual scope 1, scope 2 and scope 3 GHG emissions to determine the UNJSPF's financed emissions.
205. The Fund's metrics and targets calculations encompass the seven GHGs outlined in the Greenhouse Gas Protocol Corporate Standard: Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur Hexafluoride (SF₆) and Nitrogen Trifluoride (NF₃).
206. The inputs and assumptions used to calculate the UNJSPF's scope 3 financed emissions for various asset classes are as follows:

Asset class	Inputs and assumptions
Equities and corporate bonds	The UNJSPF sources emissions and financial data from MSCI and Bloomberg, typically subject to a one- to two-year lag. When calculating an attribution factor, the numerator for listed equity is the market price multiplied by the number of shares owned. For listed corporate bonds, the numerator is the market value of the debt owed to UNJSPF. In both cases, the denominator is the enterprise value including cash (EVIC). If EVIC is not available for corporate bonds, the denominator becomes the sum of total debt and equity. If that is unavailable, the denominator defaults to total assets. To determine the scope 3 emissions included in the investment portfolio as financed emissions, the UNJSPF uses MSCI data. This dataset uses a company's scope 3 GHG emissions, as reported by companies for 2023. For 2024, we use estimates as the emissions dropped significantly between 2023 and 2024 for reported data. The Fund's reported scope 3 financed emissions metrics may be incomplete and may fluctuate substantially (for estimates, data providers may revise their methodologies substantially, and the reporting by companies can vary substantially year over year). The Fund's 2024 scope 3 financed emissions metrics reflect data for listed equities, private equity, infrastructure and, for the first time, corporate bonds.

Asset class	Inputs and assumptions
Sovereign bonds	GHG emissions data are sourced from MSCI, often subject to a two-year lag. For sovereign bonds, the UNJSPF reports the production emissions for scope 1 excluding land use, land use change and forestry (LULUCF), scope 1 LULUCF only, scope 2 and scope 3.
Real estate equity funds	Emissions data are sourced from GRESB for non-listed real estate equity funds that report under this framework, encompassing scope 1 and scope 2 GHG emissions on a one-year time lag. In 2023, the UNJSPF calculated scope 3 GHG emissions for non-listed real estate equity funds using the PCAF methodology for calculating scope 3 financed emissions where the data were not available in GRESB. For listed real estate assets, the UNJSPF uses the equities calculation described above. For the total reported financed emissions for unlisted real estate the data were not yet available for 2024. The number used in 2024 is the emissions from 2023 multiplied by the growth in the Real Estate AUM.
	The UNJSPF uses data from MSCI Private Capital Solutions , which are either reported or estimated. MSCI uses three distinct modules based on data availability: a production model, a company-specific intensity model and an industry segment-specific intensity model.
Private equity funds	The UNJSPF uses data from MSCI Private Capital Solutions , which are either reported or estimated. MSCI uses three distinct modules based on data availability: a production model, a company-specific intensity model and an industry segment-specific intensity model.

Scope 1 and scope 2 GHG emissions

207. In measuring scope 1 and scope 2 emissions, the UNJSPF uses the operational control method in the GHG Protocol Corporate Standard. In this method, the UNJSPF accounts for 100 per cent of the GHG emissions from operations over which it has full authority to implement operating policies. The UNJSPF's scope 1 and scope 2 emissions arise from its offices in New York City and Geneva.
208. Scope 1 emissions data are provided by building management teams in the respective offices. The calculation uses available data on stationary combustion, refrigerants and fire suppression within the UNJSPF's two offices. This includes natural gas, fuel oil used in boilers and fuel oil used in generators for each of the buildings.
209. Scope 2 emissions are measured using data sourced directly from utility companies and electricity bills. The UNJSPF uses a location-based approach (as required by IFRS S2) to measure its scope 2 emissions. The UNJSPF has not entered into any contractual agreements to purchase or sell energy

related to its scope 2 emissions. For the Geneva emissions, the 2024 emissions factors were not yet available at the time of this report, so the previous year's emissions were used.

210. The UNJSPF does not have any subsidiaries; hence, the Fund's scope 1 and scope 2 emissions are aggregated under a single entity (UNJSPF).

Scope 3 GHG emissions

211. The most significant portion of the UNJSPF's scope 3 GHG emissions come from portfolio investments (category 15 investments). The UNJSPF has developed an internal methodology to measure and report relevant scope 3 emissions, differentiated by scope 3 categories and asset classes. This is described in the Financed emissions section below. This methodology is based on guidance provided by PCAF for calculating financed emissions for specific asset classes.
212. Timely collection of data from entities in the value chain, including from investee companies and counterparties, is essential for accurately calculating scope 3 GHG emissions; it ensures comprehensive coverage of all indirect emissions associated with the UNJSPF's activities. Readily available information is limited: this process often involves a one- to two-year time lag due to the need to gather detailed information about investees and other third parties from various suppliers and service providers.

7.4 Financed emissions

213. Financed emissions are the portion of an investee or counterparty's gross GHG emissions attributed to the UNJSPF's investments in that entity. The UNJSPF allocates its share of investee companies' GHG emissions proportionally to the size of its investments by asset class.
214. The UNJSPF calculates financed emissions for the following asset classes in the Fund's investment portfolio: listed equity and corporate debt, sovereign bonds, real estate equity funds, infrastructure funds and private equity funds.
215. The UNJSPF plans to continue adding asset classes to the scope 3 financed emissions calculation as methods continue to evolve. In particular, the UNJSPF will adopt new calculation methods as PCAF releases new guidance.
216. The Fund's financed emissions do not cover 100 per cent of the total assets under management (AUM) because the UNJSPF does not calculate financed emissions for securitized products, due to the absence of established industry guidance. Additionally, financed emissions are not calculated for asset classes considered immaterial, which are defined as representing less than 1 per cent of total AUM. In 2024, 87 per cent of the Fund's total investments are

included in the financed emissions calculation (compared to 88 per cent in 2023). This slight decrease is due to a lower coverage of private assets in 2024 vs. 2023. The UNJSPF plans to incorporate additional asset classes into its scope 3 financed emissions calculations as soon as relevant industry guidance becomes available and practices in this area evolve.

217. The tables below present the Fund's financed emissions for its corporate assets and sovereign assets, respectively. Due to the risk of double-counting GHG emissions, emissions from sovereign bonds are calculated and reported separately in accordance with PCAF guidance.

Financed emissions – excluding sovereign bonds (mtCO ₂ e)			
	2024	2023	2019
Portfolio scope 1 + 2 GHG emissions⁴	2,012,470	2,369,184	3,305,639
Portfolio scope 1 GHG emissions	1,444,396	1,625,207	2,715,274
Portfolio scope 2 GHG emissions	479,734	488,371	511,031
Portfolio scope 3 GHG emissions	10,182,969	10,072,751	7,263,013
Total financed emissions	12,195,439	12,441,935	10,568,653
Total AUM for scope 1+2 (millions of USD)	82,763	77,650	69,885
Total AUM for scope 3 (millions of USD)	62,084	53,914	42,619
Coverage for scope 1 + 2 (% of total AUM)	86.9%	88.0%	79.2%
Coverage for scope 1 + 2 + 3 ⁵	65.2%	61.1%	48.3%

Financed emissions for sovereign bonds (production emissions) (mtCO ₂ e)			
	2024	2023 - revised ⁶	2019 - revised ⁷
Scope 1 LULUCF only	-328,944	-343,644	-204,420
Scope 1 excl. LULUCF	3,888,224	3,569,961	3,278,026
Scope 2	7,545	6,753	9,280
Scope 3	987,627	907,558	833,796
Total financed emissions	4,554,454	4,140,629	3,916,681
Total AUM (millions of USD)	15,655	13,035	9,457
Coverage (% of total AUM)	100%	100%	99.8%

4 Because there are limitations in data availability for real estate equity funds and infrastructure funds, and the emissions data received for those assets combines scope 1 and scope 2 data as a single amount, the portfolio's aggregated scope 1 and scope 2 financed emissions amount does not add up to the scope 1 and scope 2 amounts separately.

