

IFRS Sustainability
Disclosure Standards

Climate Report 2023



UNJSPF

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Introduction | Letter from UNJSPF

It is no surprise that the United Nations Joint Staff Pension Fund (UNJSPF) cares about climate change. What is less obvious is that doing so makes good financial sense.

As a universal asset owner with a long-term horizon, UNJSPF's financial sustainability relies on the stability and growth of the global financial system—which is profoundly affected by climate change.

Systemic risks like environmental damage or stranded assets from the energy transition cannot be hedged away by traditional portfolio diversification. They require instead a more holistic approach to investment.

UNJSPF's approach is reflected in our responsible investment strategy, which seeks both to mitigate such risks and to benefit from climate-related opportunities. We embrace a modern fiduciary duty that considers all long-term value drivers in the investment process, including externalities like climate change.

It is not and will not always be a smooth ride. Values such as those embodied in the Principles for Responsible Investment help us maintain our resolve as we navigate the challenges.

That is what leaders do. As this report will show, we are fulfilling our commitments and charting a course toward a solvent, sustainable future. We are on track to surpass our carbon-emissions reduction target of 40 per cent by the end of 2024. Likewise, we are achieving our goals of engaging with the top-emitting companies in our portfolio to advance their contributions toward net zero and of funding the transition to a low-carbon economy by increasing our climate-related investments.

We continue to advocate for climate action—publicly and privately—from policymakers and our colleagues in the investment community. Recognizing the urgency and scale of the issue, UNJSPF has made and will continue to make its voice heard through engagement, signing public statements and joining coalitions.

There is much yet to do. Within our Fund, we are committed to sharing this report with key stakeholders and using its insights to guide enhanced practices and systems that ensure climate remains a top institutional priority.

Externally, we are proud to be among the trailblazers that are issuing a climate report following this latest gold standard from ISSB. By demonstrating accountability and transparency, we aim to inspire our peers across the investment industry to follow suit and join us in this grand effort.

We all share a stake and a responsibility to act.



Pedro Guazo
RSG for the investment of the UNJSPF assets



Rosemarie McClean
Chief Executive of Pension Administration

Executive summary

The United Nations Joint Staff Pension Fund (the “UNJSPF” or the “Fund”) is a defined benefit fund serving the staff of the United Nations and 24 other member organisations.

The UNJSPF is a universal asset owner, meaning its large, long-term, diversified portfolio reflects the global economy. As such, the Fund seeks to avoid risks that may compromise long-term economic value and to capture investment opportunities related to sustainable prosperity. This entails efforts to remain at the forefront of value preservation, to be able to fulfill its commitment to retirees, beneficiaries and participants, while pursuing the achievement of the United Nations Sustainable Development Goals (SDGs).

Accordingly, the UNJSPF has committed to achieving net-zero carbon emissions by 2050 and to a robust responsible investment strategy that includes an emphasis on the transition to a low-carbon economy. The Office of Investment Management (OIM), which manages the assets of the Fund, believes its fiduciary duty includes striving towards limiting global warming to 1.5°C, in line with the Paris Agreement international treaty on climate change agreed at the 2015 United Nations Climate Change Conference of the Parties (COP 21). OIM’s membership in the Net Zero Asset Owner Alliance (NZAOA), alongside other affiliations, demonstrates this commitment. The UNJSPF has published this report to inform stakeholders about its responsible investment strategy, objectives and progress made so far towards its goals.

This report builds on UNJSPF’s 2021 and 2022 climate reports, which were prepared following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This report contains information about the oversight, management, and strategic response to climate-related risks and opportunities facing the Fund and is summarised on the next pages.

The UNJSPF is fully committed to listening to its stakeholders as it is vital to continually improving its reporting practices. All comments and feedback on this report are welcome. Please contact UNJSPF at <https://contact.unjspf.org/>

Governance	<p>The UNJSPF has a formal governance process over climate-related risks and opportunities, with established roles and responsibilities across various levels of the organisation. Climate-related decision-making for the Fund's investments follows a defined process of oversight, with ultimate accountability being with the Representative of the United Nations Secretary-General (RSG). The RSG and Chief Executive of Pension Administration (CEPA) are jointly responsible for climate risks when it comes to the operations of the Fund itself.</p>
Strategy	<p>OIM recognises the effect that climate-related risks can have on the value of the Fund's assets and, therefore, its resilience. OIM also recognises that, as a pension plan, the Fund has exposure to climate-related risks and opportunities and that it might need to adapt its financing activities over time. Accordingly, the UNJSPF's net zero strategy, based on recommendations from the UN-convened Net-Zero Asset Owner Alliance (NZAOA), has three pillars: (1) reducing carbon emissions, (2) engaging with investee companies and (3) financing the transition.</p> <p>OIM's strategy to reduce climate-related risks adheres to the Intergovernmental Panel on Climate Change (IPCC) "no and low" overshoot scenario and integrates climate scenarios into the 2023 Asset-Liability Management (ALM) study.</p> <p>OIM undertakes three main activities to manage the Fund's climate-related risk exposure and to realise climate-related opportunities: (1) divestment from heavy emitters, (2) engagement and (3) investment in the green economy and transitioning companies. UNJSPF is taking steps to further integrate scenario analysis into its investment strategy and process. This includes incorporating scenario analysis outputs to enhance UNJSPF's (1) risk management, (2) ability to achieve its net zero commitment and (3) ability to increase portfolio returns. In addition, UNJSPF is exploring ways to perform more granular scenario analyses at the asset or asset class level to support decision-making.</p>
Risk Management	<p>The Fund uses a mix of in-house methods and third-party data to identify and monitor climate-related risks in its investment portfolio and in its own operations.</p> <p>Climate-risk management relative to the UNJSPF's own operations, such as through the use of disaster recovery risk assessments, involves periodic risk assessment and the development and deployment of mitigation strategies.</p> <p>In addition, UNJSPF is taking steps to enhance its overall risk-management structure. Such steps include incorporating climate-related risks into the Fund's risk register and establishing formal procedures for identifying, assessing and monitoring climate-related risks and opportunities.</p>

Metrics and targets

UNJSPF has set targets for the three pillars of its net zero strategy, as follows:

- **Reducing carbon emissions:** The Fund's 2050 net-zero GHG emissions targets for its investments aim to reduce scope 1 and scope 2 emissions across specific asset classes of the Fund, in line with NZAOA recommendations. The Fund has an interim target to reduce absolute GHG emissions by 40 per cent by 2025 from a 2019 base year. As of 31 December 2023, UNJSPF had achieved a 40.5 per cent reduction in financed scope 1 and scope 2 GHG emissions since 2019.
- **Engaging with investee companies:** The Fund's company engagement target aims to engage annually with the investment portfolio's top-emitting companies on their sustainability strategies. The target is to engage with either the 20 companies with the highest scope 1 and scope 2 GHG emissions in the portfolio or those companies responsible for a combined 65 per cent of such emissions across the portfolio. In 2023, UNJSPF engaged with 569 companies. 58.5 per cent of the engagements on environmental topics related to climate change.
- **Financing the transition:** The Fund's transition financing target aims to support the transition to a low-carbon economy by increasing investments in green bonds, sustainable bonds, and other climate-related financial instruments. In 2023, UNJSPF invested \$235 million in green bonds.

