UNJSPF

United Nations Joint
Staff Pension Fund

INVESTMENT POLICY STATEMENT

2025

Table of Contents

1 Introduction/Background

The General Assembly of the United Nations (UN) established the United Nations Joint Staff Pension Fund (UNJSPF or the Fund) to provide retirement, death, disability, and related benefits for the staff of the UN and other international intergovernmental organizations admitted to membership in the Fund. The Secretary-General has delegated his fiduciary and trustee responsibilities to a senior United Nations official referred to as the Representative of the Secretary-General (RSG) for the Investments of the UNJSPF. The RSG, acting as the Chief Executive of the Office of Investment Management (OIM), delegates operating responsibility for the management of the investments and the administration of the fund's assets to the office's four management pillars: Investments, Risk Management and Compliance, Operations, and Finance.

This Investment Policy Statement (IPS) constitutes the articulation of the investment strategy, investment risk framework, and compliance framework guiding the management of the assets of the Fund. It sets forth the foundational policies that ensure consistent, transparent, and accountable execution of the Fund's long-term investment strategy in fulfilment of its fiduciary duty to current and future beneficiaries.

The Fund bears a solemn institutional responsibility to safeguard the financial security of its members over multiple generations. In recognition of this duty, the IPS has been established to codify how the Fund interprets, governs, and applies investment risk as an intentional and necessary feature of return generation when appropriately measured and managed. The IPS affirms that investment risk is not to be misconstrued as volatility to be avoided indiscriminately, but rather as a vital instrument of value creation, subject to robust oversight, informed analysis, and alignment with the Fund's long-term obligations.

This Investment Policy Statement (IPS) articulates the policy-level framework that governs the investment function. It avoids operational, procedural, or tactical implementation details, which are documented in internal operational documents.

The IPS establishes the principles for risk governance, defines the Fund's investment risk appetite—understood specifically as a low-risk tolerance for long-term insufficient returns—and outlines the conditions under which risk may be taken in pursuit of the Fund's objectives.

This policy document further provides the guiding structure for portfolio construction, implementation discipline, cost efficiency evaluation, and performance measurement. It excludes procedural and operational guidance, which are instead covered in the separate Organizational Manual Document, under the Investment Section. Additionally, it avoids prescriptive asset class ranges or strategic allocation targets, which are defined in the Reference Portfolio as part of broader strategic capital planning.

The IPS serves as an enduring governance reference that supports decision-making, consistency across market cycles and institutional leadership transitions. By formally documenting these principles, the Fund reaffirms its commitment to fiduciary integrity, financial sustainability, and intergenerational fairness in the management of its capital.

Finally, it should be noted that the Investment Policy Statement (IPS) is issued upon consultation with the Investments Committee and Pension Board during 2025 and that select elements of the IPS are not immediately applicable and will be implemented over time as the required organizational capacities, including system support, are developed.

2 Purpose and Scope

2.1 Purpose

The purpose of this Investment Policy Statement (IPS) is to define the overarching policy framework that governs the implementation of the Fund's long-term investment strategy. It sets forth the institutional principles, decision-making structures, risk tolerances, and portfolio governance standards through which the Fund's fiduciary obligations are discharged. The IPS translates the strategic vision established in the Investment Strategy into coherent policies that guide the Office of Investment Management (OIM) in the exercise of its delegated authority.

The IPS provides a structured and durable foundation to ensure that investment decisions are taken in a disciplined, transparent, and accountable manner. It formalizes how investment risk is to be identified, measured, budgeted, and monitored—consistent with the Fund's obligation to preserve financial security across generations of beneficiaries. Moreover, the IPS serves as the official source of reference for evaluating the performance of the investments in the context of the Fund's mission, long-term return targets, risk governance, and Strategic Return Corridor (SRC) objectives.

By clearly articulating its investment policies and governance protocols, the Fund seeks to promote institutional continuity, avoid decision-making ambiguity, support alignment between stakeholders, and ensure that the stewardship of capital remains resilient to short-term pressures and organizational transitions.

2.2 Scope

This IPS applies to all investable assets of the Fund, including public and private market investments, liquid and illiquid holdings, and externally or internally managed mandates. It encompasses all components of the Fund's portfolio—strategic capital allocation, individual mandates, execution strategies, derivative overlays, liquidity tiers, and performance attribution models.

The IPS is binding on all individuals and entities operating under the authority of the Representative of the Secretary-General (RSG) for the investments of the assets of the UNJSPF, including external agents acting under contract to the Fund.

The policies defined here govern the following areas:

- The interpretation and expression of the Fund's investment philosophy, objectives, and risk appetite.
- The roles and responsibilities of all actors involved in investment governance and execution.
- The principles of portfolio construction, investment selection, and performance assessment.
- The risk governance framework, including escalation protocols and accountability mechanisms.
- The integration of responsible investment practices and sustainability considerations.

This IPS is reviewed no less than every four years, or earlier if triggered by a material change in the Fund's actuarial profile, regulatory environment, governance structure, or financial outlook. Operational procedures and tactical execution details are maintained separately in operational documents, which should be aligned with the IPS.

2.3 Document Alignment

The IPS is aligned with and complemented by the following documents:

- Investment Strategy Document
- UNJSPF Funding Policy
- Latest ALM Study Report
- Organizational Investment Manual

These instruments together ensure consistency, transparency, and prudent execution of the Fund’s long-term fiduciary responsibilities.

3 Investment Approach

3.1 Strategic Return Corridor (SRC)

The SRC is the forward-looking real return range required to maintain the Fund's long-term financial sustainability and intergenerational equity, net of inflation and after costs. It balances contribution stability with benefit adequacy, serving as the foundation for all investment policy design. The SRC governs the long-term objectives for OIM. UNJSPF has a very low risk appetite for exceeding the SRC, which may trigger contribution increases or benefit reductions. The Reference corridor range (e.g. 3.0% - 4.0%) aligns with ALM results. To manage this risk, OIM's Reference Portfolio is regularly reviewed and calibrated to ensure it aligns with UNJSPF's risk appetite.

The 3.5% long-term real return target remains a central performance benchmark. The Strategic Return Corridor (SRC) does not replace this target. Still, it provides a risk-aligned framework that guides the selection and assessment of the **Reference Portfolio** and its expected contribution to long-term sustainability.

3.2 Long-term Orientation and Fiduciary Philosophy

The Fund's investment approach is grounded in a long-term fiduciary orientation, shaped by its responsibility to safeguard the financial security of current and future beneficiaries. The Fund recognizes that its investment horizon spans multiple decades and generations, requiring a strategic mindset that prioritizes capital sustainability, risk discipline, and return sufficiency over transient market dynamics.

At the core of this approach is the belief that investment risk, when appropriately identified, budgeted and governed, is not an anomaly to be avoided, but a fundamental enabler of sustainable value creation. The Fund does not seek to eliminate risk in absolute terms, but rather to assume risks that are well understood, fairly compensated for, and aligned with its long-term funding objectives.

3.3 Clarifying Risk Appetite

As per UNJSPF's Risk Appetite Statement, the Fund maintains an overarching **low-risk appetite specifically for long-term insufficient returns**, reflecting its acute sensitivity to the risk of failing to meet its intergenerational financial

obligations. This does not imply that every individual, asset class or mandate must be constrained to low volatility or short-term safety. Rather, the concept of low-risk appetite is defined in terms of the Fund's overarching objective: the protection of long-term financial solvency and contribution stability.