5 The lack of available scope 3 data for the assets in the investment portfolio means that this amount is subject to a high level of measurement uncertainty.

6/7 Refer to paragraphs 220-222 for details of the revision.

218. The coverage (per cent of AUM) of scope 1, scope 2 and scope 3 financed emissions for each asset class is shown in the table below.

	2024			2023			2019		
Asset class	Market value (millions of USD)	Coverage scope 1+2	Coverage scope 3	Market value (millions of USD)	Coverage scope 1+2	Coverage scope 3	Market value (millions of USD)	Coverage scope 1+2	Coverage scope 3
Net assets Available for benefits	95,421	86.9%	65.4%	88,239	88%	61.1%	72,034	79.2%	48.3%
Total investments and cash and cash equivalents	95,233	86.9%	65.4%	88,341	87.6%	60.9%	71,986	78.8%	47.8%
Listed equity	42,557	99.3%	77.4%	45,257	99.7%	76.3%	42,309	98.6%	59.1%
Sovereign bonds	15,852	100%	100%	13,035	100%	100%	9,429	99.8%	99.8%
Private equity & infrastructure funds	8,597	80.3%	70.3%	7,978	83.5%	77.7%	3,764	0%	0%
Securitized products	8,879	0%	0%	7,763	0%	0%	9,997	0%	0%
Real estate equity funds	7,032	100%	0%	6,821	100%	0%	5,065	100%	0%
Publicly traded corporate debt	10,733	100%	69%	5,757	99.6%	0%	649	87.4%	0%
Supra- and sub-sovereigns, municipal bonds, US agencies	710	0%	0%	988	0%	0%	337	0%	0%
Cash & cash equivalents	873	0%	0%	742	0%	0%	436	0%	0%
Other assets and (liabilities), net	188	0%	0%	-102	0%	0%	48	0%	0%

219. There are major data challenges related to GHG calculations. These include inconsistency in reported data by companies, inconsistency in estimates (including methodology changes) and variations in financial data between providers. This leads to a significant degree of uncertainty related to the emission calculations. We mitigate these risks by implementing internal controls performed by the risk team on methodology and calculations, and are working on adopting a new calculation methodology in 2025.

7.5 Reclassification and comparative numbers

220. In 2024, the Fund revised its sovereign carbon footprint methodology by incorporating the latest GHG emission figures available from its data provider, even if they are estimates. Previously, the UNJSPF used the most recently published figures. This change aims to offer a more accurate overview of the current sovereign carbon footprint, as the prior approach often involved using data that was two to three years old, thereby enhancing the usefulness of the information for investors.

221. As a result, the sovereign carbon footprint calculation has been amended in this report. All comparative figures have been adjusted to conform to the current year's classification.

222. The effect of this methodology change on the Fund's GHG emissions is as follows:

Financed emissions for sovereign bonds (production emissions) (mtCO ₂ e)									
	Previously reported as at December 31, 2023			Delta due to methodology change			Revised as of December 31, 2024		
	2023	2022	2019	2023	2022	2019	2023	2022	2019
Scope 1 LU-LUCF only	-316,078	-344,253	-194,290	-27,566	-33,873	-10,130	-343,644	-378,126	-204,420
Scope 1 excl. LULUCF	3,263,219	3,135,505	3,092,760	306,742	337,842	185,266	3,569,961	3,473,347	3,278,026
Scope 2	6,156	6,331	8,704	597	832	576	6,753	7,163	9,280
Scope 3	829,833	869,175	789,786	77,725	93,126	44,010	907,558	962,301	833,796
Total financed emissions	3,783,130	3,666,758	3,696,960	357,499	397,927	219,721	4,140,629	4,064,685	3,916,681
Total AUM (millions of USD)	13,035	12,083	9,457	0	0	0	13,035	12,083	9,457
Coverage (% of total AUM)	100%	99.6%	99.6%	0.0%	0.2%	0.2%	100%	99.8%	99.8%

7.6 Climate-related metrics

7.6.1 Assets and investments vulnerable to climate-related risks and opportunities

223. The UNJSPF has calculated the percentage of assets susceptible to climate-related transition and physical risks for both internal and external public equities and corporate bonds using a Climate Value-at-Risk (CVaR) measurement. As of 2024, there are still challenges regarding data availability and quality necessary to perform a similar assessment for other asset classes. The UNJSPF will continue to monitor improvements in data availability across all asset classes.

224. CVaR is a forward-looking measure of a company's climate costs by the year 2100 and shows how climate can affect the valuation of an asset class. At the portfolio level, the UNJSPF uses an aggregated Company CVaR metric, which is calculated as a percentage of market value (ranging from -100 per cent to +100 per cent) and includes valuation impacts arising from transition risks (such as technology opportunities and policy risks) and physical risks. The output represents the percentage of market value depreciation (or appreciation) where total climate costs can affect the portfolio. Therefore, a CVaR of -2.6 per cent in the table below represents the estimated climate cost depreciation affecting this portfolio's market value under an aggressive scenario.

	Aggregate Climate VaR	
	Scenario: 3°, Current Policies	
Portfolio	Aggressive	Average
Equities	-2.8%	-1.9%
North America	-1.8%	-1.3%
Europe	-2.7%	-1.8%
APAC	-6.0%	-4.0%
Emerging markets	-5.1%	-3.5%
Fixed income	-2.2%	-1.5%
Total portfolio	-2.6%	-1.8%

MSCI, Data as of 31 December 2024

225. The three major pillars of aggregated Climate VaR include policy risks, technological opportunities and physical risks:

- Policy risks: The costs derived from policy risks are calculated by translating regional and sectoral carbon reduction requirements from the Network for Greening the Financial System (NGFS) into firm-level reduction paths.

- **Technology opportunities:** The technology component of Climate VaR calculates profits from new revenue streams arising from the development of new technologies serving the transition to a low-carbon economy.
- **Physical Risks:** Physical risks can be chronic or acute hazards (as defined in paragraph 72).

226. At the portfolio level, the UNJSPF employs an aggregated-risk company Climate VaR metric that follows a 3°C REMIND NGFS Current Policies Aggressive and Average scenario. The climate scenarios available for analysis are published by the NGFS, a consortium of central banks and supervisors dedicated to developing climate risk management resources for the financial sector. The Fund opted for a 3-degree scenario based on the UN Environment Program (UNEP)'s Emissions Gap Report from October 2024, which states that the continuation of current policies will lead to a catastrophic temperature rise of up to 3.1°C. Consequently, we are taking a cautious approach by assessing our portfolio's CVaR under the worst-case scenario. The Fund will continue to monitor scientific research updates to revise this assumption if necessary.

