MARCH 2026

UNJSPF Responsible Investment Policy

UNJSPF

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United Nations Joint Staff Pension Fund's Responsible Investment Policy

The United Nations Joint Staff Pension Fund (UNJSPF or the "Fund") is a defined benefit plan established by the United Nations General Assembly in 1948. The Fund provides retirement, death, disability and benefits and related services to its participants, retirees and beneficiaries, comprising the staff of the 25 member organizations including the United Nations.

The Fund's primary objective is to meet its long-term obligations to beneficiaries by achieving its return objectives over time. The Fund adopts a long-term investment horizon and a globally diversified investment approach, consistent with its fiduciary duty to act in the best financial interests of its participants and beneficiaries.

The Fund's long-term investment objective is to meet or exceed the real rate of return in US dollar terms annualized over the long-term (15 years and longer). The Fund's short-term investment objective is to meet or exceed the return of the Policy Benchmark over a rolling three-year period. These objectives, together with the Fund's investment principles, risk parameters and governance arrangements are set out in the Fund's Investment Policy Statement (IPS).

The Representative of the Secretary-General (RSG) for the investment of the assets of the Fund has the responsibility and authority to act on behalf of the United Nations Secretary-General in all matters involving the fiduciary duties of the Secretary-General relating to the investment of the assets of the Fund. The RSG is assisted by the Office of Investment Management (OIM). Investments must, at the time of initial review, meet the criteria of safety, profitability, liquidity and convertibility.

Rationale for responsible investment

As a diversified investor with exposure across markets, sectors and geographies, the Fund operates as a universal owner. The Fund recognizes its duty not only as a financial institution but also as a long-term steward of capital entrusted to safeguard 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.

The Fund is exposed to risks stemming from individual investments as well as broader environmental, social and governance (ESG) factors and systemic externalities that can affect the global economy and long-term asset values. Left unaddressed, these risks could undermine the Fund's ability to meet long-term return objectives and maintaining a resilient portfolio. Incorporating sustainability considerations into our investment activities is therefore a core l component of prudent risk management and long-term value preservation.

Responsible investment is not about sacrificing returns. Long-term investment performance is influenced by many global drivers, including ESG factors. Understanding how externalities translate into systemic risks and their long-term financial impacts is essential to sound investment decision-making. By seeking to manage risks that could undermine long-term economic value and by capturing investment opportunities, the Fund aims to protect the long-term viability of its portfolio and fulfil its fiduciary duty, in line with global best practices outlined in Fiduciary Duty in the 21st Century (UNEP FI, 2019).

ESG factors and financial materiality

ESG factors refer to environmental, social and governance issues that may affect the long-term financial performance and resilience of investments. ESG factors may include, but are not limited to:

ESG Factor	Examples of materiality
Environmental	A company or issuer could contribute to climate change through greenhouse gas emissions, waste mismanagement, energy consumption, deforestation, etc. These factors could impose transition risks and physical risks on companies.
Social	Social factors include human rights, labor standards, working conditions such as slavery and child labor, and adherence to workplace health and safety. These factors may impact the regulatory and reputational risk of a security as well as its returns.
Governance	Governance refers to the structures, practices and principles that define the rights, responsibilities and relationships among stakeholders. Sound governance supports effective decision-making, accountability and alignment of interests, and is fundamental to the long-term success of an entity.

Responsible investment framework

Over time, the Fund has built a comprehensive framework for its responsible investment activities, grounded in its fiduciary duty, long-term investment horizon, and exposure across asset classes and geographies. This framework is carried out through five complementary pillars:

Responsible Investment Pillar	Description of Activities
Exclusions	The Fund excludes investments that are not aligned with the United Nations values and with its long-term view of economic value. This includes screening out companies involved in armaments, tobacco and fossil fuels, applied consistently across asset classes in line with the Fund's policies. The Fund also excludes companies identified as violating the principles of the United Nations Global Compact.