The Fund is therefore prepared to continue to assume a range of risks and complexity where such risks are governed effectively and contribute meaningfully to the strategic goal of real return sufficiency. Risk tolerance is applied contextually and proportionally, ensuring that no strategy undermines the Fund's solvency, liquidity, or credibility under stress.

3.4 Purpose-Driven Risk-Taking

The Fund's investment risk-taking is intentional, strategic, and mission aligned. Investment risk must be:

- **Purposeful** – supporting long-term return generation, diversification, or liability hedging.
- **Transparent** – subject to clear reporting, auditability, and internal review.
- **Budgeted** – operating within defined limits and linked to the Reference Portfolio.
- **Governed** – overseen by a robust framework of roles, controls, and escalation procedures.
- **Forward-looking** – assessed not only in statistical terms but also in scenario-based and qualitative dimensions.

3.5 Strategic Execution Principles

The Fund's investment approach adheres to the following strategic execution principles:

- **Total portfolio perspective:** The Fund evaluates all decisions through a total fund lens, recognizing the interdependence of asset classes and risk exposures.
- **Cost efficiency**: Investment structures must deliver sustainable net-of-fee value, with implementation costs continuously assessed relative to returns and governance capacity.
- **Factor-aware diversification:** OIM is working towards the goal that strategic risk factor exposures—such as value, quality, duration, and size—are monitored and calibrated to improve resilience across market cycles.

- **Responsible investment integration:** Sustainability risks and long-term stewardship principles are integrated across all mandates and asset classes, as defined in Section 7.
- **Adaptability:** The Fund's approach remains adaptive to evolving market structures, geopolitical realities, demographic pressures, and innovations in investment governance.

Investment decisions are guided by four enduring criteria: (i) safety – through appropriate diversification and risk controls; (ii) profitability – through expected positive total returns; (iii) liquidity – to meet cash flow needs and ensure flexibility; and (iv) convertibility – to preserve the USD-based valuation and actuarial soundness of the Fund.

3.6 Operational Separation

While this IPS defines the high-level investment principles and governance policies of the Fund, operational procedure—including mandate execution, performance attribution, cash flow mechanics, and trade management—are maintained in internal operational documents, which support the IPS without duplicating or superseding its authority.

4 Portfolio Construction, Implementation Principles and Reference Portfolio Policy

The IPS provides a comprehensive set of guiding principles for developing and executing OIM to realize its long-term goals within the risk governance framework.

4.1 Total Fund and Strategic Outcome Mindset

The Fund is working towards the goal of adopting a **total portfolio mindset**, whereby every investment decision is evaluated in terms of its marginal contribution to overall Fund outcomes, not in isolation. This perspective recognizes that the interdependence among asset classes, strategies, and exposures, must be coordinated toward the achievement of defined long-term financial goals.

The **Reference Portfolio**, a notional strategic allocation designed through periodic Asset Liability Management studies and actuarial studies by the Committee of Actuaries (typically every four and two years, respectively), serves as the primary expression of the Fund's long-term risk-return target. It functions as a governance anchor, representing the optimal mix of asset classes that would be held passively to meet the Fund's financial objectives with prudent levels of risk.

The **Reference Portfolio**:

- Defines the long-term real return target and desired risk characteristics;
- Establishes the baseline against which actual portfolio performance and active risk are measured;
- Serves as a neutral comparator for evaluating alternative strategies and innovation;
- Reinforces alignment between capital planning and actuarial sustainability.

The Reference Portfolio is an investable benchmark portfolio that reflects SRC's long-term risk-return expectations. It serves as the policy anchor for:

- Evaluating total portfolio performance
- Stress-testing strategic assumptions
- Ensuring alignment with long-term obligations

The Reference Portfolio is the outcome of the Strategic Asset Allocation (SAA) process. While SAA refers to the asset-liability-informed methodology used to evaluate risk-return tradeoffs, the Reference Portfolio codifies the resulting asset class weights and serves as the primary long-term benchmark.

All deviations from the Reference Portfolio are made deliberately, governed by defined risk budgets, and documented in terms of rationale, contribution, and expected impact.

4.2 Portfolio Resilience and Robustness

Portfolio construction prioritizes resilience to external shocks, drawdowns, and prolonged market dislocations. The Fund's resilience strategy includes:

- **Diversification** across asset classes, geographies, sectors, risk factors, and liquidity profiles;
- **Stress testing and scenario analysis** to assess vulnerability under extreme yet plausible conditions;
- **Allocation to defensive exposures**, including sovereign fixed income, real assets, and uncorrelated strategies;
- **Liquidity management** to ensure operational flexibility and the ability to rebalance under stress.

Robustness is defined as the capacity to preserve funding integrity and contribution stability across market cycles while sustaining a disciplined exposure to long-term return drivers.

4.3 Geographical Diversification

In reference to Resolution 79/253 of the General Assembly, OIM seeks geographical diversification among developed, developing, and emerging markets, wherever this serves the interests of the participants and beneficiaries of the Fund. OIM ensures that decisions in any market are implemented prudently, taking fully into account the four investment criteria, namely safety, profitability, liquidity, and convertibility

4.4 Factor-based Thinking

The Fund integrates factor-based thinking into portfolio design, implementation, and attribution. Factors such as value, quality, momentum, low volatility, duration, credit spread, and inflation sensitivity provide explanatory insight into portfolio risk and return behavior.

Factor exposures are used to:

- Enhance diversification beyond asset class boundaries.
- Identify concentrations and unintended risks.
- Improve risk-adjusted returns through structural balance.

- Support dynamic rebalancing and macroeconomic alignment.

The monitoring of factor exposures is embedded into risk dashboards, performance attribution, and mandate reviews. Although factor exposures are operationally monitored, they inform top-down decisions by enhancing understanding of portfolio risks and performance drivers.

4.5 Implementation Discipline and Cost Effectiveness

All investment strategies, whether internally or externally managed, must demonstrate sustainable net-of-fee value creation. Implementation discipline requires that:

- Mandates are aligned with internal capabilities and governance capacity;
- Structures are transparent, scalable, and operationally resilient;
- Execution is measured through Transaction Cost Analysis (TCA), performance dispersion, and consistency with expectations;
- Fees and costs are benchmarked, negotiated, and justified in relation to strategy complexity and value added.

The Fund avoids strategies whose complexity, illiquidity, or opacity cannot be reasonably governed under current resource and oversight conditions.

4.6 Regular Dynamic Rebalancing and Portfolio Adaptation

The Fund conducts periodic rebalancing of portfolio exposures to maintain strategic alignment with the Reference Portfolio, manage liquidity buffers, and respond to shifts in valuation, macroeconomic context, or risk positioning. Dynamic rebalancing refers to the ongoing recalibration of exposures within approved bands to maintain alignment with the Reference Portfolio. It reflects near-term relative valuations and expected risk-adjusted returns but does not replace or replicate the ALM optimization performed periodically.

Rebalancing decisions are based on:

- Deviation thresholds from target allocations;
- Forecasts of cash flows, benefit payments, capital calls and distributions;
- Valuation signals and relative risk-adjusted return expectations;
- Scenario analysis and stress-tested liquidity needs.

All rebalancing actions are documented, monitored for consistency with the investment mandate, and evaluated ex-post through performance attribution.

5 Portfolio Construction by Asset Class

The Fund constructs its portfolio through a multi-asset framework in which each asset class fulfills a defined functional role. Asset class exposures are implemented with clear reference to their contribution to the total Fund's return profile, risk budget, liquidity requirements, and strategic objectives. While the Fund operates under a total portfolio mindset, the differentiation of asset class roles supports structural clarity, oversight, and performance attribution.