About this report

Basis of preparation

Disclosure standards adopted

1. This report provides information about the UNJSPF's climate-related risks and opportunities for the 12 months ended 31 December 2023, and was prepared in line with the International Financial Reporting Standards Sustainability Disclosure Standards (IFRS SDS) issued by the International Sustainability Standards Board (ISSB). The Fund elected to apply these standards in the absence of a sustainability reporting standard by the International Public Sector Accounting Standards Board (IPSASB), in accordance to which the UNJSPF financial statements are prepared.

2. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures are a set of comprehensive sustainability disclosures focused on the needs of investors and the financial markets. IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance or cost of capital over the short, medium or long term. IFRS S1 allows an entity making its first-year disclosures to apply only the requirements for climate-related risks and opportunities in IFRS S2. The Fund has used this transition relief in preparing this report.

3. This report reflects many, but not all, of the requirements of the IFRS SDS. The UNJSPF expects to be able to state compliance with the standards once it has in place the processes and policies necessary, as well as having additional time to collect the necessary data from other entities in its value chain (including for the investment portfolio).

4. Since this is the first year the Fund is using IFRS SDS for climate-related disclosures, comparative information for the prior financial year is not available. Prior-year information previously reported in line with the TCFD recommendations is presented for comparability purposes when available. Although this information was not compiled following IFRS SDS, the recommendations of the TCFD and the requirements in IFRS S2 have significant alignment regarding GHG emissions disclosures and progress toward UNJSPF's targets.

5. UNJSPF did not obtain independent, third-party reasonable assurance on this report and will consider assurance in future reporting cycles. However, to help ensure the adequacy and effectiveness of the reporting process and the information provided, UNJSPF prepared this report with assistance from an independent third party and the information contained within it has undergone a rigorous internal review process.

Scope and boundary

6. This report should be read in connection with the UNJSPF's financial statements for the year ended 31 December 2023, available on the UNJSPF website at www.unjspf.org.

7. The UNJSPF's financial statements are prepared in accordance with IPSAS and International Accounting Standard (IAS) 26 Accounting and reporting by retirement benefit plans. Unless otherwise stated, the same approach that is used in the UNJSPF's financial statements is used to consolidate climate-related information and is applied consistently across the Fund's reporting boundaries.

8. This report includes information about the UNJSPF's value chain. The value chain is the full range of interactions, resources and relationships related to the UNJSPF's business model and the external environment in which it operates. It includes the investee companies in the Fund's investment portfolio.

9. The information, statistics and targets presented in this report align to the UNJSPF financial reporting period from 1 January 2023 to 31 December 2023. Comparative information is for the financial reporting period from 1 January 2022 to 31 December 2022. Baseline information is for the financial period from 1 January to 31 December in the 2019 base year.

Judgements and measurement uncertainty

10. Taking into consideration all relevant information that is available at the time of preparing this report, UNJSPF makes assumptions concerning the future and about the circumstances existing during the reporting period. The resulting climate-related financial disclosures contain estimates that will, by definition, seldom equal the related actual results.

11. The assumptions and approximations that have a high level of measurement uncertainty relate primarily to the information (including amounts) reported about the UNJSPF's GHG emissions, including financed emissions in the investment portfolio, and the outcomes of the climate scenario analysis.

12. The sources of measurement uncertainty and the assumptions, approximations, and judgements the UNJSPF has made in measuring the amounts presented in this report are noted where relevant.

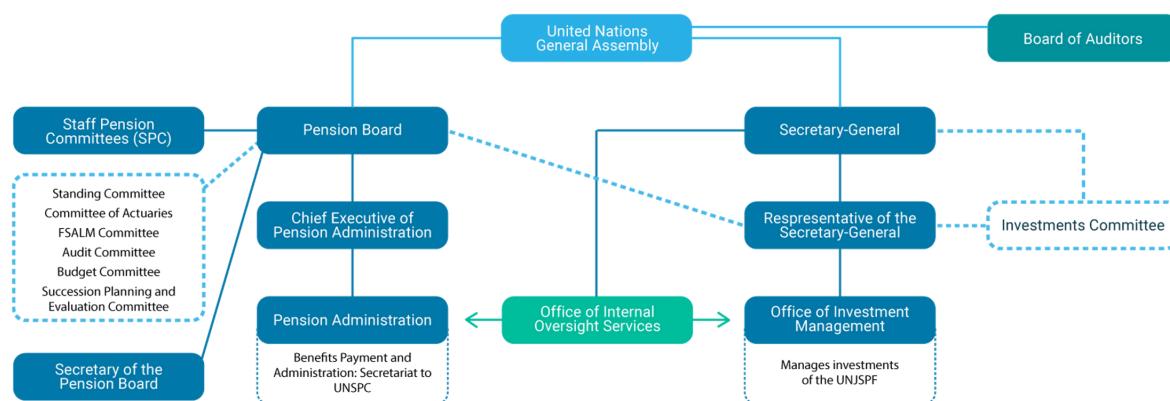
Governance

Oversight and management of climate-related risks and opportunities

13. The Representative of the Secretary-General (RSG) and the Chief Executive of Pension Administration (CEPA) provide the highest level of oversight for the Fund and are responsible for the managerial oversight of climate-related risks for the UNJSPF's own operations and investments within the scopes of their respective functions.

14. The Investments Committee (IC) and Pension Board also play a critical role in advising on relevant climate-related risks and opportunities in the Fund. OIM manages the assets of the Fund.

15. The roles and responsibilities for the oversight and management of climate-related risks and opportunities are formally documented in the UNJSPF's Climate-related Governance Policy and are described below.



For further details please see www.unjspf.org/governance/

Oversight responsibility of the Representative of the Secretary-General

16. The United Nations Secretary-General has delegated the fiduciary responsibility and authority for the management and investment of the Fund's assets to the Representative of the Secretary-General (RSG). The RSG is responsible and accountable for the investments of the Fund, including oversight of the Office of Investment Management (OIM) which assists the RSG in carrying out his duties. The RSG is directly responsible for managing how climate-related issues are considered in the Fund's investment strategy. In addition, the RSG ensures strategic alignment between the Fund's responsible investment strategy and its overall investment strategy.

17. The RSG supervises the management of climate-related risks and the implementation of the Fund's responsible investment strategy (both of which are managed by OIM), including oversight of the Fund's climate-related targets. The RSG receives regular updates, including information on the carbon footprint of the investment portfolio and the amount of transition finance in the portfolio.

18. Accordingly, the RSG reviews and approves each target that is set by the UNJSPF and ensures that each target is integrated into the Fund's investment strategy. The RSG performs an annual review of the Fund's climate-related targets to ensure those targets align with the Fund's investment strategy. If progress falls behind for a climate-related target, the RSG is responsible for initiating corrective actions to ensure the targets are met.

19. The RSG provides the United Nations Secretary-General an annual update on climate-related risks and opportunities and the progress the Fund has made towards its climate-related targets. This update includes information on the strategy for achieving the Fund's targets and commitments.

Oversight responsibility of the Chief Executive of Pension Administration

20. The CEPA is responsible for administering the Pension Fund for participants, retirees, beneficiaries and member organizations of the Fund, and reports to the United Nations Joint Staff Pension Board. The CEPA is also responsible to certify all payments under the Regulations, Rules and Pension Adjustment system of the UNJSPF, and is responsible for the United Nations Staff Pension Committee.