ESG Integration	The Fund integrates ESG factors in its investment analysis, decision-making and portfolio construction across asset classes, geographies and sectors. This process focuses on identifying, assessing and managing financially material risks and opportunities that may affect long-term performance and portfolio resilience. ESG integration is therefore an integral part of the Fund's fiduciary approach.
Climate Strategy	The Fund supports the goals of the Paris Agreement and has set medium- and long-term decarbonization targets. These targets guide the Fund's management of climate-related risks and opportunities and guide efforts to align the portfolio with a transition to a lower-carbon economy.
Stewardship	The Fund exercises active ownership through stewardship activities, such as engagement with portfolio companies, external managers and other investees, as well as proxy voting where applicable. Stewardship encourages sound governance and alignment with long-term value creation, particularly where ESG-related risks or opportunities are material.
Impact Investing	The Fund allocates capital to investments that are intended to generate positive, measurable environmental or social outcomes alongside financial returns. Impact investments are pursued in line with the Fund's return objectives and with a clear focus on intentionality, measurability, and accountability.

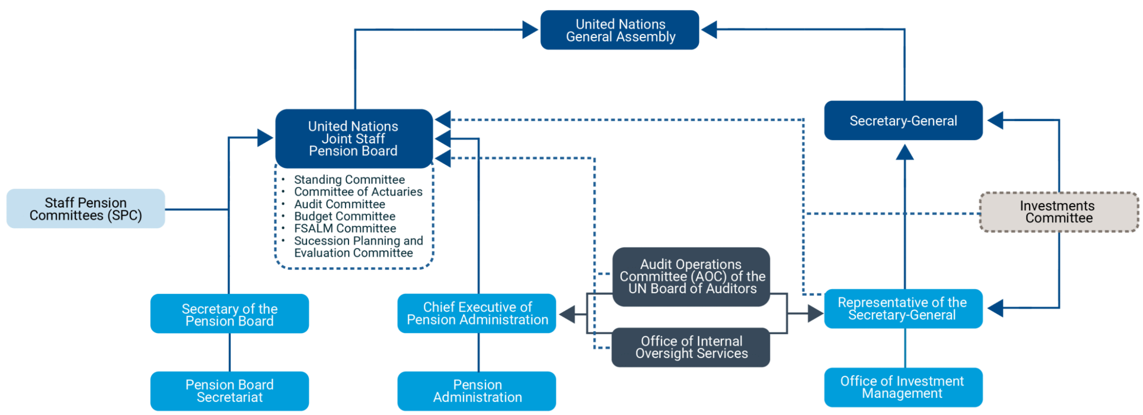
Scope, governance and oversight

This policy sets out the Fund's approach to Responsible investment and provides the overarching framework for how sustainability considerations are incorporated into investment activities. The policy is applicable across all asset classes in which the Fund is invested, including equities, fixed income, and private markets.

While the UNJSPF operates within a unique, United Nations-wide governance framework, ESG-related matters are subject to close oversight from both management and relevant governance bodies. Responsible Investment functions are distributed across multiple levels of the organisation. Day-to-day implementation is led by the Responsible Investment Team, which reports directly to the Chief Investment Officer and works closely with investment and risk teams to integrate financially material ESG considerations into investment analysis and risk management processes.

The Responsible Investment Committee (RIC) provides Oversight of the Fund's responsible investment approach. The RIC meets regularly to review implementation progress and key developments related to responsible investment and stewardship.

This policy is approved by the Internal Investments Committee (IIC) and is reviewed and updated periodically to reflect the evolution of the Fund's standards and best practices in the investment industry and data availability. Further details on the governance structure and allocation of responsibilities are set out in the diagram below.



Responsible investment approach

The Fund's responsible investment approach is implemented through five complementary pillars:

Exclusions Prohibiting investments in tobacco, weapons, fossil fuels and UNGC violators	**Climate commitments** Achieving net zero carbon emissions by 2050	**ESG integration** Incorporating material ESG factors into the investment process	**Stewardship** Conducting proxy voting and engagement activities	**Impact investing** Investing to achieve positive outcomes while meeting return targets

1. Exclusions

While the Fund favours engagement as a primary tool for addressing ESG-related risks and encouraging improvements in business practices, it applies exclusions to sectors and activities that are not compatible with a sustainable long-term investment approach or with the United Nations values.