5.1 Public Equities

Strategic Role

Public equities serve as the Fund's primary source of long-term capital appreciation and growth. They provide scalable access to global corporate value creation and offer exposure to economic expansion, productivity gains, and technological innovation.

Portfolio Design and Implementation

The equity portfolio is constructed to ensure:

- Global diversification across geographies, sectors, market capitalizations, and economic regimes.
- A majority of fundamental active mandates, both internally and externally managed, with the aim of delivering risk-adjusted excess returns through thematic, sectoral, or regional insights. We also employ some passive and factor-based approaches to complement and add value to our primary investment strategies.
- Consideration of factor exposures, such as value, quality and low volatility, to enhance long-term return resilience.
- Integration of responsible investment practices, including proxy voting, engagement, and environment, social and governance assessments.

Oversight Considerations

Public equity mandates are monitored for performance consistency, factor tilts, tracking error, liquidity, and alignment with responsible investment standards. Concentration risk is evaluated across regions, sectors, and issuers.

5.2 Fixed Income

Strategic Role

Fixed income assets provide capital preservation, income generation, and liability matching characteristics. They also play a critical role in mitigating overall portfolio volatility and providing liquidity under stress.

Portfolio Design and Implementation

The fixed income allocation might include:

- Sovereign and quasi sovereign bonds from stable issuers;
- Investment-grade corporate debt with robust credit metrics;
- Inflation linked securities to protect against real value erosion;
- Selective use of credit strategies to enhance yield subject to defined risk limits.

Duration, yield curve positioning and credit exposures are actively managed to reflect macroeconomic outlook, interest rate risk, and the Fund's liability profile.

Oversight Considerations

Mandates are subject to credit quality thresholds, issuer concentration limits, and stress-tested interest rate sensitivities. Liquidity and counterparty exposures are monitored continuously.

5.3 Private Markets

Private markets offer diversification, long-term return potential, and access to differentiated sources of value creation. As traditional public market returns compress and volatility rises, private equity, private credit, real estate, and real assets are essential components for achieving OIM's long-term investment objectives. These asset classes typically exhibit lower correlation with public equities. They can provide illiquidity premia in exchange for longer investment horizons, aligning well with the long-duration liabilities of defined benefit pension plans.

OIM integrates private markets in a robust governance framework, deep due diligence capabilities and a strategic approach to portfolio construction. OIM implements disciplined pacing strategies to smooth capital deployment over time, maintain portfolio balance, and avoid vintage-year concentration. Risk-adjusted

return expectations are evaluated across cycles, and performance benchmarking considers the unique characteristics of each private market strategy.

Furthermore, incorporating environmental, social, and governance (ESG) factors and responsible investing principles into private markets is increasingly seen as a value driver and risk mitigant, particularly in infrastructure and real assets. Liquidity risk will be carefully managed, ensuring the overall portfolio maintains sufficient flexibility to meet pension obligations, even during stressed market conditions.

5.4 Private Equity and Private Credit

Strategic Role

As a key component of OIM's Private Markets approach, private equity and private credit offer the potential for enhanced long-term returns through exposure to illiquidity premia, growth-stage businesses, and differentiated risk-return profiles that are unavailable in public markets.

Portfolio Design and Implementation

The private equity and private credit program includes:

- Private equity allocations through fund commitments, co-investments, and secondaries;
- Private credit mandates focused on lending, opportunistic credit, and asset-backed finance;
- Vintage year diversification to manage deployment, risk, and liquidity pacing;
- Careful partner selection, emphasizing governance, alignment, transparency, and responsible investment capacity.

Commitments are structured to balance opportunity capture with prudent management of unfunded obligations and capital calls.

Oversight Considerations

All private market strategies are subject to rigorous due diligence, operational risk review, valuation oversight, and liquidity planning. Valuation policies must adhere to recognized industry standards.

5.5 Real Estate and Real Assets (Infrastructure, Timber & Agriculture and Commodities)

Strategic Role

Real estate and real assets contribute to portfolio diversification, provide inflation-linked income, and deliver long-duration cash flows. They also serve as a partial hedge against unexpected inflation and economic dislocation.

Portfolio Design and Implementation

The Fund invests in:

- Core and non-core real estate, including office, residential, industrial, and mixed-use assets in stable jurisdictions;
- Infrastructure assets with essential service characteristics, including transportation, energy, and digital infrastructure;
- Investment vehicles may include direct holdings, co-investments, and pooled funds, selected based on asset quality, sustainability features, governance alignment, and projected income stability.

Oversight Considerations

Real estate and real assets are monitored for leverage ratios, tenancy risk, operational sustainability, valuation, frequency, and asset lifecycle considerations. Environmental, social and governance impacts are assessed at acquisition and throughout the holding period.

5.6 Cash and Short-Term Instruments

Strategic Role

Cash and short-term instruments support operational liquidity, capital call readiness, portfolio rebalancing, and market contingency planning. They serve as a principal preservation buffer with minimal risk exposure.

Portfolio Design and Implementation

Cash is managed through tiered liquidity pools, calibrated to:

- Immediate deficit payments and operational expenses;
- Short-term strategic redeployment and rebalancing;
- Collateral obligations and margin management.

Instruments include Treasury-bills, repurchase agreements, high-grade commercial paper, and short-duration investment-grade bonds, all subject to strict maturity, credit, and counterparty risk constraints.

Oversight Considerations

Liquidity pools are managed for accessibility, transparency, and policy compliance. No speculative activity is permitted within cash portfolios.

6 Investment Selection and Tactical Positioning

6.1 Investment Selection

Purpose and Standards

Investment selection is the process by which specific mandates, instruments, or exposures are added to the portfolio to fulfil defined roles within the strategic asset allocation framework. Each selection must be justified through a comprehensive assessment of its expected contribution to the Fund's objectives, risk posture, and governance capacity.

Selection Criteria

All investment mandates—whether internally or externally managed—must satisfy the following minimum criteria:

- Strategic alignment with the Fund's long-term return objectives and Reference Portfolio;
- Demonstrable value creation, based on expected net-of-fee risk-adjusted return potential;
- Diversification contribution, assessed relative to existing exposures and factor balances;
- Operational and governance feasibility, including transparency, reporting, and scalability;
- Responsible investment and integration, with evidence of environmental, social and governance awareness, stewardship behavior, and risk management in line with Fund principles.

Due Diligence and Approval

Investment selection is governed by formal due diligence protocols that cover both qualitative and quantitative dimensions. Reviews encompass investment strategy, process, team composition, risk controls, cost structures, liquidity terms, legal framework, and technology infrastructure. All selections are subject to peer challenge, committee review, and approval under delegated authority structures.

Ongoing Monitoring and Exit Criteria

Selected mandates are monitored continuously for performance consistency, compliance, risk drift, and responsible investment conduct. Exit decisions may be triggered by sustained underperformance, governance failure, breach of mandate terms, or misalignment with the Fund's evolving strategy.

6.2 Tactical Positioning

Purpose and Framework

Tactical positioning refers to deliberate, time-bound deviations from the Reference Portfolio to capture near-term value, manage risk asymmetries, or respond to evolving macroeconomic or market specific developments. While the Fund is not structurally oriented toward tactical trading, it acknowledges that certain shifts in market conditions warrant prudent temporary adjustments.

Conditions for Tactical Decisions

Tactical shifts must be:

- Clearly justified in terms of macroeconomic outlook, valuation, or risk mitigation;
- Governed within the Fund's total risk budget, respecting tracking error, and drawdown constraints;
- Time-limited and reviewable, with explicit performance expectations and reversion triggers;
- Documented and reportable, subject to internal review and post-implementation assessment.