Board committee oversight responsibilities

21. The IC of the UNJSPF provides advice to the RSG on the Fund's investment policy, including on aspects related to climate and sustainability. The IC collaborates closely with OIM to ensure alignment with overall climate goals. One objective of the IC is to assist the RSG on implementing the UNJSPF's Responsible Investment Strategy. This includes advising the RSG on considering sustainability in the investment policy, diversification of the Fund in terms of investment vehicles and markets, investment best practices and other investment-related matters on which their advice may be sought.

22. The Pension Board of the UNJSPF is informed periodically by the RSG about progress the Fund has made against its climate-related targets and commitments as well as its exposure to climate-related risks and opportunities. Input provided to the Pension Board is on an informational basis and allows for observations and suggestions from the Pension Board when developing sustainability strategies.

Skills and competencies of oversight bodies

23. The RSG has the necessary skills and competencies to oversee the UNJSPF's climate-related risks and opportunities. For example, the RSG completed the Principles for Responsible Investment (PRI) Academy's flagship course, Applied Responsible Investment.

24. Executives receive annual training on climate-related risks and opportunities. OIM also conducts specialised training programmes for its employees focused on topics such as climate- and sustainability-risk assessments; environmental, social and governance (ESG) data analysis; modelling techniques; and responsible investment strategies.

25. The UNJSPF is developing training on sustainability matters, including climate change, to be delivered for board committees and others in the future.

Management committees responsible for climate-related risk and opportunities

26. Management of climate-related risks and opportunities is divided between two committees within OIM: (1) the Internal Investment Committee (IIC) and (2) the Risk Committee (RC).

27. The IIC is responsible for advising the RSG and the Chief Investment Officer on the implementation of the Fund's responsible investment strategy. The IIC created the Responsible Investment Committee (RIC) to support it with implementing the responsible investment strategy and on advising the RSG on responsible investment matters. The RIC also oversees responsible investing performance and the implementation of responsible investment practices for each asset class. The RIC also reviews the Fund's sustainability goals at least annually.

28. The RC is responsible for risk mitigation related to the Fund's portfolios. As part of this process, the RC is responsible for reviewing climate-related risks.

29. OIM's Enterprise-Wide Risk Management (EWRM) Working Group is responsible for integrating climate-related risks into the overall EWRM Framework to help address climate-related risks in the Fund's own operations. This includes the Fund's disaster recovery risk assessment, which analyses the effect of climate-related physical risks on UNJSPF's own operations. For more information on the EWRM Framework, see the Risk Management section below.

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

30. The UNJSPF's controls and procedures framework supports the oversight and management of climate-related risks and opportunities. Those risks and opportunities are managed through review and approval mechanisms established as part of the climate-related risks oversight process described above.

Strategy

Climate-related risks and opportunities that are reasonably expected to affect the Fund's prospects

31. To fulfil the Fund's fiduciary duty towards its beneficiaries, it is crucial to understand how climate-related risks and opportunities may affect its holdings. OIM is a long-term investor and therefore the Fund is vulnerable to systemic disruptions that may be caused by climate change. Climate-related risks are likely to materialise over the Fund's long-term investment horizon.

32. As a result, the Fund has put in place a net zero strategy as part of its overall investment strategy. It is aligned to the NZAOA recommendations for achieving net zero by 2050. The net zero strategy has three pillars: (1) reducing carbon emissions, (2) engaging with investee companies and (3) financing the transition.

33. The Fund's actions and activities to identify and manage climate-related risks and opportunities, both in the UNJSPF's own operations and within the Fund's investment portfolio and the targets associated with the net zero strategy, are outlined below.

Climate-related risks and opportunities

34. OIM monitors and seeks to address the following types of climate-related risks in the UNJSPF's own business operations and in the investment portfolio:

- **Physical Risks** pertain to the UNJSPF's business operations and those in which the Fund invests. Such risks are defined as acute and chronic extreme weather events that result in higher operating expenditures (OpEx), capital expenditures (CapEx), losses or write-offs (including increasing depreciation rates); supply chain disruptions; revenue interruptions; and/or health and safety threats that affect human capital. These all affect the values of the Fund's investments and might cause interruptions to the Fund's own business operations. A delay in mitigation and abatement efforts exacerbates these risks.
 - **Acute physical risks** are event-driven risks related to shorter-term extreme weather events such as hurricanes, floods and tornadoes.
 - **Chronic physical risks** arise from longer-term weather patterns and related effects such as sustained higher temperatures, rising sea levels, drought and increased wildfires. These risks can have related effects such as decreased arability of farmland, decreased habitability of land and decreased availability of fresh water.

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

35. The climate-related physical and transition risks that the UNJSPF’s business operations and the Fund’s investment portfolio face are as follows:

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

36. When assessing climate-related physical and transition risks in the UNJSPF’s business operations, the primary guidance used is the Fund’s disaster recovery risk assessment, which evaluates the potential physical risks in relation to UNJSPF’s operational locations. The primary risks identified in the assessment include physical risks associated with building damage, such as hurricanes, blizzards and flooding. Furthermore, the NYC Climate Mobilization Act exposes the UNJSPF to transition risk as the building in which the Fund operates in New York City is subject to fines from 2030. This might also affect the terms of the lease agreement.

37. The Fund’s latest Asset-Liability Management (ALM) study, updated in 2023, is the primary tool used for assessing climate-related physical and transition risks in the investment portfolio. OIM commissions the ALM study every four years and uses it to assess the Fund’s exposure to climate-related risks across different climate scenarios and to assess the Fund’s resilience over time. More information on the ALM study and how it is used to help evaluate physical and transition risks within the investment portfolio is in the Risk Management section of this report. The 2023 ALM study is available on the UNJSPF website at www.unjspf.org.

Definitions of time horizons

38. OIM assesses climate-related risks and opportunities over short-, medium- and long-term time horizons, consistent with how it assesses its overall investment strategy. OIM's definitions of short, medium and long term are as follows:

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

Current and anticipated financial effects of climate-related risks and opportunities on the Fund's business model and value chain

Financial effects of climate-related risks and opportunities

39. Climate-related risks are systemic throughout the Fund's portfolio and are expected to affect its investment performance over a long-term time horizon if mitigation or adaptation efforts are not taken. As a result, future financial statement information may be sensitive to climate-related risk exposure in the investment portfolio as climate risks and opportunities more directly become incorporated into market prices.

40. For the year ended 31 December 2023, climate-related risks and opportunities did not have a material effect on the Fund's financial statements.

Concentration of climate-related risk

41. OIM takes measures to mitigate the concentration of climate-related risk in the assets in which the Fund invests. OIM uses the integrated climate analysis in the ALM study to assess the Fund's exposure to climate-related risks across multiple climate scenarios and to inform the Fund's overall Strategic Asset Allocation (SAA).

The effects of climate-related risks and opportunities on decision-making

Current and anticipated changes to business model and strategy and the associated mitigation and adaptation efforts

42. Using the NZAOA guidance, OIM has incorporated into the Fund's investment strategy the following areas of activity designed to reflect climate mitigation pathways consistent with a 1.5°C scenario: (1) divesting from heavy emitters that are not transitioning to a low-carbon economy; (2) investing in the green economy; and (3) engaging in structured dialogue with investee companies, including through proxy voting and with other organisations. Each of these is described below.