Accordingly, the Fund excludes investments in companies involved in the following activities:

- Tobacco, including production, distribution and retail;
- Conventional and non-conventional weapons, including chemical and biological weapons, cluster munitions, landmines, depleted uranium and military weapons;

- Fossil fuels, subject to defined revenue thresholds for coal mining and for conventional and unconventional oil and gas activities across upstream/midstream and downstream; and
- Companies that violate the principles of the United Nations Global Compact, which set expectations for corporate conduct in the areas of human rights, labour, environment and anti-corruption.

These sectors and activities are associated with significant social, environmental or governance risks, or with controversial practices that may impair their ability to drive sustainable long-term value. In addition, the Fund closely monitors ESG-related controversies and sensitive incidents that may arise in connection with portfolio companies' operations.

Further details in scope and application of these exclusions are set out in the Fund's exclusion policy.

The Fund uses custom benchmarks to reflect its exclusion and divestment approach. This allows investment performance to be assessed more accurately by accounting for restricted investments when measuring returns.

2. ESG Integration

The Fund recognizes that identifying and analysing financially material ESG factors is essential to assessing risks and opportunities. OIM adopts an evolving ESG integration approach that aligns with industry standards while reflecting the specific characteristics of each asset class.

2.1 ESG Integration in Public equities

This section outlines the Fund's approach to ESG integration for its internally managed public equities portfolio, where investment decisions and portfolio management are conducted directly by OIM.

For public equities, the Fund's ESG integration focuses on identifying material ESG risks that may affect investment performance. These include:

1. The highest ESG risks where companies lag peers in terms of ESG risk exposure and risk management.
2. Sector-specific ESG risks identified through materiality assessments. This approach draws on external ESG data and research, as well as recognised materiality frameworks, including the SASB materiality framework.

Investment officers are encouraged to apply sector-specific materiality frameworks and to incorporate a range of data inputs, including ESG factors, controversy assessments, insights from company meetings, engagement activities, and relevant third-party research.
This process supports the identification of ESG-related risks and opportunities, the evaluation of mitigation measures and the determination of appropriate stewardship action (find more information on stewardship in the dedicated section below).

Further information on implementation practices is available in the Fund's latest responsible investment report.

2.2 ESG Integration in Fixed income

This section outlines the Fund's approach to ESG integration for its internally managed fixed income portfolio, where investment decisions and portfolio management are conducted directly by OIM.
The Fund's internal Fixed Income portfolio comprises five sub-portfolios with distinct characteristics, which limits the application of a single, uniform ESG integration approach.

- Corporate debt: ESG integration for corporate credit broadly follows the approach applied to public equities. Investment officers are encouraged to use sector-specific materiality assessments, and the Fund incorporates recent research on ESG materiality for corporate debt markets to refine this approach and reflect the multidimensional nature of corporate credit, including sensitivity to maturity, spreads, and default risk. The Fund continues to monitor developments in ESG research relevant to credit markets.
- Emerging market sovereign debt: Political risk remains a core materiality consideration, complemented by the integration of additional ESG factors, including environmental risks. The Fund recognizes that the financial materiality of ESG factors in a sovereign emerging market context is complex and continues to evolve. The Fund therefore continues to refine its analysis and research to better capture these risks over time.
- Government-related debt (sovereign, agency, supranational): For issuers such as agencies, multilateral development banks (MDBs) and other supranational entities, ESG integration places greater emphasis on the use of proceeds and financing solutions, including labelled bonds and impact-oriented instruments. The Fund applies its labelled bond and impact assessment framework in this context, which can be found in the dedicated section below or in our latest responsible investment report.
- Securitization: This portfolio is mainly exposed to mortgage-backed securities (MBS) issued by government-sponsored enterprises (GSE). Predatory lending and climate physical risk represent the most material ESG risks, which could represent a prepayment risk for the Fund. OIM mainly engages with the GSE on these matters, highlighting the importance of audits and disclosures to better identify and mitigate risks. The Fund will keep monitoring and engaging with the GSEs to identify any potential raising risks.
- US Treasuries: As this portfolio invests exclusively in US Treasuries, ESG integration is limited for this portfolio. The Fund will keep monitoring research around maturity and ESG risks.

Further information implementation practices can be found in the Fund's latest responsible investment report.

2.3 ESG integration in Private markets

The Fund applies an ESG integration process tailored to its private markets investments, including private equity, real estate, private credit and real assets. ESG factors are evaluated during pre-investment due diligence and monitored post-investment through regular reviews and engagement with General Partners (GPs).