Permitted Tactical Adjustments

Tactical positioning may include:

- Over or underweighting of asset classes, sectors, or regions;
- Duration shifts or credit exposure adjustments in fixed income;
- Currency hedging, or exposure overlays;
- Tilted factor exposures (e.g., value, quality, momentum);
- Liquidity preservation or repositioning in anticipation of market shocks.

Tactical positions may include security selection within approved mandates. The oversight and documentation requirements specified herein apply only to macro-level or total fund tactical shifts that deviate from the Reference Portfolio structure.

Governance and Oversight

Asset class-level benchmarks are maintained solely for return attribution and operational oversight. They are not prescriptive nor indicative of target allocations, which are derived from the Reference Portfolio.

All tactical decisions are approved by the CIO or designated staff, reviewed by the Internal Investment Committee, and reported to the RSG. The cumulative

impact of tactical positions is incorporated into ongoing risk reporting and performance attribution. Persistent deviation from long-term strategy must be escalated, documented, and subject to formal validation.

7 Responsible Investment Implementation

The Fund recognizes its duty not only as a financial institution but also as a long-term steward of capital entrusted with safeguarding the retirement security of generations of beneficiaries. Responsible investment is therefore not treated as an ancillary activity or overlay, but as an integral dimension of the Fund's investment philosophy, governance, and operational practice. Responsible investment implementation supports the Fund's financial objectives, enhances portfolio resilience, mitigates reputational and systemic risk, and reinforces institutional credibility.

7.1 Institutional Commitments

The Fund is committed to incorporating environmental, social and governance — related risks and opportunities collectively referred to herein as **responsible investment considerations** into all aspects of investment decision-making. This commitment is framed by fiduciary duty, intergenerational equity, and long-term value protection. The Fund's approach seeks to:

- Promote transparency, sound governance, and ethical conduct among issuers and counterparties;
- Mitigate financially material sustainability risks that could impair long-term asset performance;
- Advanced capital deployment consistent with global responsible investment standards;
- Contribute to the financial system's ability and informed long-term stewardship practices.

Restricted/Prohibited Industries:

- Investments in companies that derive any revenue from the production of tobacco and that primarily deal with manufacturing and distribution of tobacco and tobacco-related products and non-transitioning fossil fuels companies, including thermal coal, are restricted. The Fund is prohibited from investing in securities of companies that derive any revenue from the production of military weapons, weapons systems or weapons of mass destruction, including nuclear, chemical or biological weapons, or derive more than 10 per cent of their revenue from the production of customized components for purposes of the production of military weapons, weapons systems or weapons of mass destruction.

- While the Fund analyses and monitors the individual holdings in Exchange Traded Funds (ETFs) and any other index or fund products, the individual holdings that fall under the criteria for restricted and prohibited industries and/or the minimum required credit ratings, may be maintained in the investable universe since these instruments grant access to specific markets that contribute to the overall safety, profitability, liquidity and convertibility of the total portfolio.

7.2 Integration Across the Investment Lifecycle

Responsible investment principles are embedded throughout the investment lifecycle, including:

Pre-Investment Due Diligence

Investment teams and external managers are required to identify and assess responsible investment risks and opportunities as part of the selection process. This includes governance, quality, stakeholder practices, climate and resource exposure, and alignment with long-term financial sustainability.

Mandate, Design and Documentation

All new investment mandates must include clauses addressing responsible investment requirements, reporting obligations, and governance expectations. Standardized language is applied across asset classes to ensure consistency and enforceability.

Ongoing Monitoring and Stewardship

The Fund monitors portfolio holdings, managers, and counterparties for compliance with responsible investment expectations. Stewardship tools—such as proxy voting, engagement and collaborative investor initiatives—are employed to promote change where needed.

Exit and Escalation

Where material misalignment persists or responsible investment violations occur, the Fund reserves the right to escalate concerns, adjust mandates, or divest based on the severity and systemic nature of the issue.

7.3 Manager and Counterparty Expectations

External managers and service providers are expected to demonstrate:

- A responsible investment policy aligned with best practices and adherence to the Fund's responsible investment policy;

- Dedicated staff resources and systems to manage sustainability risks;
- Active ownership practices, including proxy voting and engagement records;
- Periodic disclosure of responsible investment metrics and impacts;

Manager selection and monitoring processes are incorporated. These expectations are part of the scoring and review.

7.4 Transparency and Reporting

The Fund is committed to high standards of transparency in reporting its responsible investment activities in line with the International Sustainability Standards. Reporting includes:

- Summary of responsible investment integration across mandates and asset classes;
- Proxy voting records and engagement case studies;
- Exposure to key sustainability themes such as climate risk and governance standards;
- Alignment with international frameworks and codes of conduct.

Reports are publicly disclosed, to enhance trust and accountability.

7.5 Governance and Oversight

The implementation of responsible investment is overseen by the Chief Investment Officer, supported by designated officers or committees responsible for responsibility and stewardship. Periodic reviews are conducted to assess alignment with the Fund's strategy, evolving best practices, and regulatory expectations. The Internal Investment Committee receives updates on responsible investment integration as part of its mandate monitoring role.

8 Investment Risk Governance

Risk governance encompasses the system of roles, responsibilities, oversight structures, and processes that facilitate the effective identification, management, and control of investment risks at the total fund level. For the Investment Office of a large pension fund, robust risk governance is essential for achieving long-term investment success while safeguarding the sustainability of benefit obligations.

8.1 Principles of Investment Risk Governance

OIM's risk governance is built upon the following core principles:

- **Clarity of roles**: Risk responsibilities are clearly defined across fiduciaries, executive management, investment teams, and risk oversight functions.
- **Accountability**: Those responsible for taking and managing risk are accountable for their decisions and performance outcomes.
- **Independence and objectivity**: Independent risk oversight is structurally embedded and supported by robust reporting lines and risk analytics.
- **Transparency and escalation**: Material risks and breaches are escalated promptly and reported transparently.
- **Integration with investment governance:** Risk governance is a core element of OIM's broader investment decision-making, rather than a parallel or secondary activity.

8.2 Risk Governance Structure

OIM follows the **Three-Lines of Defense Model**:

First Line: Front-line risk owners, including the investment teams and asset class leads, operations, administrative and finance staff, manage risks within their portfolios and their operational decisions. This includes:

- Risk-aware decision-making within approved guidelines;
- Continuous monitoring of exposures, concentrations, and liquidity;
- Compliance with investment limits and risk tolerances.

Second Line: Enterprise Risk Oversight and Independent Investment Risk

An independent risk function is responsible for designing, implementing, and maintaining the operational and investment risk management framework. It provides objective analysis and challenge through:

- Risk analytics, stress testing, and scenario modelling;
- Aggregated risk monitoring across the total fund;
- Reporting to senior management, the CIO, and the RSG and the Risk and Governance Advisory Committee;
- Evaluating new strategies, exposures, and emerging risks.

Third Line: internal audit and external assurance

UN OIOS provides independent assurance on the effectiveness of risk governance, controls, and policy adherence. External audits and peer reviews are performed and may also be specifically commissioned periodically.