7.6.2 Capital deployment towards climate-related opportunities

227. To address climate-related risks and opportunities, the UNJSPF has strategically concentrated its impact investing efforts on the United Nations Sustainable Development Goals (SDGs) related to climate, energy and natural resources. This includes investments in renewable energy, clean mobility, battery storage, green buildings, sustainable agriculture, circular economy, water management and pollution prevention. By the end of 2024, the Fund allocated capital across fixed income, private markets and public equity, emphasizing climate, resource efficiency and inclusive development. A total of \$4.4 billion, or 4.6 per cent of the UNJSPF's total investments (up from \$3.4 billion or 3.9 per cent in 2023), are aligned with climate-related opportunities. These investments in climate solutions cover areas such as energy, pollution, waste and water, sustainable land and marine resources, transportation, manufacturing, industry, buildings and information and communications technology (ICT). The primary drivers of the increased allocation came from fixed income and public equities.

228. Some investment highlights include:

- \$551 million to green bonds
- \$30 million in an outcome-based corporate bond supporting reforestation in the Amazon, in partnership with the World Bank
- \$300 million to private market funds (including private credit, real estate and real assets) focused on energy transition and the scaling of green technologies

- \$50 million allocation to a strategy targeting climate and resource efficiency themes, including sustainable agriculture, water and the energy transition

7.6.3 Internal carbon prices

229. The UNJSPF does not use an internal carbon price to manage its climate-related risks.

7.6.4 Climate-related considerations in executive remuneration

230. The UNJSPF is a supranational entity that has a compensation policy based on established internal criteria. Its executive remuneration policy does not include a variable compensation component and therefore does not incorporate climate-related factors.

7.7 Climate-related targets

231. The UNJSPF has set targets that align with the three pillars of UNJSPF's net zero strategy. Specifically, the Fund has targets to: (1) achieve net-zero GHG emissions in the portfolio by 2050, (2) engage with the top carbon-emitting companies across the investment portfolio and (3) increase investments to finance the transition to a low-carbon economy. The targets are consistent with the recommendations of the NZAOA and are aimed toward aligning with the Paris Agreement's goal of limiting global warming to 1.5°C above pre-industrial levels.

7.7.1 Net-zero GHG emissions target

232. Setting a net-zero GHG emissions target involves tracking several metrics. The UNJSPF focuses on baseline GHG emissions, reduction trajectories and interim milestones for tracking progress of its net-zero GHG emissions target.

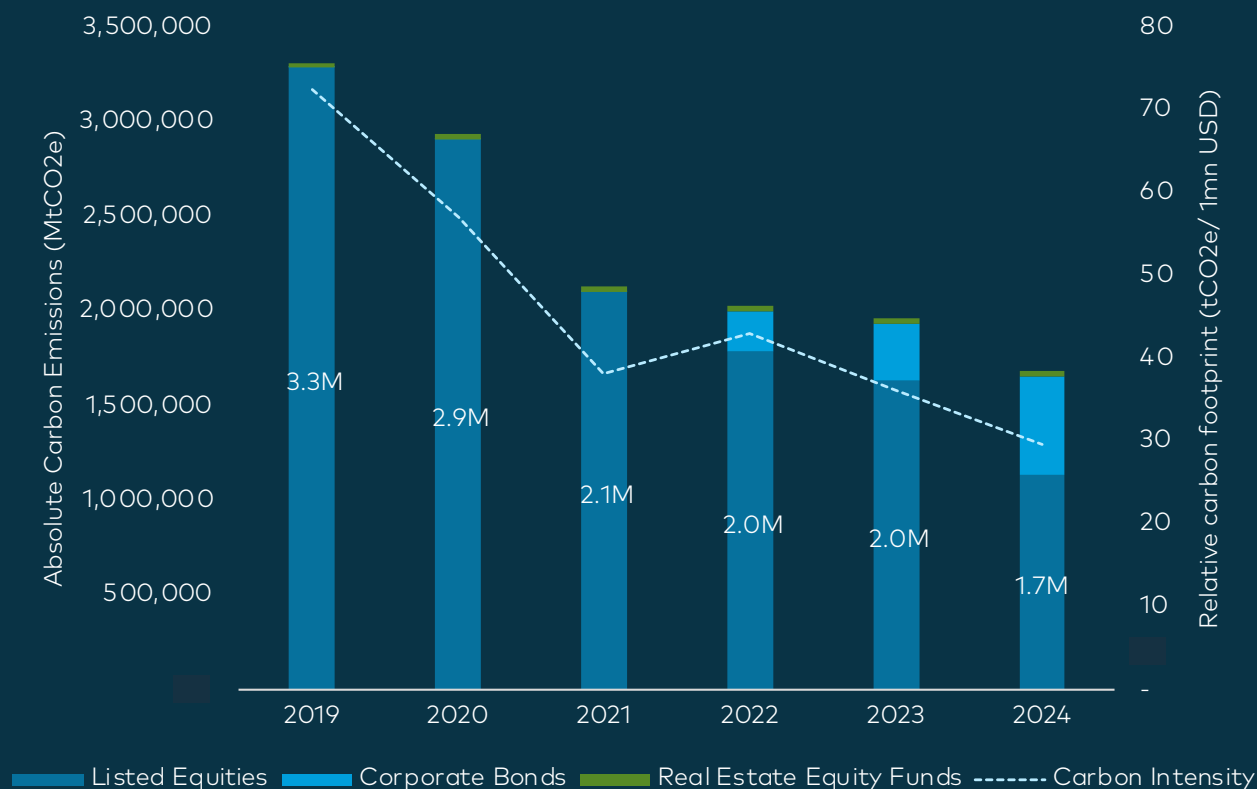
233. The UNJSPF is targeting net-zero GHG emissions across the investment portfolio (for scope 1 and scope 2 GHG emissions of investees) by 2050.

234. The UNJSPF set an interim target of achieving a 29 per cent emission reduction by 2021 and a 40 per cent reduction of portfolio emissions by 2025 (relative to a 2019 base year). The UNJSPF is in the process of developing the next set of intermediate-term targets for 2025-2030.

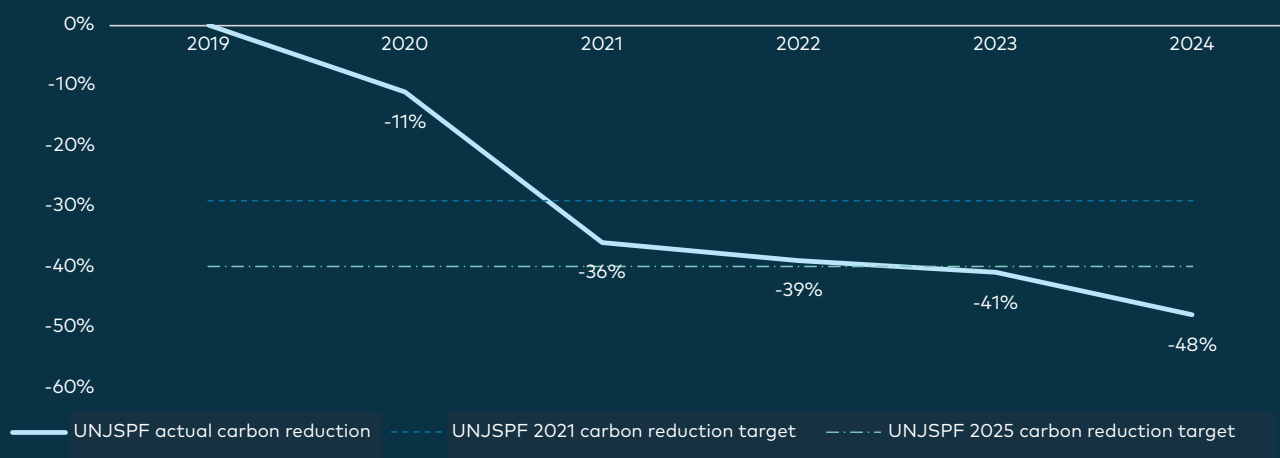
Progress

235. The UNJSPF's GHG emissions reduction target encompasses a portion of the Fund's scope 3 financed emissions: emissions from listed equities, corporate bonds and reported emissions of the real estate equity funds. These asset classes equate to 60 per cent of the investment portfolio as of 31 December

2024. The 2019 baseline is 3.3 mtCO₂e. For the calculation of the 2019 baseline, all listed equities were scaled to 100 per cent, all corporate bonds were scaled to 100 per cent and reported emissions of real estate equity funds consisted of a coverage of 55 per cent.