Pre-investment ESG due diligence

Prior to committing capital, the Fund assesses the extent to which GPs have the capability to identify, assess, manage and monitor material ESG risks and opportunities.

This assessment considers, among other factors:

- ESG governance, oversight and accountability frameworks
- The integration of ESG considerations into investment decision-making processes
- The approach to risk management, monitoring and active ownership
- The GP's track record in managing ESG-related risks and outcomes, including climate risk and natural capital risk.

The Fund's approach aligns with industry-recognized standards, including the PRI Limited Partner due diligence questionnaire and ILPA guidance. For real estate investments, GRESB assessments are reviewed where available.

Alignment with Fund policies
The Fund expects private markets investments to be managed in alignment with its responsible investment policies, including applicable exclusions and thresholds. Where relevant, contractual provisions and side letter terms are used to formalize these requirements and to address potential exposures to restricted activities or material reputational risks.

Post-investment monitoring and engagement
Following investment, the Fund monitors ESG-related risks and opportunities and engages with GPs, where appropriate, to promote alignment with its responsible investment objectives. This includes ongoing assessment of how material ESG issues are identified, managed and reported over time, as well as responses to significant incidents or controversies.

2.4 External managers in public markets

For portions of the public equities and fixed income portfolios managed by external managers, the Fund applies a structured approach to ESG integration that spans manager due diligence and ongoing monitoring.

Prior to appointment, the Fund conducts ESG due diligence on external managers to assess their ESG governance, policies and the extent to which ESG considerations are integrated into investment decision-making and risk management processes. This assessment is used to inform manager selection.

The Fund's responsible investment requirements, including applicable exclusions and policy expectations, are embedded in investment management agreements.

Following the appointment, compliance with the Fund's policies is monitored. The Fund assesses managers' adherence to exclusions and the effectiveness of ESG integration and engagement practices. Where relevant, the Fund may engage with managers to seek clarification or to address identified gaps in implementation.

2.5 Thematic focus areas

Human Rights

The Fund adheres to the United Nations Guiding Principles on Business and Human Rights (UNGPs) which establish a framework for preventing, mitigating, and addressing adverse human rights impacts linked to business activities. As an asset owner, the Fund recognizes that human rights risks within the investment portfolio may give rise to regulatory, operational and reputational risks. Following the Principles for Responsible Investment (PRI)'s Human Rights guidelines, the Fund has developed the following due diligence process:

- **Identify risks and adverse impacts**: The Fund seeks to identify actual and potential human rights risks in existing and prospective investments. This includes assessments to ensure alignment with the UN Global Compact and UN Guiding Principles, supported by using external ESG data.
- **Prevent and mitigate adverse impacts**: Exclusions are applied to avoid exposure to certain human rights risks, including those related to conventional and unconventional weapons. Active ownership remains the Fund's primary tool for mitigating human rights risks. Human and labor rights are priority engagement themes, with an expectation that companies demonstrate appropriate board-level oversight, sound governance arrangements, and effective implementation of human rights policies across their operations and supply chains.
- **Monitor and respond**: The Fund monitors investments for significant human rights-related controversies and reviews any remediation actions taken.
- **Disclose outcomes and actions taken**: Human rights-related activities and outcomes are reported through the Fund's annual reporting, including engagement disclosures that combine qualitative examples and aggregated information.

Natural Capital

In December 2022, the Fund became a signatory of the United Nations Biodiversity Conference (COP 15) Financial Sector Statement, committing to contribute to the protection and restoration of biodiversity and ecosystems through its investment activities.

Building on this commitment, the Fund is developing a natural capital strategy. Natural capital reflects the value of ecosystem services on which economic activity depends, highlighting that a significant share of global economic value is reliant on natural resources and that biodiversity loss presents growing long-term risks. As it currently stands, the world has already exceeded 7 of 9 planetary boundaries (quantitative planetary boundaries within which humanity can continue to develop and thrive for generations to come)[1] and more than 50 per cent of global GDP (US$44 trillion of economic value) depends on natural resources[2].

UNJSPF aims to integrate nature-related dependencies, impacts, risks and opportunities into portfolio strategy and disclosures, complementing climate reporting.