8.3 Risk Oversight Roles and Responsibilities

Role	Responsibilities
RSG	Approves the IPS, reviews total fund risk reports, and oversees risk tolerance and breach remediation processes.
Internal Investment Committee	Provides focused oversight of investment and risk-related matters and supports the RSG in monitoring risk governance effectiveness.
Chief Investment Officer (CIO)	Owns overall investment risk-taking within the boundaries of the IPS and risk appetite. Ensures investment activities comply with risk protocols and limits.
Chief Risk and Compliance Officer (CRO)	Leads the independent risk function and oversees the risk framework, analytics, reporting, and escalation. Provides an independent perspective on risk.
OIOS and BoA	Independently evaluate the adequacy and effectiveness of the entire risk governance framework. Report findings to the United Nations General Assembly, the UNJSPF Board and the RSG.

9 Risk Appetite and Risk Principles

OIM's risk appetite reflects its willingness and capacity to accept operational and investment risk in pursuit of long-term investment outcomes, as well as the UNJSPF funding objectives and Strategic Return Corridor. It is shaped by the Fund's liability structure, funded status, contribution capacity, and benefit commitments.

9.1 Statement of Risk Appetite

The Fund maintains a low-risk appetite for outcomes that jeopardize long-term return sufficiency, particularly the risk of failing to meet the SRC over rolling 15-year periods. This does not preclude the use of higher-risk asset classes, provided they contribute to achieving the SRC in a diversified and disciplined manner.

OIM has a **measured but purposeful appetite for investment risk**, recognizing that:

- **Investment risk is essential for generating returns that enable long-term affordability and enhance security.**
- **Risk must be aligned with funding capacity**, sponsors health, and intergenerational fairness;
- **Excessive risk**—particularly risk that introduces unrewarded exposures or liquidity constraints—must be avoided;
- **The goal is not to eliminate risk**, but to **intelligently govern, budget, and manage it** across time and scenarios.

9.2 Guiding Risk Principles

OIM follows several guiding principles in setting and applying its risk appetite:

1. **Alignment with OIM's strategic outcome expectations and UNJSPF's funding and contribution objectives**: Risk should be taken in the context of long-term funding and contribution goals, as well as the health of the pension promise.
2. **Total fund perspective:** Risk is managed and budgeted at the total portfolio and individual asset class level, considering correlations and systemic exposures.

3. **Avoidance of unrewarded risk**: OIM avoids risks that are not expected to be compensated over the long term (e.g., excessive concentration, counterparty risk, structural illiquidity).
4. **Time horizon sensitivity**: OIM considers the time horizon over which risk may materialize and be managed.
5. **Crisis resilience**: OIM's risk appetite accounts for liquidity needs, tail risks, and resilience under severe stress conditions.
6. **Stakeholder awareness:** Risk decisions are transparent, communicated clearly, and responsive to stakeholder expectations, particularly regarding volatility, contributions, and benefit security.

9.3 Risk Tolerances and Limits

OIM sets formal risk tolerances according to UNJSPF's risk tolerances, representing limits for the acceptable level of exposure to various categories of risk, which may include:

- Funded and contribution status volatility;
- Drawdown thresholds under stress conditions;
- Liquidity coverage and redemption capacity;
- Exposure concentrations (e.g., counterparty, sector, or geography);
- Risk factor sensitivities (e.g., interest rate, inflation, equity beta, credit).

The UNJSPF tolerances are informed by the Actuarial Valuation and monitored by the risk function, with breaches subject to escalation and review protocols. OIM's tolerances are derived from these, approved by the RSG and monitored by the first and second line of defense.

10 Investment Risk Management Framework

OIM's Investment Risk Management Framework (IRMF) offers a structured and comprehensive approach to identifying, measuring, managing, and monitoring the investment risks that impact the sustainability and performance of the total fund.

The Fund adopts a purpose-driven risk management approach, meaning that risk-taking is governed by its contribution to the Fund's mission – namely, delivering sustainable benefits. Risk tolerance is aligned with long-term solvency targets, not just performance benchmarks.

10.1 Objectives of the Risk Management Framework

The IRMF is designed to:

- Support the delivery of long-term investment and funding objectives;
- Ensure that risk-taking is deliberate, compensated, and aligned with the fund's mission and constraints;
- Encourage a consistent and proactive approach to identifying and managing emerging and known risks;
- Promote transparency and informed decision-making at fiduciary and management levels;
- Enhance the investment program's resilience under diverse market and economic conditions.

10.2 Risk Identification

Investment risks are systematically identified across all levels of OIM:

- **Total fund level:** Covers systemic market risk, macroeconomic risk, and liquidity/cash flow mismatches.
- **Portfolio level**: Encompasses asset class-specific risks, manager-specific risks, and strategy-specific exposures.
- **Operational level**: Includes valuation, custody, counterparty, and implementation risks.

A risk taxonomy is regularly maintained and updated to categorize risk types and facilitate consistent risk identification.

10.3 Risk Categorization

Investment risks are grouped into sub- categories, including:

- **Market risk:** The potential for losses due to changes in equity prices, interest rates, credit spreads, currency values, and inflation.
- **Liquidity risk**: Risk arising from insufficient liquid assets to meet cash flow obligations, especially under stress.
- **Credit and counterparty risk:** The risk of financial loss arising from the default or decline in creditworthiness of counterparties. The credit rating framework is described in Annex II.
- **Valuation risk**: Risk of asset values being misstated due to model error, market illiquidity, or poor data quality.
- **And some sub**-categories that have a component of investment risk but span across all UNJSPF, like:
    - **Operational Risk:** Risks arising from failures in processes, personnel, systems, or external events that impact investment execution.
    - **Legal and Regulatory Risk**: Risk from non-compliance or adverse regulatory changes affecting investment activities.
    - **Strategic Risk:** Risk of long-term investment decisions underperforming due to flawed assumptions, poor timing, or regime shifts.

10.4 Risk Measurement and Monitoring

Investment risks are measured through both **quantitative metrics** and **qualitative assessments**, including:

- **Value-at-Risk (VaR)** and **Conditional VaR (CVaR)** for measuring potential losses;
- **Stress testing** using historical and hypothetical scenarios;
- **Sensitivity analysis** across macro and factor exposures;
- **Liquidity coverage ratios**, redemption horizon mapping, and cash flow stress models;
- **Tracking error**, ex-ante and ex-post volatility;

- **Limit monitoring dashboards** to track exposures against defined tolerances.
- **Top and emerging risks, to track qualitative risks that could have a material impact on the performance of investments.**

Risk metrics are regularly reviewed and integrated into dashboards for the investment teams, the CIO, the CRO, and the RSG.

10.5 Risk Budgeting and Aggregation

Risk budgeting provides a framework to allocate and control risk across OIM's investment activities. This includes:

- **Top-down risk budgets** for total fund volatility and stress resilience;
- **Risk allocation** across investment strategies, asset classes, or risk premia;
- **Aggregation techniques** that account for diversification and non-linear exposures;
- **Forward-looking scenario planning** and budget adjustments as market regimes evolve.

The objective is to optimize risk utilization to enhance returns while ensuring that tolerances are not breached, and liquidity is not impaired.

10.6 Risk Limits and Escalation

Risk limits are established for critical exposures (e.g., leverage, illiquidity, concentration) and approved by the RSG. These include:

- Absolute limits (e.g., maximum exposure to private markets);
- Relative limits (e.g., tracking error versus reference risk profile);
- Behavioral triggers (e.g., performance drawdowns).

Breach management protocols define when issues must be escalated, reviewed, and remedied, and by whom.

10.7 Scenario Analysis and Stress Testing

Stress testing is a core component of the fund's risk management discipline. Scenarios may include:

- Historical events (e.g., 2008 financial crisis, COVID-19 shock);
- Hypothetical events (e.g., stagflation, geopolitical risk, interest rate regime shift);
- Cross-portfolio impact analysis (e.g., impact on funded ratio, liquidity, and solvency).