UNJSPF, data as of 31 December 2024



UNJSPF, data as of 31 December 2024

Asset class under coverage in target	2024		2023		2019
	Millions MtCO ₂ e	Coverage	Millions MtCO ₂ e	Coverage	Millions MtCO ₂ e
Equity	1.14	99.4%	1.63	99.7%	3.28
Corporate debt	0.52	100%	0.3	99.6%	0
Real estate equity funds	0.03	45.7%	0.03	48.7%	0.02

UNJSPF, Data as of 31 December 2024

236. The net-zero GHG emissions target was not derived using a sectoral decarbonization approach, nor were carbon credits used to set and achieve the target.

237. By the year ended 31 December 2024, the UNJSPF achieved a 48 per cent (2023: 41 per cent) reduction in GHG emissions against a 2019 baseline.

7.7.2 Company engagement target

238. The "Engagement Targets" pillar of the Net-Zero Asset Owner Alliance guidance recommends asset managers set at least one KPI in two of the following types of engagement:

- **Corporate:** engage 20 companies with the highest owned emissions or those responsible for a combined 65 per cent of owned emissions in the portfolio (either directly or via membership/asset manager/service provider)
- **Asset Manager:** participate in engagements led by the NZAOA, or own internal systematic approach
- **Published Positions:** contribute to NZAOA publications or net-zero papers published outside the NZAOA
- **Sector/Value Chain:** participate in NZAOA sector work or external sector engagement activities.

239. The Fund has elected to engage with the top 20 carbon-emitting companies as well as asset managers directly and via collaborative efforts with external engagement providers. These engagements are tracked on a quarterly basis.

240. The objective of this target is to encourage companies to establish their own carbon-reduction targets that align with the Paris Agreement and adopt science-based decarbonization strategies.

241. This is an ongoing and absolute target that applies to the Fund's entire investment portfolio.

242. In 2024, the UNJSPF engaged with 58 companies (2023: 62), including the top 20 carbon-emitting companies on 69 climate-related topics (2023: 79). The decrease in companies engaged is due to engagements from prior years being accomplished and ultimately closed. The following chart highlights progress that the UNJSPF has made related to its engagement efforts in 2024.

Engagement type	Number of engagements	
	2024	2023
Engagement topics that showed progress or new milestones reached	6	13
Engagements completed in the year	11	4
Engagements that showed no progress in the year	40	47
Company divested over the year	2	-
No engagement during the year	10	11

Federated Hermes EOS and UNJSPF, data as of 31 December 2024

243. In 2024, in partnership with its external collaborators, the UNJSPF exercised its voting rights at all eligible meetings and engaged with over 655 companies worldwide on 3,124 issues related to environmental, social, governance, strategy, risk and communication objectives (up from 2,730 in 2023); the climate engagement targets are included in these figures. Environmental topics comprised 38 per cent of the UNJSPF's engagements in 2024 (compared to 33 per cent in 2023), with 63 per cent of those specifically addressing climate change (up from 59 per cent in 2023).

244. In 2024, the focus of climate engagement was on ensuring companies adopted strategies and GHG emissions reduction targets aligned with the Paris Agreement's goals, including efforts to limit global warming to 1.5°C. Nine companies (up from four in 2023) set carbon reduction targets in line with the Fund's objectives, resulting in the successful closure of those engagements.

7.7.3 Transition financing target

245. The Fund's transition financing target focuses on investing in specific green projects and impact investments. The objective of the transition financing target is to support the transition to a low-carbon economy by increasing investments in green bonds, sustainable bonds and other climate-related financial instruments. Transition financing is incorporated into the scope of the Fund's investment activities, including the Fund's impact investing efforts.

Please see the Strategy section above for more information on how the UNJSPF is investing in the green economy through its impact investing efforts.

246. This is a continuous target with no milestones or interim targets set during the current reporting period. The objective is to increase investment in such assets on an annual basis. For the year ended 31 December 2024, the UNJSPF invested \$551 million in green bonds to support the transition towards a low-carbon economy (2023: \$235 million).

7.7.4 Approach to setting and reviewing climate-related targets

247. The targets described above are not verified by a third party; however, each undergoes rigorous internal review to ensure alignment with the UNJSPF's overall investment objectives. The process includes a review by the RIC to ensure that each target is feasible, adheres to international sustainability standards or commitments (such as those recommended by the NZAOA) and directionally aligns with the UNJSPF's net-zero GHG emissions target and a real rate of return of 3.5 per cent.

248. After the RIC approves a target, it is reviewed and approved by the RSG. It is the responsibility of the RSG to review and approve each target that has been set by the UNJSPF and to ensure that each target is integrated into the Fund's overall investment strategy.

249. The RSG receives an update on the progress made towards each sustainability-related target at least annually. The update includes information on the strategy for achieving the Fund's current targets and commitments, which allows the RSG to assess whether additional targets should be established, or if remediation measures should be implemented to ensure a target is reached.

250. During the year ended 31 December 2024, no revisions were made to the targets that the UNJSPF has set.

7.8 Natural capital-related metrics

251. The assessment of natural capital-related metrics has been conducted solely for the Fund's investments, not its operations, as the investment portfolio represents the area of highest risk for asset owners. In 2024, the scope of this nature-related risk assessment is limited to public equities and corporate debt, for which the Fund has the most significant information and coverage. Following TNFD recommendations, sovereign exposures are not currently included but may be considered in the future, and the Fund plans to expand this assessment to other asset classes as more data becomes available.

252. The Fund has structured its assessment following the LEAP approach, which

is divided into four phases: locate your interface with nature, evaluate your impacts and dependencies on nature, assess your nature-related risks and opportunities, and prepare.

7.8.1 Locate the interface with nature

253. The Fund has utilized geospatial data to map the operations of its equity and corporate debt holdings, assessing their exposure to biodiversity-sensitive areas⁸ - locations with a high concentration of biodiversity, unique species and/or rare ecosystems vulnerable to human impacts. Of our public equity and corporate debt AUM, 7.31 per cent is exposed to biodiversity-sensitive areas, with 76 per cent of these assets located in the USA. The primary exposure relates to biodiversity-intact areas,⁹ while the Fund has low exposure to deforestation fronts.¹⁰ This assessment is based on corporate operations data provided by our data provider and does not include upstream or downstream value chains. The Fund will continue to seek new developments to incorporate supply chain considerations into this assessment.

7.8.2 Evaluate impacts and dependencies on nature

254. To screen potential biodiversity impacts and dependencies, the Fund has leveraged the ENCORE tool, which assesses how economic activities depend on ecosystem services and the pressures they exert on nature.

255. Impacts on nature lead to changes in its state, either in terms of quality or quantity, which may subsequently affect its capacity to provide social and economic functions. These impacts can be direct or indirect. Indirect impacts occur when business activities indirectly cause a change in the state of natural capital, such as those related to climate change and greenhouse gas emissions. These impacts are cumulative. Examples include a factory polluting a river or the conversion of a natural habitat into infrastructure.