43. As OIM undertakes those mitigation and adaptation activities, they have the potential to change the composition of the Fund's investment portfolio over time in the transition to a low-carbon economy. In addition, these areas of activity are subject to change as new information about climate risks emerges and the Fund's response needs to adapt accordingly.

Divesting from heavy emitters

44. In 2021 OIM implemented a Fossil Fuel Divestment Policy that prevents investment in companies deriving more than 10 per cent of revenues from fossil fuel-related activities across the value chain (upstream, midstream and downstream), including unconventional fossil fuels such as shale oil and gas, oil sands production and unconventional drilling techniques. It also relates to companies that derive more than 1 per cent of revenues from thermal coal. The policy aims to target those companies that are not shifting their business models toward a low-carbon economy. We use a tool to assess investable transitioning companies, which aims to limit exposure to climate-related transition risk throughout the Fund's portfolio and to support companies that are transitioning towards sustainable business models.

45. The policy applies to investments in public markets and to all new investments in private markets. The policy does not apply to companies in exchange traded funds (ETFs) nor green bonds. The companies are identified using metrics derived from third parties (e.g., MSCI) to define and identify companies with fossil fuel activities that should be excluded from the investment portfolio in accordance with the policy.

Investing in the green economy

46. OIM is dedicated to investing in the green economy as part of its incorporation of climate-related risks and opportunities into its overall investment strategy. This is achieved through investment programmes that OIM has established, including through its Impact Investing Policy. The Impact Investing Policy encourages increased investments in bonds financing specific green projects (such as green bonds) and investments in climate action initiatives and clean energy.

47. The Fund's impact investing approach aims to achieve positive, measurable social and environmental outcomes alongside competitive financial returns, as defined by the Global Impact Investing Network (GIIN). The Fund's impact investing goals and overall approach are outlined in the Fund's Impact Investing Policy on the UNJSPF website at www.unjspf.org.

Engaging with investee companies and other organisations

48. OIM's Engagement Policy stipulates engagement on environmental topics, including climate change, with the top 20 emitters or companies representing the top 65 per cent of emissions in the Fund's portfolio. The engagement programme includes, but is not limited to, pushing companies to set GHG emission reduction targets in line with the Paris Agreement, supporting action to ensure that published financial statements and political lobbying are aligned with sustainable commitments and encouraging companies to adopt science-based targets.

49. Engagement occurs on a continuous basis through a third-party provider, Federated Hermes Engagement and Ownership Services (EOS) and efforts are actively monitored by OIM. Engagement is conducted with companies that form part of the Fund's public equity and corporate fixed income holdings. Engagement topics cover issues such as GHG emissions; physical risk actions; and climate-related governance, political lobbying and disclosures. EOS engages more systematically on physical climate risk at exposed companies, targeting the development of adaptation plans to bring more resilience. In the coming years, EOS will strengthen its focus on the need for a 'just transition' that addresses the human rights effects of transitioning to a low carbon economy.

50. Engagement provides insights on companies' strategies and operations and allows for a better understanding of the climate-related risks, as well as opportunities, that companies are facing and how they are managing them. It is also an effective tool for having a real-world impact. Therefore, OIM prioritises dialogue with companies to foster climate action. OIM is active in other engagement networks, such as Climate Action 100+ and Ceres, two investor-led initiatives that engage with companies on sustainability matters. Those networks provide regular updates on engagement progress and outcomes concerning climate-related risk considerations in investee companies.

51. To ensure that changes occur and to encourage companies to transition to a low-carbon economy, OIM has defined an escalation process that it uses if, by the end of an engagement period, a company does not achieve the targets that have been set. The escalation strategy involves voting in line with universal ownership principles.

52. OIM is also committed to supporting industry-wide initiatives and actions aimed at addressing climate change. In recognition of the significant threat climate change poses to the environment, economy, and society at large, OIM actively participates in industry-led initiatives, such as the NZAOA, that support the active transition of investment portfolios to net-zero emissions by 2050. OIM believes collective efforts and collaboration are essential to drive meaningful change and actively advocates for science-based policies and regulations that align with the goals of the Paris Agreement.

53. Examples of advocacy activities undertaken in 2023 include backing EOS's support to an amendment to the UK Energy Bill and enhancing the UK Office of Gas and Electricity Market's (Ofgem's) mandate to include net-zero and carbon budget objectives. In 2022, the Fund became a signatory of the UN Biodiversity Conference (COP 15) [statement from the financial sector](#), a global initiative committing the financial community to contribute to the protection and restoration of biodiversity and ecosystems through financing activities and investments. The UNJSPF sees commitments to address biodiversity loss as a critical aspect of transitioning towards net-zero.

Transition plan

54. The Fund has in place policies and commitments that outline ongoing steps to formally transition to a low-carbon economy, such as the Fund's interim portfolio decarbonisation targets (see Metrics & Targets section below) and the climate mitigation aspects of the investment strategy described above. At 31 December 2023, the Fund had a formal net zero transition plan until 2025 and is in the process of developing a new one beyond 2025.

Activities and resources to promote achievement of climate-related targets

55. In line with NZAOA's recommendations for achieving net zero GHG emissions within the Fund by 2050, OIM has set targets across the three pillars of its net zero strategy: (1) reducing carbon emissions, (2) engaging with investee companies and (3) financing the transition. Those targets and the activities associated with them are described in the Metrics & Targets section below.

56. To promote the transition to a low-carbon economy, OIM developed annual internal carbon budgets for investment teams, which it put into place in 2024. The carbon budgets provide investment teams with emissions limitations on the assets in which they invest and are aligned with intermediate targets set by OIM, such as its target to achieve a 40 per cent reduction in the GHG emissions associated with a portion of the Fund's scope 3 financed emissions by 2025 (see paragraphs 137-142 in the Metrics & Targets section below). The carbon budgets work alongside the Fund's Fossil Fuel Divestment Policy, which has divested from the Fund's portfolio heavy carbon-emitters that are not transitioning to a low-carbon economy. The internal carbon budgets will be used to help guide investment decisions as OIM continues to transition the investment portfolio to net zero by 2050.

57. The resources needed to transition the Fund's strategy to address climate-related risks and opportunities will change over time. OIM has increased its headcount and budget to have sufficient resources to, for example, conduct engagement activities, update and act on new policies and obtain access to information from data providers. As the investment strategy and the net zero strategy evolve, additional resource may be needed. Equally, as progress is made in the transition to a low-carbon economy, it may become more efficient and resource needs may be lower. The UNJSPF ensures that the resources needed will be available to meet the commitments it has made to achieve net zero GHG emissions within the Fund by 2050.

Assessment of the resilience of the Fund's strategy and business model to climate-related changes, developments and uncertainties

Assessment of climate resilience

58. OIM's ALM study examines the exposure of its assets and liabilities and is aimed at informing long-term climate-related strategies for the Fund. The study uses climate scenario analysis in which the risk profile of future sustainability-related trends is calculated at the portfolio level. The integration of climate-related scenario analysis into the ALM study is designed to help quantify systemic climate-related risks and opportunities across the various dimensions of asset classes, regions, sectors and holdings. Its output influences the overall strategic investment approach of the Fund.