1. Climate commitments

Climate considerations are central to the Fund's investment strategy, reflecting both its long-term investment horizon and its exposure to climate-related financial risks. The Fund seeks to contribute to the achievement of the Paris Agreement, in line with guidance from the United Nations Secretary-General, while managing and reducing climate-related risks across the

[1] Stockholm Resilience Centre
[2] World Economic Forum

portfolio. The Fund has committed to achieving net zero greenhouse gas emissions by 2050 and to setting interim targets on a five-year basis. These commitments support the management of transition and physical climate risks and long-term sustainability.

The Fund has reduced its portfolio carbon footprint through divestment from parts of the fossil fuel value chain that face heightened stranded asset risks and lack credible transition plans, while remaining invested in transitioning companies and continuing to allocate capital to climate-related solutions.

The Fund's climate approach is structured around three complementary objectives:

2.1. Net-zero GHG emissions target

The Fund sets interim carbon reduction targets, covering public equities, publicly traded corporate debt and real estate funds. The Fund's 2030 target is to achieve a 60 per cent intensity reduction compared to 2019 levels. Additional asset classes will be incorporated over time, in line with the guidance from the Net-Zero Asset Owner Alliance (NZAOA). The carbon footprint is monitored on an ongoing basis with climate oversight provided by the Responsible Investing Committee.

The Fund seeks to support decarbonization of the real economy by remaining invested in hard-to-abate sectors and conducting engagement activities. Limited climate action would lead to greater climate physical risks, which could endanger the long-term profitability of the Fund. Climate physical risk assessments and sector-specific research inform the Fund's engagement priorities and support the identification of investment risks and solution-oriented opportunities.

For more information on the Fund's climate approach and implementation practices, please check our latest responsible investment report.

2.2. Company engagement target

The Fund is committed to engaging with its twenty-highest carbon-emitting holdings as well as with external asset managers, both directly and through collaborative initiatives, supported by third-party engagement providers. Engagement focuses on improving climate-related disclosures, encouraging adoption of international standards, science-based decarbonization targets, and credible transition plan, with the objective of strengthening business model resilience and long-term value.

2.3. Transition financing target

The Fund seeks to identify and invest in companies that are effectively managing transition risks and are positioned to contribute and benefit from the transition to a low-carbon economy in the long term. This includes investments in climate-related and transition-focused financial instruments, such as green and sustainable bonds and infrastructure investments supporting climate solutions, in line with the Fund's investment objectives.

3. Stewardship: Proxy Voting & Engagement

The Fund views stewardship as a key tool for influencing corporate behavior and improving ESG performance, with the objective of enhancing long-term investor value. Proxy voting and engagement are integral to addressing financially material risks, supporting long-term value creation and achieving the Fund's investment objectives.

3.1. Proxy voting

The Fund exercises voting rights across its listed equity holdings as part of its fiduciary duty. Proxy voting decisions in corporate governance, sustainability and climate-related considerations, guided by the Fund's proxy voting guidelines.

These guidelines reference internationally recognised standards and initiatives, including the United Nations Environment Programme Finance Initiative (UNEP FI), the Principles for Responsible Investment (PRI), the United Nations Global Compact and International Labour Organization (ILO) conventions. On matters of corporate governance, executive compensation, and corporate structure, voting decisions are guided by principles of good governance and long-term value preservation.

3.2. Engagement

The Fund engages in structured dialogue with portfolio companies to encourage responsible business practices and improved ESG performance, recognising that divestment alone does not reduce real-world emissions or address systemic risks. Engagement is conducted through a combination of direct dialogue, collaborative initiatives and third-party engagement services.

Engagement priorities are determined based on considerations including the size of holdings, the materiality of ESG risks and opportunities and the feasibility of achieving progress. Reactive engagement may also occur in response to specific incidents or controversies.

Where engagement objectives are not met, the Fund applies an escalation approach. This may include enhanced dialogue, collaborative investor action, voting against board members and divestment if progress remains unsatisfactory. Through this approach, the Fund ensures that its stewardship approach remains proactive, strategic, and aligned with long-term value creation.