The insights guide portfolio construction, asset-liability modelling, and the ongoing refinement of risk appetite.

The Office conducts forward-looking scenario analyses, including across macroeconomic regimes, interest rate shifts, inflation shocks, and market drawdowns. Scenarios are tested for impact on funding status, contribution needs, liquidity buffers, and SRC compliance. Stress results inform risk limits and strategic reviews

10.8 Liquidity Risk Management

Liquidity risk is managed holistically across investment and benefit payment requirements. Key practices include:

- **Liquidity tiering** of assets based on saleability under normal and stressed conditions;
- **Rolling cash flow forecasting** to align with pension outflows and capital calls;
- **Redemption stress testing** to simulate rapid liquidity needs;
- **Minimum liquidity buffers** tailored to worst-case scenarios.

Crisis-period playbooks and contingency funding strategies are maintained and periodically tested.

10.9 Counterparty and Operational Risk Management

Operational risks are embedded into the investment risk framework and addressed through:

- **Due diligence and ongoing monitoring** of investment managers, counterparties, and service providers;
- **Operational risk registers** with identified controls and owners;
- **Regular reviews of policies and procedures** (e.g., trade execution, valuation, reconciliations);
- **Third-party assurance** through SOC reports, audits, and compliance certifications.

11 Performance Evaluation

A robust performance measurement and evaluation framework is vital for ensuring accountability, assessing the effectiveness of investment strategies, and informing governance decisions. This section outlines the principles, metrics, and review protocols used to evaluate investment results in line with fund objectives and fiduciary duties.

Performance is evaluated at the total fund level, relative to the Reference Portfolio over 3- and 15-year rolling periods. Attribution is decomposed by asset class, mandate, and factor exposure. Manager selection is assessed based on value-added, net-of-fees performance, and alignment with mandate objectives

11.1 Objectives of Performance Measurement

The primary objectives of performance measurement are to:

- Assess the degree to which investment objectives are being achieved;
- Attribute the sources of return and risk to investment decisions and exposures;
- Identify areas for improvement in portfolio design, implementation, or oversight;
- Enable accountability across delegated mandates and oversight functions;
- Support evidence-based decision-making and long-term value creation.

11.2 Performance Metrics

Performance is measured at multiple levels using a suite of quantitative and qualitative tools, including:

- **Total fund performance** relative to real return targets and funding requirements. The Fund has committed with the United Nations General Assembly to deliver a 15-year real rate of return of at least 3.5% and a 3-year nominal return at or above the nominal return of the Reference Portfolio. The 3.5% long-term real return target remains a central performance benchmark. The Strategic Return Corridor (SRC) does not replace this target but provides a risk-aligned framework that guides the selection and assessment of the **Reference Portfolio** and its expected contribution to long-term sustainability;

- **Risk-adjusted returns** using the Sharpe ratio, information ratio, and conditional Sharpe;
- **Drawdown metrics**, including maximum drawdown and time to recovery;
- **Volatility and downside risk** metrics;
- **Cost-adjusted net returns** (after all internal and external fees and expenses);
- **Benchmark-relative performance** for mandates and components where applicable.

Performance is assessed over appropriate time horizons — emphasizing **long-term outcomes** (e.g., 5 to 10 years) while also monitoring **short- to medium-term execution** and risk behavior.

11.3 Attribution Analysis

Performance attribution provides transparency into investment decision-making and outcomes, separating:

- **Allocation effect**: impact of portfolio exposures across categories or strategies;
- **Selection effect**: impact of individual security or manager choices;
- **Interaction effect**: combined contribution from allocation and selection;
- **Factor attribution**: performance by systematic exposures (e.g., equity beta, credit, rates);
- **Cost attribution**: evaluation of value-added net of fees and costs.

Attribution is tailored to the strategy and decision-maker and includes narrative insights alongside statistical data.

11.4 Evaluation of Investment Managers

External and internal investment managers are evaluated regularly based on:

- **Net-of-fee performance** relative to mandate objectives and benchmarks;
- **Risk behavior**, including tracking error, drawdown, and exposures;
- **Adherence to investment guidelines** and risk limits;
- **Consistency of process and team stability**;

- **Transparency, reporting quality, and alignment with fund values**.

Underperformance does not automatically lead to termination but initiates a formal review. The manager oversight process focuses on long-term skills, fiduciary alignment, and contributions to portfolio objectives.

11.5 Review and Oversight Process

Performance results are:

- Reviewed quarterly by management;
- An annual report is presented to the United Nations General Assembly and the UNJSPF Board;
- Used to inform rebalancing, mandate adjustments, and governance decisions;
- Annual CEM benchmark comparisons against a universe of pension funds and peer funds are publicly disclosed and reported to the United Nations General Assembly;
- Integrated with risk and cost assessments for a holistic view.

All evaluation processes are guided by policies that promote consistency, fairness, and learning.

12 Operational Governance and Investment Controls

The Fund's ability to safeguard its long-term financial mission depends not only on its strategic portfolio decisions, but equally on the operational structures that uphold execution integrity, accountability, and compliance. Operational governance encompasses the systems, roles, policies, controls, data, and third-party relationships through which the Fund ensures that its investment activities are carried out with transparency, reliability, and institutional discipline. This section affirms the Fund's commitment to embedding sound operational practices across the investment function.

12.1 Segregation of Duties and Role Clarity

A core pillar of operational integrity is the clear delineation of functional roles and responsibilities across all components of the investment governance framework. The Fund adheres to the principle of segregation of duties, which ensures that no single actor or team has end-to-end control over any critical investment or operational process.

Key structural separations include:

- Front Office (Investment Decision-Making): Portfolio management, mandate design, execution strategy, and tactical implementation;
- Middle Office (Risk Management, Compliance and Performance Oversight): Risk measurement, mandate monitoring, performance attribution, compliance alerts, and limit tracking;
- Back Office (Operations and Administration): Trade settlement, accounting, reconciliations, cash management, custodial coordination, and reporting.

Role clarity extends to the responsibilities of the RSG, CIO, CRO, COO, investment staff, risk and compliance personnel, and external advisors. All roles are documented in formal organizational charts and governance manuals and are subject to periodic review and realignment as required.

12.2 Policies and Procedures

The Office of Investment Management maintains a comprehensive suite of documented investment policies, standard operating procedures (SOPs), and workflow protocols that govern daily operations and escalation. These documents:

- Define how investment decisions are executed, verified, and documented;
- Provide clarity on approval thresholds, authorization hierarchies, and audit requirements;
- Ensure procedural consistency across internal teams and with external counterparties;
- Serve as reference points in training, compliance monitoring, and control testing.

All policies and SOPs are updated periodically to reflect organizational changes, regulatory developments, or lessons learned from audit findings and operational incidents.

Detailed operational and investment procedures are maintained, which covers, among others:

- Tactical Rebalancing
- Asset class, sub-asset class, team and portfolio construction
- Investment manager selection and monitoring;
- Portfolio rebalancing protocols;
- Cash and liquidity management procedures;
- Proxy voting and stewardship implementation;
- Responsible Investments integration processes;
- Internal approval workflows and documentation standards.

This ensures that operational execution aligns with the principles of the IPS while allowing the flexibility to adapt tools and practices over time.

12.3 Internal Controls and Assurance

The Fund maintains a layered internal control framework designed to detect, prevent, and mitigate operational and investment risks. Control mechanisms are embedded into both automated and manual processes across all stages of the investment lifecycle.