59. Measuring the investment performance of a pension plan is typically done by comparing the actual returns of the plan with a relevant benchmark. OIM compared the overall short-, medium- and long-term performance of two recommended portfolio benchmarks to the Fund's current SAA under various climate scenarios, described below.

60. Although it is impossible to predict which scenario will unfold, climate stress tests provide valuable information about the risks the Fund faces and the robustness of the current and proposed strategies under various economic and financial market conditions. The purpose of the climate-resilience analysis is to assess whether the proposed portfolios would deteriorate investment results under various potential climate scenarios. The [2023 ALM study](#) compares the Real Return and Required Contribution Rate in different climate scenarios over a 30-year horizon.

Scenario analysis inputs and assumptions

61. The climate scenarios that OIM considered as part of its 2023 ALM study are as follows:

Scenario	Description
Net Zero Financial Crisis	<ul style="list-style-type: none"> • Considers a disruptive reaction from financial markets, limiting temperature increase to 1.5°C • Very low emissions • Aligns with Intergovernmental Panel on Climate Change (IPCC) scenario SSP1 – RCP 1.9
Net Zero	<ul style="list-style-type: none"> • Explores risks and opportunities of an orderly transition aligned with a 1.5°C scenario • Very low emissions • Aligns with IPCC scenario SSP1 – RCP1.9
Limited action	<ul style="list-style-type: none"> • Explores an orderly but limited transition, leading to a 2.8°C temperature increase • Intermediate low emissions • Aligns with IPCC scenario SSP2 – RCP 4.5
High warming	<ul style="list-style-type: none"> • Assumes severe physical climate risks and a 4.2°C temperature increase • High emissions • Aligns with IPCC scenario SSP3 – RCP 7

62. The climate scenarios above correspond to narratives that are aligned to IPCC scenario analysis descriptions. Each climate scenario considers both physical and transition risks. These scenarios include reaching global net zero GHG emissions by 2050, either in an orderly fashion or by triggering a financial crisis and a failed transition that leads to temperature increases above 1.5°C compared to pre-industrial levels.

63. Each of the narratives differs in terms of policy and technological changes, physical risks and pricing-in mechanisms. They result in four climate scenarios that project socioeconomic global changes resulting from climate change. The four scenarios are shaped by various assumptions about how the different climate change-related issues evolve, considering different allocations of energy usage and mix, as well as developments in technology to provide the most realistic output of each scenario conducted. The assumptions determine the scenarios' Capital Market Assumptions (CMA) and are used for sensitivity analyses to assess the suitability of the portfolio's overall asset allocation.

64. Each scenario in turn generates projections of macroeconomic variables that are applied for estimating the performance of the portfolio in that particular scenario. Each scenario is then applied to a benchmark portfolio to assess the Fund's overall performance with the aim of helping OIM to determine the most suitable asset mix for a range of climate scenarios. The consideration of physical and transition risks across various economic models and determination of an appropriate asset allocation allow the Fund to systematically mitigate the effect of climate-related risk on its investment portfolio.

65. OIM then uses a stochastic financial model to forecast climate-related systemic risk through climate change-adjusted economic and financial outlooks for a 40-year (long-term) time horizon, as well as the climate effects on asset return projections per asset class, country and sector.

66. Both the Net Zero Financial Crisis and Net Zero climate scenarios described above are aligned with the Paris Agreement.

67. OIM selected its climate scenarios based on the assessment of the IPCC, which provides regular scientific assessments on climate change, its effects and future risks and options for adaptation and mitigation. The four scenarios selected described by the IPCC allow OIM to assess climate-related risks and opportunities with a wide range of potential effects.

68. The Fund's required real rate of return and contribution rate of each climate scenario was assessed over a 40-year (long-term) time horizon.

69. The scope of the climate scenario analysis conducted incorporates all of the Fund's assets under management (AUM).

70. The scenario analysis was carried out in 2023 and was used to establish the Fund's SAA during the year. This exercise is performed by OIM every four years and reassessed on a periodic basis to ensure that no significant adjustments are required for the Fund's asset allocation.

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

71. Each climate scenario assessed as part of the ALM study provides climate-informed risk-return metrics, including in absolute dollar values, that quantify the Fund's exposure to systemic climate-related risks and opportunities across asset classes, regions and sectors. This enables OIM to consistently integrate climate risk into risk management, strategic asset allocation and asset-liability management for investment decision-making. It is also used in stress testing both the current SAA and the recommended portfolios.

72. The result of the analysis of each climate scenario allows OIM to analyse the effect of investment decisions on the long-term financial condition, resilience and performance of the Fund. It also helps ensure that a real rate of return of 3.5 per cent per year is achieved and identify any risks to doing so. That allows OIM to make any necessary adjustments to the Fund's portfolio asset mix to account for the effect that systemic climate-related risks and opportunities may have on investment returns.

73. Of the four climate scenarios in the ALM study, OIM selected the Net Zero Financial Crisis scenario, which expects a disruptive reaction from financial markets, to design the optimal asset allocation of the Fund. This scenario strives for global carbon neutrality by 2050 and is aligned with a 1.5°C average temperature increase by 2100. It assumes sudden divestments to align portfolios to the Paris Agreement goals, with abrupt repricing followed by stranded assets and a sentiment shock.

Risk management

Processes and policies to identify, assess, prioritise and monitor climate-related risks and opportunities

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

Processes used for climate-related risks

UNJSPF business operations

75. Climate-related risks that affect UNJSPF's own operations (primarily in relation to its operational buildings) are identified and assessed through a variety of methods including integrating climate-related risks into the risk register. Through this integration process, climate-related risks are identified, assessed and monitored in a similar way to all other risks and use the methods and processes established by UNJSPF's EWRM Framework. Although the EWRM Framework focuses on risks, the underlying methodology may be a useful starting point to assist in the identification and assessment of climate-related opportunities in the future.

Investment portfolio

76. OIM uses the ALM study to conduct resilience testing every four years to assess the Fund's exposure to climate-related risks in different climate scenarios. The ALM study identifies climate-related risks relevant to the Fund's portfolio and appropriate ways to mitigate such risks through a recommended strategic asset allocation. This is described in detail in paragraphs 71-73 of the Strategy section above.

77. The result of the ALM study was reviewed by the RC and investment teams to inform investment decision-making. The RC, IC and IIC continuously monitor the implementation of the SAA, which was informed by the ALM study. A Strategic Risk management update is produced on a quarterly basis and reviewed every quarter by the IC.

Inputs and parameters

UNJSPF business operations

78. The UNJSPF's exposure to climate-related risks in its business operations are identified using a disaster recovery risk assessment, which is performed on an ongoing basis to analyse the effect that climate-related risks may have on operational buildings. The results of the assessment are used as an input to assess the overall effect that climate-related risks could have on the UNJSPF's own operations.

79. The outcome of these assessments also informs the climate-risk identification process and is captured in the UNJSPF's risk register, which is a central repository of all relevant risk information that will be monitored in the EWRM Framework. Each risk identified is monitored to determine its effect on the UNJSPF's business operations over the short, medium and long term.

Investment portfolio

80. The ALM study assumes that climate-related risks are systemic throughout the portfolio and therefore fundamentally affect how economic variables and markets will perform. Incorporating physical and transition risks across various economic models to support asset allocation decisions allows OIM to systematically understand and mitigate the effect of climate-related risks on the Fund's investment portfolio. The Strategy section contains more information about the inputs and parameters used in the ALM study.