Engagement with policy makers is also undertaken through third-party providers to support the development of regulatory frameworks that facilitate the decarbonization of hard-to-abate sectors and the transition to a lower carbon economy. These engagements include dialogue with legislators, regulators, industry bodies and other standard setters to promote more sustainable capital markets. The Fund's approach is formalized in its Stewardship Guidelines, and further information on implementation are available in our latest responsible investment report.

4. Impact Investing

The Fund considers that pursuing positive environmental and social outcomes alongside financial returns is fully compatible with its fiduciary duty. Impact investing is viewed as a complementary approach that supports long-term value creation and reflects the Fund's role as a long-horizon, diversified investor and steward of capital.

The Fund defines impact investments as those that contribute to specific environmental or social outcomes alongside financial returns and where progress against those outcomes can be measured and monitored over time. The Fund applies an impact investing framework to ensure consistency in the identification, assessment and oversight of such investments across asset classes. This framework is underpinned by the principles of intentionality, measurability and accountability.

Impact investments are implemented in a manner consistent with the Fund's overall investment objectives and risk framework and may be pursued across both public and private markets, considering data availability, market maturity and the credibility of impact measurement and reporting.

Further detail on the Fund's impact investing objectives, definitions and implementation approach is set out in the Fund's Impact Investing Policy.

Reporting

The Fund reports its responsible investing activities to a range of stakeholders, including the Secretary- General, the General Assembly and the Pension Board. Information is also made publicly available through the Fund's website and dedicated responsible investment reports. Internal reporting supports monitoring and oversight of responsible investment activities.

Memberships and networks

The Fund participates in a range of industry initiatives and networks to support knowledge-sharing, collaboration, and alignment with recognised standards:

RI industry initiatives / pledges	Thematic focus	Description	Member since
Principles for Responsible Investment (PRI)	Responsible investment	Through collaboration, leadership, and commitments, PRI empowers investors to take tangible action for responsible investment.	2006 (founding signatory)
Tobacco-Free Finance Pledge	Tobacco	The Tobacco-Free Finance Pledge highlights the leadership of financial institutions that have implemented tobacco-free finance policies and encourage others to follow suit.	2018
Net Zero Asset Owner Alliance (NZAOA)	Climate	The NZAOA is a group of asset owners targeting net zero GHG emissions by 2050. The Alliance helps its members set ambitious targets related to climate to mitigate the climate change impact on the portfolios.	2020
Investor Advisory Group (IIAG) of the IFRS Foundation's International Sustainability Standards Board (ISSB)	Responsible investment	The Fund joined the IIAG to contribute to developing sustainability financial reporting.	2023
IFRS Sustainability Alliance	Responsible investment	IFRS Sustainability Alliance is a global membership programme for sustainability standards, integrated reporting and integrated thinking which focuses on the need to develop	2024

		standards of sustainability disclosure to meet information needs of investors globally.	

Collaborative engagement initiatives	Thematic focus	Description	Participant since
Climate Action 100+	Climate	CA100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take appropriate action on climate change to mitigate financial risk and to maximize the long-term value of assets.	2017
FAIRR initiative (Farm Animal Investment Risk and Return)	Biodiversity	FAIRR is a collaborative investor network that raises awareness of the material ESG risks and opportunities caused by intensive animal production.	2023
Nature Action 100	Biodiversity	Nature Action 100 is a global investor-led engagement initiative focused on supporting greater corporate ambition and action to reverse nature and biodiversity loss.	2024
Climate Engagement Canada	Climate	Climate Engagement Canada is a finance-led initiative that drives dialogue between finance and industry to promote a just transition to a net zero economy.	2024
Spring	Biodiversity and lobbying	Spring focuses on corporate engagement relating to climate change and biodiversity loss, encouraging companies to improve their practices and align their lobbying activities with their sustainability commitments	2025
Investor Policy Dialogue on Deforestation (IPDD)	Deforestation - sovereign	IPDD leads public policy dialogue to halt biodiversity loss with government authorities and associations, as well as other stakeholders in selected countries with critically important forests and native vegetation	2025

Conflicts of interest related to responsible investment

The UNJSPF's Office of Investment Management operates under a dedicated conflicts of interest policy (the "Conflict of Interest and Recusal Policy and Procedure"). The policy sets out requirements for identifying, disclosing and managing actual or potential conflicts of interests. This policy supports the integrity and independence of the Fund's investment and responsible investment activities.

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