256. Nature-related dependencies involve the environmental assets and ecosystem services that individuals or organizations rely on. Biodiversity loss can result in business losses of an estimated amount over a specific period.

257. Fifty-three per cent of our public equity AUM has at least one very high impact on ecosystem services, and 79 per cent is exposed to at least one very high dependency on ecosystem services. The greatest pressures exerted by our public equity portfolios are related to pollution, such as the emissions of toxic substances and nutrient pollutants into soil and water. The Fund is working to define priorities by aligning the ENCORE assessment results with our largest sector exposures, which could be used to further improve our

⁸ The Fund is using MSCI definition, which comprises biodiversity-intact areas, prime conservation areas, deforestation fronts and healthy forests.

⁹ Biodiversity-intact areas are defined as areas with intact biodiversity or with an above average Mean Species Abundance (MSA $\geq$ 0.56) according to the GLOBIO Model. The MSA assesses biodiversity intactness.

¹⁰ Deforestation fronts are defined as areas that have significant concentration of deforestation and where large areas of remaining forest are under threat, according to the WWF Deforestation Fronts dataset.

ESG due diligence and engagement strategy. One limitation of this exercise is that the ENCORE dataset provides information at the sector level, not at the company level, thus failing to offer insights into the specific business exposures and mitigation processes of individual companies. While the TNFD recommendations offer standardized guidance on disclosures, companies may take time to provide the information needed for our investment strategy, with variances across different geographies.

7.8.3 Assess nature-related risks and opportunities

258. This assessment has been completed across key metrics provided by our data provider to help assess the dependencies and impacts on nature of the Fund's public equity and corporate debt holdings. It includes metrics on:

- Drivers of biodiversity loss, such as Mean Species Abundance (MSA), an indicator for measuring local biodiversity intactness, derived using the Global Biodiversity Model for Policy Support (GLOBIO). The GLOBIO model calculates local terrestrial biodiversity intactness by assessing anthropogenic pressures on the environment. The financed extent of local ecosystem degradation of the Fund's public equity and corporate debt is around 0.0011 MSA.km2/M invested, which is better than its benchmark (0.0016).
- Resource use, such as water consumption and deforestation, for which the assessed portfolio performs better than its benchmark.
- Pollution, such as waste generation and non-GHG air pollutants, with a significant outperformance of the assessed portfolio compared to its benchmark.
- Capacity to mitigate impacts, such as nature-related policies, evidence of sustainability commodity certifications or water consumption reduction targets.

259. The Fund's exposure to priority sectors (flagged by the TNFD's knowledge partners as having material nature-related dependencies and impacts¹¹) is 34.8 per cent of our public equity and corporate debt portfolio, 14.02 per cent of our private equity portfolio, 93 per cent of our real estate portfolio and 75.74 per cent of our infrastructure portfolio.

260. To assess its nature-related risks, the Fund has started monitoring its exposure to some nature-related physical and transition risks for equities and corporate bonds.

Risk	Metric	Portfolio exposure
Physical risks	Assets in biodiversity sensitive areas	0.59%
	Average water scarcity hazard	30.86%

¹¹ Find the list of priority sectors in annex 1 of the [TNFD additional guidance for financial institutions](#).

Risk	Metric	Portfolio exposure
Transition risks	Operations in high toxic emissions segments	4.63%
	Operations in high water intensity segments	4.58%
	Revenue from high packaging waste products	4.00%

MSCI, Data as of 31 December 2024

261. The Fund plans to further develop these assessments for priority sectors to obtain a more detailed and consistent view at the corporate level. Currently, nature-related assessments at the corporate level are conducted on a case-by-case basis, particularly when investment teams meet with companies for which these issues are significant. Examples of these individual assessments include:

- Utilizing biodiversity scenarios to evaluate a semiconductor manufacturer's asset locations in areas experiencing water stress. The team assessed the company's risks and mitigation strategies, such as policies, operational developments and adaptation plans.
- Evaluating the policies, product development and supply chain targets to mitigate deforestation-related risks for a consumer staples company. Following this assessment, the team engaged with the company on this issue.

262. The Fund has also been addressing nature-related risks through its stewardship program by engaging with companies on issues such as natural resource use, biodiversity and local community rights, including free, prior and informed consent. Additionally, the Fund has joined collaborative engagement initiatives such as Nature Action 100 and FAIRR. More information can be found in the Stewardship sections, from paragraph 88.

263. The Fund is also investing in nature-related opportunities through its impact investment programme. One focus area is natural resources (circular economy, sustainable agriculture, biodiversity protection and pollution prevention). However, there are still limited opportunities for investments in nature-based solutions. Please find more information in the Impact Investing sections.

7.8.4 Prepare

264. The Fund has not yet established targets related to nature. Some of the primary challenges in setting such targets include the absence of an equivalent measure for biodiversity, like the carbon footprint used for climate assessments, and variations in data quality and availability.

265. As previously mentioned, the Fund may encounter several challenges in

implementing a comprehensive natural capital approach. These challenges include a lack of data on the value chain, uneven data quality and availability and the complexity of biodiversity loss, which is location-specific and requires location-specific solutions.

Abbreviations

ALM study	Asset Liability Management study
AUM	Assets under management
CA100+	Climate Action 100+
CapEx	Capital expenditure
CCR	Current contribution rate
CEPA	Chief Executive of Pension Administration
CH₄	Methane
CVaR	Climate Value-at-Risk
CMA	Capital market assumptions
CO₂	Carbon dioxide
COP	Conference of the Parties
DEI	Diversity, equity and inclusion
EOS	Engagement and Ownership Services
ESG	Environmental, social and governance
ETF	Exchange traded fund
EVIC	Enterprise value including cash
EWRM Framework	Enterprise-Wide Risk Management Framework
Fannie Mae	Federal National Mortgage Association
Freddie Mac	Federal Home Loan Mortgage Corp.
GP	General Partner
Ginnie Mae	Government National Mortgage Association
GHG	Greenhouse gases
GIIN	Global Impact Investing Network

GLOBIO	Global Biodiversity Model for Policy Support
GRESB	Global Real Estate Sustainability Benchmark
GSE	Government sponsored enterprises
GSSB	Green, social and sustainability bonds
HFCs	Hydrofluorocarbons
IC	Investments Committee
ICT	Information and communications technology
IIC	Internal Investment Committee
IFRS SDS	International Financial Reporting Standards Sustainability Disclosure Standards
IFRS S1	International Financial Reporting Standard S1 (General Requirements for Disclosure of Sustainability-related Financial Information)
IFRS S2	International Financial Reporting Standard S2 (Climate-related Disclosures)
ILPA	Institutional Limited Partners Association
IPCC	Intergovernmental Panel on Climate Change
IPSAS	International Public Sector Accounting Standards
ISS	Institutional Shareholder Services
ISSB	International Sustainability Standards Board
KRI	Key risk indicator
LULUCF	Land use, land use change and forestry
MSA	Mean Species Abundance
MSCI	Morgan Stanley Capital International
MBS	Mortgage-backed securities
MtCO₂e	Metric tons of carbon dioxide equivalent
NGFS	Network for Greening the Financial System