Scenario analysis

UNJSPF business operations

81. The UNJSPF does not use scenario analysis to assess climate-related risks in its own business operations.

Investment portfolio

82. OIM uses scenario analysis to assess climate-related risks in the Fund's investment portfolio. When selecting scenarios as part of the ALM study, OIM identifies those that incorporate climate-related risks as part of its overall risk parameters. Those climate-related risks include gradual and extreme weather drivers and policy and technology drivers such as physical damages to invested assets, increases in CO2 emissions, energy use, R&D technology costs and the need for pollution abatement equipment. Those inputs are factored into the scenario that ultimately informs the Fund's SAA.

83. In addition, the quantification of financial exposure, including through stress testing, helps equip OIM with climate-informed risk-return metrics, highlighting the potential effect that climate-related risks may have on the Fund's overall asset allocation. The Strategy section above contains more information on the scenario analyses performed.

Assessment of climate-related risks

UNJSPF business operations

84. The nature, likelihood and magnitude of each climate-related risk are assessed using the methodology in the EWRM Framework, which measures exposure to each identified climate-related risk using the following parameters:

Impact	The result or effect of a climate-related event
Likelihood	The possibility that a climate-related event will occur
Internal control effectiveness	The effectiveness of the internal controls, processes and activities that have been established to manage or mitigate a climate-related risk

85. Assessing the impact and likelihood of a particular climate-related risk includes a variety of qualitative and quantitative considerations.

86. Determining the effectiveness of internal controls and processes pertains to how well they may reduce the likelihood or impact of a defined risk, as well as their operational effectiveness.

87. Scoring criteria are applied to each climate-related risk to determine the overall impact and likelihood of the risk occurring. This gives an inherent risk rating for each climate-related risk. The inherent risk rating is then assessed against the effectiveness of internal controls to determine a residual risk rating.

88. The following scale is considered for assessing climate-related risk likelihood:

Scoring	Rating	Frequency
Likely	3	Event is expected to occur
Possible	2	Event may occur and/or event has previously occurred
Unlikely	1	Event could potentially occur or event may not occur

89. Impact is assessed on the following scale:

Scoring	Rating	Frequency
Major	3	<ul style="list-style-type: none"> • Failure to meet key strategic objectives or a major impact on strategy and objectives that warrants the attention of management/senior management • Significant department-wide inability to continue core business operations • Potentially irrecoverable or long-term recovery time • Disruption in operations • Likely to have a material financial impact in terms of direct loss or opportunity • Loss of key relationships
Medium	2	<ul style="list-style-type: none"> • Moderate impact on strategy and objectives that warrants some amount of management/senior management attention to manage • Moderate impact with limited operational ability • Recoverable in the short term (less than 12 months) • Limited disruption of operations or without significantly affecting execution or critical functions • Moderate financial impact in terms of direct loss or opportunity cost
Minor	1	<ul style="list-style-type: none"> • Minimal impact on strategy that warrants minimal amount of senior management involvement • Limited impact with no operational continuity impact • Disruption in operations is limited or not critical for key functions • Lower financial impact in terms of direct loss or opportunity cost

90. Internal control effectiveness is assessed on the following scale:

Scoring	Rating	Level of Effectiveness	Description
Major	3	Effective	<ul style="list-style-type: none"> • Controls are properly designed and operating as intended • Management activities are effective in mitigating risks
Medium	2	Opportunities for improvement	<ul style="list-style-type: none"> • Key controls and/or management activities in place, with some opportunities for improvement identified
Minor	1	Ineffective	<ul style="list-style-type: none"> • Controls and/or management activities are non-existent or have major deficiencies and do not operate as intended • Controls and/or management activities as designed may be ineffective in mitigating risk

91. To mitigate the potential effects that a climate-related risk might have on the UNJSPF's business operations, a Business Continuity Plan is in place that covers operational processes and structures that help prevent a climate-related (e.g. extreme weather) event from causing damage to the operations (such as locations of IT servers) and the actions to take if such an event occurs.

Investment portfolio

92. In addition to the information available from the scenario analysis described above, OIM has established investment policies to mitigate climate-related risks that have been assessed within the portfolio. This includes OIM's Engagement Policy and Fossil Fuel Divestment Policy, which allow the Fund to mitigate the effect that climate-related risks associated with high-emitting companies will have on the portfolio. More information about the Fossil Fuel Divestment Policy is provided in paragraphs 44-45 above and in paragraphs 48-53 for Engagement Policy.

Prioritisation of climate-related risks

UNJSPF business operations

93. As part of OIM's risk identification and assessment processes described above, each climate-related risk identified is assigned a formal risk score to establish its priority level on the basis of the inherent and residual risk ratings assigned to it. Each climate-related risk is classified using the methodology set out in the EWRM Framework and prioritised accordingly.

94. Climate-related risks (notably building damages) are prioritised using the following classification system, which is consistent with the prioritisation used for all risks identified by OIM:

High risk	Require the implementation of risk treatment and response plans
Moderate risk	Typically require the implementation of specific remedial or monitoring measures
Low risk	Expected to have relatively low residual risk and have a stable risk level to be assessed through periodic monitoring

Investment portfolio

95. Climate-related risks are considered systemic throughout the Fund's investment portfolio and are therefore weighted consistently with other risks that may affect the UNJSPF. Since OIM considers climate-related risk a high priority, one of the scenarios selected for the ALM study is an adverse climate-risk scenario (the Net Zero Financial Crisis scenario, described in paragraph 62 above) to further support incorporating and addressing climate-related risk within the Fund's investment strategy and SAA.

Monitoring of climate-related risks

UNJSPF business operations

96. The general monitoring and assurance procedures established to ensure business continuity as part of the EWRM Framework also apply to climate-related risks.

97. The Fund's Enterprise-wide Risk Management (EWRM) Working Group is responsible for monitoring the Fund's risk profile and risk mitigation strategies, including the integration of climate-related risks into the overall EWRM framework. The integration of climate-related risks into the Fund's EWRM framework helps addressing climate-related risks into the Fund's strategy and operations. This included the Fund's organisational resilience and business continuity risk assessment, which analyses the effects of climate-related physical on the Fund's operations.

98. In addition, OIM uses the disaster recovery risk assessment to monitor and evaluate the effect of climate-related physical risks on the UNJSPF's own operations over the short, medium and long term. The assessment is reviewed and updated annually. The Fund assesses, monitors and mitigates climate-related operational risk through the annual business impact analysis (BIA) as well as risk assessments, including business continuity and disaster recovery risk planning, which analyse the Fund's buildings for impact from climate-related physical risks.

Investment portfolio

99. Climate-related physical and transition risks are inputs for the RC's overall assessment of the risk exposure of the Fund. If that assessment indicates that exposure to a climate-related risk may adversely affect the investment returns of the Fund, the RC will recommend implementing mitigating procedures, such as requiring investment teams to readjust their asset allocations.

100. The Fund's target to achieve net zero GHG emissions within the investment portfolio by 2050 is used to monitor and manage climate-related transition risk. OIM reviews and updates the IIC and RSG quarterly on progress made towards that target. More information about the GHG emissions reduction target is in the Metrics & Targets section below.