Key internal controls include:

- Dual verification and approval steps for trade execution, settlements, and cash transfers;

- Unsolicited trades are exempt from dual approval. Unsolicited workflow on electronic trading platforms requires an automatic confirmation of trades (email notification) sent to all Fixed Income team members and Back Office when a trade is complete. In addition, trades are evaluated the next day against the Bloomberg AIM compliance system post trade and oversight is provided by Compliance through the Daily Trade Blotter and Post Trade Compliance Report which is sent daily by email to RSG and senior management.
- Automated alerts and hard limits for mandate breaches, credit exposures, and illiquidity concentrations;
- Exception tracking logs, with root cause analysis and remediation workflows;
- Access control systems for portfolio data, order management tools, and financial applications;
- Audit trails for all investment activities, policy changes, and performance adjustments.

The Internal Audit function provides independent assurance on the effectiveness of the control environment and reports directly to the RSG and the appropriate oversight committees. Findings are followed by mandatory action plans and remediation timetables.

The internal control environment is designed to promote integrity, accountability, and risk mitigation. The operational guidelines outline specific control policies, including:

- Dual authorization and signatory procedures;
- System access management;
- Exception reporting protocols;
- Operational risk registers and control matrices.

These controls are regularly tested and independently reviewed.

12.4 Data Governance and Investment Reporting

Detailed data management protocols, system architecture, and reporting templates are outlined in the operational guidelines, ensuring the consistent and decision-useful delivery of information throughout the governance structure.

As a data-driven organization, the Fund prioritizes the quality, accessibility, and security of its investment data. A formal data governance framework ensures that all investment-related data—positions, exposures, risk metrics, pricing, transactions, and benchmarks—is complete, validated, and reconciled across systems.

Investment reporting adheres to strict standards of accuracy, timeliness, and relevance, and is tailored to its audience—internal committees, external auditors, or stakeholders.

All investment data, analytics, and reporting shall conform to the Fund's data governance standards to ensure consistency, accuracy, and auditability across time horizons.

12.5 Third-party Management and Oversight

The Fund relies on third-party service providers, including investment managers, custodians, consultants, and technology vendors, to support its operations. All third-party relationships are governed by formal contracts, service-level agreements, and oversight mechanisms that align with fiduciary expectations. Due diligence checklists, evaluation scorecards, oversight policies, procedures, and service-level expectations for third parties are documented in the operational guidelines and the Third-Party Risk Management Framework, serving as the operational backbone for vendor oversight and risk assurance.

All external managers, custodians, consultants, and service providers shall be subject to documented onboarding, monitoring, and conflict-of-interest mitigation processes defined in the operational guidelines and the Third-Party Risk Management Framework.

13 IPS Review and Adjustment Triggers

The IPS shall be reviewed every four years or earlier under the following conditions:

- Material underperformance relative to the Reference Portfolio.
- Material deviations from the Strategic Return Corridor (SRC) informed by the biannual Actuarial Valuations.
- Change in SRC calibration.
- Adoption of new investment frameworks or technologies.
- Material changes in liabilities, regulations, or funding policy.
- Recommendations resulting from internal audit, external review, or Board consultation.
- Updated ALM Study.
- Structural market disruption or policy reform
- To maintain relevance and alignment with best practices, the Investment Policy Statement is subject to regular review.

13.1 Scheduled Review Cycle

The IPS shall be formally reviewed and reassessed at least once every four years, after Asset and Liability Management studies are conducted, even in the absence of any material trigger, to ensure that its content remains fit for purpose, up to date, and reflective of institutional realities.

The scheduled review will include:

- A comprehensive assessment of investment governance effectiveness;
- Verification of policy alignment with the Reference Portfolio and strategic return targets;
- Reconfirmation of the Fund's risk appetite and tolerances;

- Evaluation of implementation performance and oversight frameworks;
- Review of alignment between the IPS and the operational guidelines

Scheduled reviews are initiated by the RSG and/or after recommendation of the Chief Investment Officer, and coordinated in consultation with the Chief Risk Officer, internal control functions, and relevant governance bodies.

13.2 Adjustment Triggers

Outside of the scheduled cycle, the IPS must be reviewed and amended immediately if any of the following material triggers occur:

- Structural deviation from the Reference Portfolio or sustained tracking error that signals a fundamental misalignment between policy and practice;
- Revisions to actuarial assumptions or contribution corridor thresholds, particularly those impacting funding sustainability or solvency risk;
- Changes in the regulatory or legal environment, such as new compliance obligations or reporting standards affecting investment policy;
- Persistent underperformance, whether absolute or relative to the Reference Portfolio, especially if not attributable to market cycles;
- Organizational restructuring that alters the governance, authority, or accountability framework under which investment decisions are made;
- Strategic review of investment philosophy or model, including the introduction of new implementation platforms, risk structures, or oversight mechanisms;
- Global macroeconomic or capital market regime shifts, such as enduring changes to inflation dynamics, interest rate cycles, or systemic volatility;
- Emerging risks or innovation (technological, financial, or geopolitical) that may significantly alter the Fund's opportunity set or risk landscape.

13.3 Process for Review and Amendment

Any review of the IPS, whether scheduled or triggered, follows a structured governance process:

- Proposed revisions are documented in writing with justifications, supporting analysis, and legal review where necessary;

- Recommendations are vetted by the Internal Investment Committee and submitted to the Chief Executive Officer for final endorsement;
- Approved changes are communicated across all affected functions and embedded in the operational procedures and investment systems;

With this, the Investment Policy Statement (IPS) is complete in its full, detailed, and authoritative form.

Annex I: Reference Portfolio allocations and Informational Benchmarks by Asset Class

Asset Classes	Indices (Current All ESG, Custom)	Reference portfolio weight Target (SAA)
Total Equity and Private Assets		60.0%
Global Equity		43.0%
Developed Market Equity	MSCI North America/Europe/Pacific IMI All Cap ESG Custom	35.0%
Emerging Market Equity	MSCI Emerging Markets All Cap ESG Custom	8.0%
Private Equity	MSCI ACWI IMI ESG Custom ESG Custom + 2%	7.0%
Real Assets		10.0%
Real Estate	NCREIF Open End Diversified Core Equity (Non-core + 2%)	8.5%
Infrastructure	US CPI + 4%	1.5%
Timberland and Farmland	NCREIF Timberland Index / NCREIF Farmland Index	0.0%
Private Debt	Cliffwater Direct Lending Index (CDLI)	0.0%
Fixed Income and Cash		40.0%
Fixed Income		39.0%
US Core Bods		35.0%
US Securitized	Bloomberg US Securitized ESG Custom	10.0%
US Treasuries	Bloomberg US Treasury ESG Custom	14.0%
US Corporates	Bloomberg US Corporates ESG Custom	10.0%
US Gov't Related	Bloomberg US Government Related ESG Custom	1.0%
Non Core Bonds		4.0%
US High Yield	US High Yield: Bloomberg High Yield Index	2.0%
EMD Local Currency	Bloomberg EM Local Currency Government (10% Country Capped) ESG Custom	2.0%
Cash & Equivalent	Bloomberg 1-3 months US Treasury	1.0%

Annex II: Credit Rating Framework

The credit risk framework is based on the composite risk rating of the following agencies: Fitch, Standard and Poor's (S&P) and Moody's. Please see table below for explanation of respective ratings. The minimum rating accepted for any rated eligible security is B-/B3 respecting the limits established for the individual securities. Please refer below to the cascading approach, which was approved by official memorandum dated February 14, 2018, for establishing the composite rating when ratings are not available from all the agencies. If the security does not have a public rating, the rating of the issuer can be used. Automated monitoring of these limits is conducted daily by the Compliance team. Results are presented on a quarterly basis to the Risk Committee.