N2O	Nitrous oxide
NZAOA	Net-Zero Asset Owner Alliance
NZFC	Net-Zero Financial Crisis
NF3	Nitrogen trifluoride
OIM	Office of Investment Management
OpEx	Operating expenditures
PCAF	Partnership for Carbon Accounting Financials
PFCs	Perfluorocarbons
PRI	Principles for Responsible Investment
R&D	Research and development
RCC	Risk and Compliance Committee
RCR	Required contribution rate
RIC	Responsible Investment Committee
RSG	Representative of the Secretary-General
SAA	Strategic asset allocation
SASB	Sustainability Accounting Standards Board
SDGs	Sustainable Development Goals
SF6	Sulphur hexafluoride
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
UNEP	UN Environment Programme
UNGC	UN Global Compact
UNGP	UN Guiding Principles on Business and Human Rights
UNJSPF	United Nations Joint Staff Pension Fund

USA (or US)	United States of America
USD	United States dollars
US EPA	United States Environmental Protection Agency
VaR	Value at Risk

Appendix

Report	Section	S1/S2 No.			Description	Paragraph
S1 & S2	Governance	27 / 6	a	i	the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability- and climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about: how responsibilities for sustainability-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);	30-41
S1 & S2	Governance	27 / 6	a	ii	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to sustainability- and climate-related risks and opportunities;	42-44
S1 & S2	Governance	27 / 6	a	iii	how and how often the body(s) or individual(s) is informed about sustainability- and climate-related risks and opportunities;	36,40-41
S1 & S2	Governance	27 / 6	a	iv	how the body(s) or individual(s) takes into account sustainability- and climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and	51-53
S1 & S2	Governance	27 / 6	a	v	how the body(s) or individual(s) oversees the setting of targets related to sustainability- and climate-related risks and opportunities, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies.	35, 37, 46-47
S1 & S2	Governance	28 / 7	b	i	management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability- and climate-related risks and opportunities, including information about: whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	45-50

Report	Section	S1/S2 No.	Description			Paragraph
S1 & S2	Governance	28 / 7	b	ii	whether management uses controls and procedures to support the oversight of sustainability- and climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	51-52
S1 & S2	Strategy	30 / 10	a	-	An entity shall disclose information that enables users of general-purpose financial reports to understand the sustainability- and climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Specifically, the entity shall: describe sustainability- and climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;	59-77
S2	Strategy	10	b	-	explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk;	71-77
S1 & S2	Strategy	30 / 10	b/c	-	specify the time horizons—short, medium or long term—over which the effects of each of those sustainability-related risks and opportunities could reasonably be expected to occur;	78
S1 & S2	Strategy	30 / 10	c/d	--	explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.	78
S1 & S2	Strategy	32 / 13	a	-	An entity shall disclose information that enables users of general-purpose financial reports to understand the current and anticipated effects of sustainability- and climate-related risks and opportunities on the entity's business model and value chain. Specifically, the entity shall disclose: a description of the current and anticipated effects of sustainability- and climate-related risks and opportunities on the entity's business model and value chain; and	57-58
S1 & S2	Strategy	32 / 13	b	--	a description of where in the entity's business model and value chain sustainability- and climate-related risks and opportunities are concentrated.	132

Report	Section	S1/S2 No.			Description	Paragraph
S1 & S2	Strategy	33 / 14	a	-	An entity shall disclose information that enables users of general-purpose financial reports to understand the effects of sustainability-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose information about: how the entity has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making;	79-114
S2	Strategy	14	a	i	current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities;	57-58
S2	Strategy	14	a	ii	current and anticipated direct mitigation and adaptation efforts;	97-103, 107-114
S2	Strategy	14	a	iii	current and anticipated indirect mitigation and adaptation efforts;	104-106
S2	Strategy	14	a	iv	any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies; and	66-88
S2	Strategy	14	a	v	how the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets.	97-112
S1 & S2	Strategy	33 / 14	b/c	-	the progress against plans the entity has disclosed in previous reporting periods, including quantitative and qualitative information; and	231-246
S1	Strategy	33	c	-	trade-offs between sustainability-related risks and opportunities that the entity considered (for example, in making a decision on the location of new operations, an entity might have considered the environmental impacts of those operations and the employment opportunities they would create in a community).	93-96
S1 & S2	Strategy	34 / 15	a	-	An entity shall disclose information that enables users of general-purpose financial reports to understand: the effects of sustainability- and climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects); and	115-118

Report	Section	S1/S2 No.			Description	Paragraph
S1 & S2	Strategy	34 / 15	b	-	the anticipated effects of sustainability- and climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how sustainability- and climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).	115-135
S1 & S2	Strategy	35 / 16	a	-	Specifically, an entity shall disclose quantitative and qualitative information about: how sustainability- and climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;	115-135
S1 & S2	Strategy	35 / 16	b	-	the sustainability-related risks and opportunities identified for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;	115, 135
S1 & S2	Strategy	35 / 16	c	i	how the entity expects its financial position to change over the short, medium and long term, given its strategy to manage sustainability- and climate-related risks and opportunities, taking into consideration: its investment and disposal plans, including plans the entity is not contractually committed to; and	119-139
S1 & S2	Strategy	35 / 16	c	ii	its planned sources of funding to implement its strategy; and	112
S1 & S2	Strategy	35 / 16	d	-	how the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage sustainability- and climate-related risks and opportunities.	119-139
S1 & S2	Strategy	41 / 22	-	-	An entity shall disclose information that enables users of general-purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified sustainability- and climate-related risks and opportunities. Specifically, the entity shall disclose:	137-139
S2	Strategy	22	a	i	the implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;	137-139

Report	Section	S1/S2 No.			Description	Paragraph
S2	Strategy	22	a	ii	the significant areas of uncertainty considered in the entity's assessment of its climate resilience;	134
S2	Strategy	22	a	iii	the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term, including; (1) the availability of, and flexibility in, the entity's existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate-related risks and to take advantage of climate-related opportunities; (2) the entity's ability to redeploy, repurpose, upgrade or decommission existing assets; and (3) the effect of the entity's current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience; and	137-139
S2	Strategy	22	b	i	how and when the climate-related scenario analysis was carried out, including information about the inputs the entity used, including: (1) which climate-related scenarios the entity used for the analysis and the sources of those scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the entity used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) the time horizons the entity used in the analysis; and (7) what scope of operations the entity used in the analysis (for example, the operating locations and business units used in the analysis);	119-136
S2	Strategy	22	b	ii	the key assumptions the entity made in the analysis, including assumptions about: (1) climate-related policies in the jurisdictions in which the entity operates; (2) macroeconomic trends; (3) national- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources); (4) energy usage and mix; and (5) developments in technology; and	122-124

Report	Section	S1/S2 No.			Description	Paragraph
S2	Strategy	22	b	iii	the reporting period in which the climate-related scenario analysis was carried out.	122
S1 & S2	Risk management	44 / 25	a	i	To achieve this objective, an entity shall disclose information about the processes and related policies the entity uses to identify, assess, prioritize and monitor sustainability-related risks, including information about: the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);	140-185
S1 & S2	Risk management	44 / 25	a	ii	whether and how the entity uses scenario analysis to inform its identification of sustainability- and climate-related risks;	142
S1 & S2	Risk management	44 / 25	a	iii	how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);	145-185
S1 & S2	Risk management	44 / 25	a	iv	whether and how the entity prioritizes sustainability- and climate-related risks relative to other types of risk;	145-185
S1 & S2	Risk management	44 / 25	a	v	how the entity monitors sustainability- and climate-related risks; and	145-185
S1 & S2	Risk management	44 / 25	a	vi	whether and how the entity has changed the processes it uses compared with the previous reporting period;	n/a
S1 & S2	Risk management	44 / 26	b	-	the processes the entity uses to identify, assess, prioritize and monitor sustainability- and climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and	186-188
S1 & S2	Risk management	44 / 27	c	-	the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring sustainability- and climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	189
S1	Metrics & targets	46	a	-	An entity shall disclose, for each sustainability-related risk and opportunity that could reasonably be expected to affect the entity's prospects: metrics required by an applicable IFRS Sustainability Disclosure Standard; and	191-194