Changes from previous reporting period

UNJSPF business operations

101. In 2023, OIM added climate-related risk to its enterprise risk register to ensure that climate-related risks associated with the UNJSPF's own operations and strategy are assessed alongside other risks identified and managed within the EWRM Framework. The addition of climate-related risks to the EWRM Framework ensures that climate-related risk assessments follow a methodology consistent with how the Fund monitors and assesses other risks.

Investment portfolio

102. OIM has not changed how it identifies, assesses, prioritises and monitors climate-related risks within the Fund's investment portfolio from the prior year.

Processes used for climate-related opportunities

103. OIM identifies, assesses and manages climate-related opportunities mainly through identifying opportunities to invest in the green economy, for example through impact investing initiatives and investing in green bonds.

104. Impact investment opportunities and decision-making align with the following investable themes that relate to the pursuit of climate-related opportunities:

- Climate and energy
 - Climate action
 - Affordable and clean energy
- Natural resources
 - Responsible consumption and production
 - Clean water and sanitation
- Fundamental needs and infrastructure
 - Good health and well-being
 - Industry, innovation and infrastructure
- Community development and empowerment
 - Education
 - Diversity and inclusion
 - Financial inclusion

105. The Fund invested \$235 million in green bonds in 2023 that align with the impact investing themes described above. More information about the Fund's impact investing approach is in paragraphs 50-51 above and on the UNJSPF website at www.unjspf.org.

106. OIM does not use climate-related scenario analysis to assess climate-related opportunities within the Fund's overall investment strategy.

How processes inform overall risk management

107. Climate-related risks are integrated within the overall risk register and are therefore identified using the same methodology as other risks within OIM's EWRM Framework. Climate-related risks are considered within the overall management of risks that may affect OIM's investment strategy. The methodology underlying the EWRM Framework may be a useful starting point for identifying and assessing climate-related opportunities in the future.

Metrics and targets

Greenhouse gas emissions

108. OIM measures the Fund's scope 1, scope 2 and scope 3 GHG emissions, which are defined as:

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

109. The measurement of GHG emissions is subject to a high level of measurement uncertainty. The assumptions used in their calculation are described in the Measurement, Inputs and Assumptions section below.

110. The absolute gross GHG emissions for the year ended 31 December 2023 are as follows:

Scope	Emissions (MtCO₂e)
Scope 1	38.9
Scope 2	457.1
Scope 3	12,445,722.0
<i>Total</i>	<i>12,446,218.0</i>

111. The UNJSPF's scope 3 GHG emissions are a result of activities from assets not owned or controlled by the UNJSPF, but that the UNJSPF indirectly affects in its value chain. The UNJSPF's scope 3 emissions arise from the following scope 3 categories:

Scope 3 category	GHG emissions (MtCO₂e) 2023
Category 1: Purchased goods and services	3,194.0
Category 5: Waste generated in operations	9.5
Category 6: Business travel	304.5
Category 7: Employee commuting	279.0
Category 15: Investments (Scope 1, 2 and 3)	12,441,935.0
<i>Total</i>	<i>12,445,722.0</i>

112. The Fund holds investments in assets that generate GHG emissions in their own operations and value chains. These are the Fund's scope 3 category 15 (Investments) emissions, also referred to as financed emissions. Category 15 covers emissions associated with the Fund's investments and represent the largest share of scope 3 emissions (99.8%).

Measurement approach, inputs and assumptions

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

114. OIM has created internal methods for measuring GHG emissions using assumptions and tools for different GHG emissions calculations. For scope 1, scope 2 and scope 3 GHG emissions other than financed emissions, OIM uses assumptions and tools from the United States Environmental Protection Agency's (US EPA) Simplified GHG Emissions Calculator and the IPCC's Fifth Assessment Report. In addition, OIM uses emissions factors and data from the North American Industry Classification System, International Civil Aviation Organization and American Express.

115. The PCAF recommendation for calculating the scope 3 GHG emissions attributable to a financial institution (such as a pension plan) is to determine an attribution factor and apply it to the GHG emissions of an investee company. The attribution factor accounts for the portion of the annual emissions of an investee company that can be attributed to the financial institution. It is the ratio between the UNJSPF's holding in the investee company (numerator) and the value of the investee company (denominator). That amount is multiplied by the annual scope 1, scope 2 and scope 3 GHG emissions of the investee company to arrive at the UNJSPF's financed emissions.

116. The seven GHGs in the Greenhouse Gas Protocol Corporate Standard are covered by the Fund's metrics and targets calculations: Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur Hexafluoride (SF₆) and Nitrogen Trifluoride (NF₃).

117. The inputs and assumptions used to calculate the UNJSPF's GHG emissions for various asset classes are as follows:

Asset class	Inputs and assumptions
Equities and corporate bonds	<p>OIM sources emissions and financial data from MSCI and Bloomberg. The data used are typically subject to a one- to two-year lag. In calculating an attribution factor, the numerator for listed equity is the market price multiplied by the number of shares. For listed corporate bonds it is the market value of the debt that is owed. The denominator for both is enterprise value including cash (EVIC). If EVIC is not available for corporate bonds, the denominator is the sum of total debt and equity. If that is not available, the denominator is total assets.</p> <p>Specifically for the scope 3 emissions included within the investment portfolio's financed emissions, OIM uses MSCI data. This data set uses a company's scope 3 greenhouse gas emissions, as reported. However, reported scope 3 emissions often do not include all scope 3 categories and, therefore, the Fund's reported scope 3 financed emissions metrics may be incomplete. The Fund's 2023 scope 3 financed emissions metrics reflect data for listed equities.</p>
Sovereign bonds	<p>GHG emissions data is sourced from MSCI, often subject to a two-year lag as OIM uses reported scope 1 GHG emissions rather than estimated values. For sovereign bonds OIM reports the production emissions for scope 1 excluding LULUCF (land use, land use change and forestry), scope 1 LULUCF only, scope 2 and scope 3.</p>

Asset class	Inputs and assumptions
Real estate equity funds	Emissions data are sourced from GRESB for non-listed real estate equity funds that report under this framework, encompassing scope 1 and scope 2 GHG emissions on a one-year time lag. OIM calculates scope 3 GHG emissions for non-listed real estate equity funds using the PCAF methodology for calculating scope 3 financed emissions where the data is not available in GRESB. For listed real estate assets, the UNJSPF uses the equities calculation described above.
Infrastructure investment portfolio	OIM has developed an internal method for calculating the GHG emissions of the infrastructure investment portfolio, using a proprietary mapping logic document provided by S&P, external data from the US Environmentally Extended Input Output Model and emissions data from Exiobase.
Private equity funds	Emissions data is obtained from MSCI, which is either reported or estimated. MSCI uses three distinct modules based on data availability: a production model, a company-specific intensity model and an industry segment-specific intensity model.

Scope 1 and scope 2 GHG emissions

118. In measuring scope 1 and scope 2 emissions, the UNJSPF uses the operational control method in the GHG Protocol Corporate Standard. In this method, the UNJSPF accounts for 100 per cent of the GHG emissions from operations over which it has full authority to implement operating policies. The UNJSPF's scope 1 and scope 2 emissions arise from its offices in New York City and Geneva.