- When a rating from only 2 of rating agencies is available, the lower is used to determine the investment grade rating
- When only 1 agency has provided a rating for the bond, then that rating is used to determine the grade rating
- Expected ratings may be used for new issues to ensure timely inclusion in the investment universe
- An issuer rating may be used in lieu of a security rating

Standard and Poor's (S&P)	
Investment Grade	
Long-Term Issue Credit Ratings	
AAA	An obligor rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by Standard and Poor's.
AA	An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.
AA+	Equivalent to Moody's Aa1 (high quality, with very low credit risk, but susceptibility to long-term risk appears somewhat greater).
AA	Equivalent to Aa2
AA-	Equivalent to Aa3
A	An obligor rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
A+	Equivalent to A1
A	Equivalent to A2
BBB	An obligor rated 'B' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing
Non-Investment Grade (also known as junk bonds)	
BB	An obligor rated 'BB' is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitments.
B	An obligor rated 'B' is more vulnerable than the obligors rated 'BB', but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.
CCC	An obligor rated 'CCC' is currently vulnerable, and is dependent upon favorable business, financial, and economic conditions to meet its financial commitments.
CC	An obligor rated 'CC' is currently highly vulnerable.
C	Highly vulnerable, perhaps in bankruptcy or in arrears but still continuing to pay out on obligations.
CI	Past due on interest
R	An obligor rated 'R' is under regulatory supervision owing to its financial condition. During the pendency of the regulatory supervision, the regulators may have the power to favor one class of obligations over others or pay some obligations and not others.
SD	Has selectively defaulted on some obligations.
D	Has defaulted on obligations and S&P believes that it will generally default on most or all obligations.
NR	Not rated
Short-term issue credit ratings	
A-1	Obligor's capacity to meet its financial commitment on the obligation is strong.
A-2	Is susceptible to adverse economic conditions however the obligor's capacity to meet its financial commitment on the obligation is satisfactory.
A-3	Adverse economic conditions are likely to weaken the obligor's capacity to meet its financial commitment on the obligation.
B	Has significant speculative characteristics. The obligor currently has the capacity to meet its financial obligation but faces major ongoing uncertainties that could impact its financial commitment on the obligation.
C	Currently vulnerable to nonpayment is dependent upon favorable business, financial and economic conditions for the obligor to meet its financial commitment on the obligation.
D	Is in payment default. Obligation not made on due date and grace period may not have expired. The rating is also used upon the filing of a bankruptcy petition.

Fitch Ratings	
Long-Term Issue Credit Ratings	
Investment Grade	
AAA	The best quality companies, reliable and stable
AA	Quality companies, a bit higher risk than AAA
A	Economic situation can affect finance
BBB	Medium class companies which are satisfactory at the moment
Non-Investment Grade	
BB	More prone to changes in the economy
B	Financial situation varies noticeably
CCC	Currently vulnerable and dependent on favorable economic conditions to meet its commitments
CC	Highly vulnerable, very speculative bonds
C	Highly vulnerable, perhaps in bankruptcy or in arrears but still continuing to pay out on obligations
D	Has default on obligations and Fitch believes that it will generate default on most or all obligations
NR	Not publicly rated
Short-Term Issue Credit Ratings	
F1+	Best quality grade, indicating exceptionally strong capacity of obligor to meet its financial commitment
F1	Best quality grade, indicating strong capacity of obligor to meet its financial commitment
F2	Good quality grade with satisfactory capacity of obligor to meet its financial commitment
F3	Fair quality grade with adequate capacity of obligor to meet its financial commitment but hear term adverse conditions could impact the obligor's commitments
B	Of speculative nature and obligor has minimal capacity to meet its commitment and vulnerability to short term adverse changes in financial and economic conditions
C	Possibility of default is high, and the financial commitment of the obligor are dependent upon sustained, favorable business and economic conditions
D	The obligor is in default as it has failed on its financial commitments

Moody's		
Investment Grade		
Rating	**Long-term ratings**	**Short term ratings**
Aaa	Rated as the highest quality and lowest credit risk	Prime-1 Best ability to repay short-term debt
Aa1	Rated as high quality and very low credit risk	
Aa2		Prime-1/Prime-2 Best ability or high ability to repay
Aa3		
A1	Rated as upper-medium grade and low credit risk	
A2		
A3		
Baa1	Rated as medium grade, with some speculative elements and moderate credit risk	Prime-2 High ability to repay short term debt
Baa2		Prime-2/Prime-3 High ability or acceptable ability to repay
Baa3		Prime-3 Acceptable ability to repay short term debt
Speculative Grade		
Rating	**Long-term ratings**	**Short term ratings**
Ba1	Judged to have speculative elements and significant credit risk	Not Prime Do not fall within any of the prime categories
Ba2		
Ba3		
B1	Judged as being speculative and a high credit risk	
B2		
B3		
Caa1	Rated as poor quality and very high credit risk	
Caa2		
Caa3		
Ca	Judged to be highly speculative and with likelihood of being near or in default, but some possibility of recovering principal and interest	
C	Rated as lowest quality, usually in default and low likelihood of recovering principal or interest	

Annex III: Glossary of IPS Terms

Term	Definition
Reference Portfolio	A notional portfolio that is used to express the long-term real return target and desired risk characteristics.
Tactical positioning	Temporary deviations from neutral allocations to take advantage of short-term opportunities.
Risk budget	The allocation of total permissible risk across strategies and mandates.
Value-at-Risk (VaR)	A measure of potential loss under normal conditions over a specified timeframe at a given confidence level.
Conditional VaR	The expected loss assumes that the loss exceeds the Value-at-Risk threshold.
Transaction cost analysis (TCA)	A method for evaluating the costs incurred when executing trades, including market impact and slippage.
Responsible investment	Investment practices that incorporate long-term ethical, governance, environmental, and social considerations in decision-making.
Strategic Return Corridor (SRC)	The SRC is the forward-looking real return range required to maintain the Fund's long-term financial sustainability and intergenerational equity, net of inflation and after costs
Policy benchmark	An investment policy benchmark is a long-term Reference Portfolio that reflects a fund's strategic asset mix, risk tolerance, and objectives. It guides investment decisions, measures performance, and ensures accountability.
Risk appetite	Risk appetite is the level and type of risk a pension fund is willing to accept to achieve its objectives, balancing return goals with funding status, obligations, and stakeholder expectations.
Tactical asset allocation	Tactical asset allocation involves the active adjustment of portfolio exposures around strategic benchmarks to capitalise on short- to medium-term market opportunities, aiming to enhance returns without compromising overall risk objectives.
Tracking error	Tracking error measures the volatility of excess returns between a portfolio and its benchmark, indicating the level of active management and the consistency of performance relative to the policy benchmark.
Intergenerational equity	Intergenerational equity ensures fair treatment across generations by balancing current benefit payments and contributions with future obligations, aiming for long-term sustainability and equitable risk and return sharing over time.

Funding ratio	The funding ratio measures a pension fund's financial health, calculated as the ratio of assets to liabilities, indicating the fund's ability to meet current and future benefit obligations sustainably.
Investment horizon	Investment horizon is the expected period over which a pension fund plans to invest assets to meet liabilities, guiding strategy, risk tolerance, and asset allocation decisions aligned with long-term obligations.
Risk budgeting	Risk budgeting allocates the pension fund's total risk capacity across asset classes, strategies, or managers to align with objectives, maximize risk-adjusted returns, and ensure disciplined, transparent risk-taking within governance limits.