Report	Section	S1/S2 No.			Description	Paragraph
S1	Metrics & targets	46	b	-	its performance in relation to that sustainability-related risk or opportunity, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.	235
S2	Metrics & targets	29	a	i	An entity shall disclose information relevant to the cross-industry metric categories of greenhouse gases—the entity shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as: (1) scope 1 greenhouse gas emissions; (2) scope 2 greenhouse gas emissions; and (3) scope 3 greenhouse gas emissions;	195-201
S2	Metrics & targets	29	a	ii	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol;	202-206
S2	Metrics & targets	29	a	iii	disclose the approach it uses to measure its greenhouse gas emissions including: (1) the measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions; (2) the reason why the entity has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (3) any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	202-212
S2	Metrics & targets	29	a	iv	for scope 1 and scope 2 greenhouse gas emissions, disaggregate emissions between: (1) the consolidated accounting group; and (2) other investees;	197-199
S2	Metrics & targets	29	a	v	for scope 2 greenhouse gas emissions, disclose its location-based scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's scope 2 greenhouse gas emissions; and	197

Report	Section	S1/S2 No.			Description	Paragraph
S2	Metrics & targets	29	a	vi	for scope 3 greenhouse gas emissions, disclose: (1) the categories included within the entity's measure of scope 3 greenhouse gas emissions, in accordance with the scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and (2) additional information about the entity's category 15 greenhouse gas emissions or those associated with its investments (financed emissions);	197, 211-212
S2	Metrics & targets	29	b	-	climate-related transition risks—the amount and percentage of assets or business activities vulnerable to climate-related transition risks;	223-224
S2	Metrics & targets	29	c	-	climate-related physical risks—the amount and percentage of assets or business activities vulnerable to climate-related physical risks;	223-224
S2	Metrics & targets	29	d	-	climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities;	227-228
S2	Metrics & targets	29	e	-	capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities;	227-228
S2	Metrics & targets	29	f	i	internal carbon prices—the entity shall disclose an explanation of whether and how the entity is applying a carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis); and	229
S2	Metrics & targets	29	f	ii	the price for each metric ton of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions;	229
S2	Metrics & targets	29	g	i	remuneration—the entity shall disclose a description of whether and how climate-related considerations are factored into executive remuneration; and	230
S2	Metrics & targets	29	g	ii	the percentage of executive management remuneration recognized in the current period that is linked to climate-related considerations.	230

TNFD

Report	Section			Description	Paragraph
TNFD	Governance			Disclose the organization's governance of nature-related dependencies, impacts, risks and opportunities.	30-53
TNFD	Governance	a		Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	40-41
TNFD	Governance	b		Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	45-50
TNFD	Governance	c		Describe the organization's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organization's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	150-151
TNFD	Strategy			Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organization's business model, strategy and financial planning where such information is material.	74-75, 113-114, 136
TNFD	Strategy	a		Describe the nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, medium and long term.	74-75
TNFD	Strategy	b		Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organization's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	113-114, 136
TNFD	Strategy	c		Describe the resilience of the organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	137-139
TNFD	Strategy	d		Disclose the locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	253
TNFD	Risk & impact management			Describe the processes used by the organization to identify, assess, prioritize and monitor nature-related dependencies, impacts, risks and opportunities.	136, 143-144, 171-174, 155-163, 168-170
TNFD	Risk & impact management	a	i	Describe the organization's processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its direct operations.	136, 143-144, 171-174, 155-163, 168-170

Report	Section			Description	Paragraph
TNFD	Risk & impact management	a	ii	Describe the organization's processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	136, 143-144,171-174,155-163, 168-170
TNFD	Risk & impact management	b		Describe the organization's processes for managing nature-related dependencies, impacts, risks and opportunities.	136, 143-144,171-174,155-163, 168-170
TNFD	Risk & impact management	c		Describe how processes for identifying, assessing, prioritizing and monitoring nature-related risks are integrated into and inform the organization's overall risk management processes.	142
TNFD	Metrics & targets			Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.	231-265
TNFD	Metrics & targets	a		Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.	253
TNFD	Metrics & targets	b		Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature.	256-260
TNFD	Metrics & targets	c		Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	256-260

Industry-based guidance on implementing climate-related disclosures - Volume 15—Asset Management & Custody Activities

Description			Paragraph
FN-AC-410a.	1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social and governance (ESG) issues, (2) sustainability themed investing and (3) screening	191
-	1.1	AUM shall be defined broadly as the total market value, expressed in the entity's presentation currency, of the assets managed by a financial institution on behalf of clients.	191

Description			Paragraph
-	1.2	Integration of ESG issues is defined as the systematic and explicit inclusion of material ESG factors into investment analysis and investment decisions, as aligned with the PRI Reporting Framework – Main definitions 2018.	191
-	1.3	Sustainability-themed investing is defined as investment in themes or assets specifically related to sustainability (for example, clean energy, green technology, or sustainable agriculture), as aligned with the PRI Reporting Framework—Main definitions 2018.	191
-	1.4	Screening, including (a) negative/exclusionary, (b) positive/best-in-class and (c) norms-based, is defined by the PRI Reporting Framework—Main definitions 2018.	191
-	1.5	The scope of disclosure includes both passive and active strategies.	191
-	2	The entity shall disaggregate its disclosure by asset class: (a) equities, (b) fixed income, (c) cash equivalents/money market instruments and (d) other (for example, real estate and commodities).	191
-	3	The entity shall identify and disclose the amount of any AUM managed using more than one ESG integration strategy (for example, screening and integration).	191
FN-AC-410a.2.	1	The entity shall describe its approach to the incorporation of environmental, social and governance (ESG) factors in its investment or wealth management processes and strategies.	-
-	1.1	The definition of incorporation of ESG factors is aligned with that of the Global Sustainable Investment Alliance (GSIA) and includes the use of ESG information in investment decision-making processes.	-
-	1.2	Examples of ESG factors and issues are provided in the PRI Reporting Framework—Main definitions 2018, section 'ESG issues'.	-
--	1.3	Incorporation of ESG factors includes the following approaches, consistent with the PRI Reporting Framework—Main definitions 2018:	-
-	1.3.1	Screening, including (a) negative/exclusionary, (b) positive/best-in class and (c) norms-based	82
	1.3.2	Sustainability-themed investment, defined as investment in themes or assets specifically related to sustainability (for example, clean energy, green technology or sustainable agriculture)	83-84
-	1.3.3	Integration of ESG, defined as the systematic and explicit inclusion of material ESG factors into investment analysis and investment decisions	80-81
	1.3.4	A combination of the above	-

Description			Paragraph
-	2	The entity shall describe the policies that determine its approach to the incorporation of ESG factors in its investment or wealth management processes and strategies.	80-81
-	3	The scope of disclosure shall exclude discussion of the entity's proxy voting and investee engagement policies and procedures, which is included in metric FNAC-410a.3, 'Description of proxy voting and investee engagement policies and procedures'.	-
-	4	The entity shall describe its approach to implementation of the aspects of the entity's ESG incorporation practices.	-
-	4.1	The discussion shall include, but is not limited to:	-
-	4.1.1	Parties responsible for the day-to-day incorporation of ESG factors	146, 176
-	4.1.2	Roles and responsibilities of employees involved	146, 176
-	4.1.3	Approach to conducting ESG-related research	143
-	4.1.4	Approach to incorporating ESG factors into investment strategies	143
-	5	The entity shall describe its oversight/accountability approach to the incorporation of ESG factors.	146
-	5.1	The discussion shall include:	-
-	5.1.1	Formal oversight individuals or bodies involved	146
-	5.1.2	Roles and responsibilities of employees involved	146
-	5.1.3	Criteria used in assessing the quality of ESG incorporation	146
-	6	The entity shall discuss whether it conducts scenario analysis or modelling in which the risk profile of future ESG trends is calculated at the portfolio level.	-
-	6.1	ESG trends may include climate change, natural resource constraints, human capital risks and opportunities and cybersecurity risks.	142-144
-	6.2	The entity shall describe the types of portfolios or strategies in which it executes scenario analysis or modelling.	142-144
-	6.2.1	The entity is not required to provide such disclosure at the individual portfolio or strategy level.	
-	7	The entity shall discuss ESG trends it considers apply broadly in terms of their effect on sectors and industries, as well as the trends it deems as sector- or industry-specific.	142-144
-	8	The entity shall describe whether it incorporates ESG factors in strategic asset allocation or allocation of assets between sectors or geographical markets.	133-139
-	8.1	The entity shall describe the types of portfolios or strategies in which it incorporates ESG factors in strategic asset allocation or allocation of assets between sectors or geographical markets.	133-139

Description			Paragraph
-	8.1.1	The entity is not required to provide such disclosure at the individual portfolio or strategy level.	
-	9	The entity shall describe how ESG factors are incorporated in the assessment of and how it influences the entity's views on:	-
-	9.1	Time horizon of investments	78
-	9.2	Risk and return profiles of investments	78
-	9.3	Traditional fundamental factors such as economic conditions, central bank policy, industry trends and geopolitical risks	80-81
-	10	When relevant, the entity shall discuss its approach to incorporation of ESG factors in selecting external fund managers and fiduciary managers.	176-185
-	10.1	The entity shall describe its oversight/accountability approach to assessing the quality of incorporation of ESG factors by external fund managers and fiduciary managers, which may include:	-
-	10.1.1	Formal oversight individuals or bodies involved	176-185
-	10.1.2	Roles and responsibilities of employees involved	176-185
-	10.1.3	Criteria used in assessing the quality of ESG incorporation	176-185
-	11	The scope of disclosure shall include investment or wealth management services in which the entity maintains decision-making power, regardless of strategy and asset class.	-
-	12	The scope of disclosure shall exclude execution or advisory services in which investment decision-making power remains with clients.	-
-	13	When relevant, the description of the entity's approach to incorporation of ESG factors in its investment or wealth management activities shall be broken down by asset class or by style employed.	146, 171-185
-	13.1	The discussion shall include the differences in the entity's approaches to incorporation of ESG factors in:	-
-	13.1.1	Public equity, fixed income, private equity or alternative asset classes	146, 171-185
-	13.1.2	Passive versus active investment strategies	146
-	13.1.3	Fundamental, quantitative and technical analyses of investments	146
FN-AC-410a.3.	1	The entity shall describe its approach to proxy voting, which may include its process for making proxy voting decisions, including its approach to defining materiality.	155
-	1.1	The discussion shall include, but is not limited to, elements highlighted in PRI Reporting Framework 2019 Direct—Listed Equity Active Ownership:	-
-	1.1.1	The scope of the entity's voting activities	155
-	1.1.2	The objectives of the entity's voting activities	155

Description			Paragraph
-	1.1.3	How, if at all, the entity's voting approach differs among markets	156
-	1.1.4	Whether the entity has a default position of voting in favour of management in particular markets or on particular issues	157
-	1.1.5	Whether and how local regulatory or other requirements influence the entity's approach to voting	-
-	1.1.6	Whether the entity votes by proxy or in person by attending annual general meetings (AGMs) (or a combination of both)	154
-	1.2	The entity shall describe its approach to determining support for proposals, including its approach to defining materiality.	159-156
-	1.2.1	The scope of disclosure includes proposals addressing environmental and social (ES) issues.	160
-	1.3	The entity shall describe how it communicates its proxy voting policy to clients and to the public.	158
-	1.3.1	The entity may provide the link to its formal proxy voting policy.	153
-	2	The entity shall describe its process of making proxy voting decisions.	159
-	2.1	The discussion shall include the elements highlighted in PRI Reporting Framework 2019 Direct—Listed Equity Active Ownership, which include:	-
-	2.1.1	Use of internal research team or third-party service providers	159
-	2.1.2	Review and monitoring process for service provider recommendations	159
-	3	The entity shall describe its approach to communicating voting decisions to entity management, including the rationale for voting for/against management's recommendations.	161
-	4	The entity shall describe its approach to engagement on ES issues.	162
-	4.1	The discussion shall include:	-
-	4.1.1	The entity's objectives for undertaking engagement activities	163
-	4.1.2	Whether the entity's engagements related to ES issues are primarily proactive to ensure that ES issues are well managed in a preventive manner or reactive to address issues that may have already occurred	163
-	4.1.3	The outcomes the entity seeks from engaging with entities on ES issues (for example, influencing corporate practice; improving the quality of ES disclosure)	164
-	4.1.4	The entity's staff that carries out the engagement (for example, specialized in-house engagement teams, fund managers or equity/ credit analysts, more senior-level roles)	165

Description			Paragraph
-	4.1.5	The roles of individuals at the portfolio entities the entity seeks to engage with (for example, board members, board chair, CEO, corporate secretary, investor relations managers)	165
-	4.2	The entity shall describe how it communicates its engagement policy to clients and to the public.	170
-	4.2.1	The entity may provide the link to its formal engagement policy.	170
-	4.3	The scope of disclosure includes all asset classes, portfolios or strategies in which the entity engages on ES issues.	162
-	5	The entity shall describe how the outcomes of its proxy voting and engagement activities inform its investment decision-making process.	168
-	5.1	The discussion shall include:	-
-	5.1.1	How the entity decides what information to pass on to investment decision-makers	168
-	5.1.2	How the entity monitors the use of the information passed on in investment decision-making	168
-	6	The entity shall describe its escalation process for engagements when entity dialogue is failing.	169
-	6.1	The escalation process may include tactics highlighted in the International Corporate Governance Network (ICGN) Global Stewardship Principles:	-
-	6.1.1	Expressing concerns to corporate representatives or non-executive directors, either directly or in a shareholder meeting	169
-	6.1.2	Expressing the entity's concerns collectively with other investors	169
-	6.1.3	Making a public statement	169
-	6.1.4	Submitting shareholder resolutions	169
-	6.1.5	Speaking at general meetings	169
-	6.1.6	Submitting one or more nominations for election to the board as appropriate and convening a shareholder meeting	169
-	6.1.7	Seeking governance improvements or damages through legal remedies or arbitration	169
-	6.1.8	Exit or threat to exit from the investment	169
-	7	The entity shall describe how its ES engagement strategy fits into its overall engagement strategy.	163-167
-	8	The entity may disclose additional quantitative measures related to its proxy voting and engagement activities, such as:	-
-	8.1	Number of engagements and percentage of those in-person	154
-	8.2	Number of staff involved in proxy voting and engagement activities	154



One Dag Hammarskjöld Plaza
885 Second Avenue, New York, NY 10017
www.unjspf.org