119. Scope 1 emissions data are provided by the building management teams in the respective offices. The calculation uses available data on stationary combustion, refrigerants and fire suppression within the UNJSPF's two offices. This includes natural gas, fuel oil used in boilers and fuel oil used in generators for each of the buildings.

120. Scope 2 emissions are measured using data sourced directly from utility companies and electricity bills. The UNJSPF uses a location-based approach (as required by IFRS S2) to measure its scope 2 emissions. The UNJSPF has not entered into any contractual agreements to purchase or sell energy related to its scope 2 emissions.

121. The UNJSPF does not have any unconsolidated subsidiaries, investees, or associates and, therefore, the Fund's scope 1 and scope 2 emissions are not disaggregated between the consolidated accounting group and investees.

Scope 3 GHG emissions

122. The most significant portion of the UNJSPF's scope 3 GHG emissions come from portfolio investments (category 15 investments). OIM has developed an internal methodology to measure and report relevant scope 3 emissions, differentiated by scope 3 categories and asset classes. This is described in the Financed emissions section below. This methodology is based on guidance provided by PCAF for calculating financed emissions for specific asset classes.

123. Collecting data from entities in the value chain, including from investee companies and counterparties, is essential for accurately calculating scope 3 GHG emissions; it ensures comprehensive coverage of all indirect emissions associated with the UNJSPF's activities. This process often involves a one- to two-year time lag due to the need to gather detailed information about investees and other third parties from various suppliers and service providers.

Financed emissions

124. Financed emissions are the portion of gross GHG emissions of an investee or counterparty attributed to the investments made by the UNJSPF to the investee or counterparty. The UNJSPF allocates its share of investee companies' GHG emissions in relation to the size of its investments by asset class.

125. OIM calculates financed emissions for the following asset classes in the Fund's investment portfolio: listed equity and corporate debt, sovereign bonds, real estate equity funds, infrastructure funds and private equity funds.

126. In 2023 OIM added the remaining real estate assets, infrastructure and private equity assets that had not been included in previous years to the scope 3 financed emissions calculation. The remainder of the real estate fund's emissions consists of estimates for the Funds that did not report their carbon emissions to GRESB. OIM plans to continue adding asset classes to the scope 3 financed emissions calculation as methods, such as those published by PCAF, continue to evolve.

127. In 2023, 88 per cent of the Fund's assets under management (AUM) is included in the financed emissions calculation. The Fund's financed emissions do not account for 100 per cent of total AUM as OIM does not calculate financed emissions for securitised products, given a lack of established industry guidance, or for immaterial asset classes (defined as less than one per cent of total AUM). UNJSPF plans to incorporate additional asset classes into its scope 3 financed emissions calculations as soon as relevant industry guidance is available and practice evolves in this area.

128. The following tables set out the Fund's financed emissions for its corporate assets and sovereign assets, respectively. Because of the risk of double counting GHG emissions, sovereign bonds emissions are calculated and reported separately, following the PCAF guidance for doing so.

Financed emissions for corporate assets (MtCO₂e)

	2023	2022	2019
Portfolio scope 1 + 2 GHG emissions*	2,369,184	2,193,944	3,305,639
Portfolio scope 1 GHG emissions	1,625,207	1,647,089	2,715,274
Portfolio scope 2 GHG emissions	488,371	512,296	511,031
Portfolio scope 3 GHG emissions	10,072,751	8,700,326	7,263,013
Total financed emissions	12,441,935	10,894,270	10,568,653
Total AUM for Scope 1 (millions of USD)	77,650	72,797	69,885
Total AUM for Scope 2 (millions of USD)	77,650	72,797	69,885
Total AUM for Scope 3 (millions of USD)	53,914	45,267	42,619
Coverage for scope 1 + 2 (% of total AUM)**	88.0%	82.5%	79.2%
Coverage for scope 1 + 2 + 3***	61.1%	51.3%	48.3%

*Because there are limitations in data availability for real estate equity funds and infrastructure funds and the emissions data received for those assets combines scope 1 and scope 2 data as a single amount, the portfolio's aggregated scope 1 and scope 2 financed emissions amount does not add up to the scope 1 and scope 2 amounts separately. The aggregated scope 1 and scope 2 emissions amount for real estate equity funds was 81,395 MtCO₂e and for infrastructure was 174,211 MtCO₂e in 2023.

**The coverage (% of AUM) included in the financed emissions calculation has been disaggregated to show scope 1 and scope 2 emissions coverage across the portfolio. OIM monitors this amount and the Fund's target for achieving net zero is for scope 1 and scope 2 emissions only.

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

Financed emissions for sovereign bonds (production emissions) (MtCO₂e)

	2023	2022	2019
Scope 1 LULUCF only	(316,078)	(344,253)	(194,290)
Scope 1 excl. LULUCF	3,263,219	3,135,505	3,092,760
Scope 2	6,156	6,331	8,704
Scope 3	829,833	869,175	789,786
Total financed emissions	3,783,130	3,666,758	3,696,960
Total AUM (millions of USD)	13,035	12,083	9,457
Coverage (% of total AUM)	100%	99.6%	99.6%

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

Asset Class	2023			2022			2019		
	Market Value (millions of USD)	Coverage Scope 1+2	Coverage Scope 3	Market Value (millions of USD)	Coverage Scope 1+2	Coverage Scope 3	Market Value (millions of USD)	Coverage Scope 1+2	Coverage Scope 3
Net Assets Available for Benefits	88,239	88.0%	61.1%	77,918	82.5%	51.3%	72,034	79.2%	48.3%
Total Investments and Cash and cash equivalents	88,341	87.6%	60.9%	78,188	81.7%	50.8%	71,986	78.8%	47.8%
Listed Equity	45,257	99.7%	76.3%	39,246	99.1%	70.6%	42,309	98.6%	59.1%
Sovereign Bonds	13,035	100.0%	100.0%	12,055	99.6%	99.6%	9,429	99.8%	99.6%
Private Equity & Infrastructure Funds	7,978	83.5%	77.7%	6,929	74.6%	0.0%	3,764	0.0%	0.0%
Securitised Products	7,763	0.0%	0.0%	6,600	0.0%	0.0%	9,997	0.0%	0.0%
Real Estate Equity Funds	6,821	100.0%	0.0%	7,131	54.8%	0.0%	5,065	100.0%	0.0%
Publicly Traded Corporate Debt	5,757	99.6%	0.0%	4,637	98.4%	0.0%	649	87.4%	0.0%
Supra-, Sub-Sovereigns, Municipal bonds, US Agencies	988	0.0%	0.0%	840	0.0%	0.0%	337	0.0%	0.0%
Cash & Cash Equivalents	742	0.0%	0.0%	750	0.0%	0.0%	436	0.0%	0.0%
Other assets and (liabilities), net	(102)	0.0%	0.0%	(270)	0.0%	0.0%	48	0.0%	0.0%

Asset Class	2023			
	Total AUM by Market Value (millions of USD)	AUM covered in scope 1	AUM covered in scope 2	AUM covered in scope 3
Net Assets Available for Benefits	88,239	77,650	77,650	53,914
Total Investments and Cash and cash equivalents	88,341	77,297	77,297	53,738
Listed Equity	45,257	87,974	87,974	67,326
Sovereign Bonds	13,035	88,239	88,239	88,239
Private Equity & Infrastructure Funds	7,978	73,680	73,680	68,562
Securitised Products	7,763	-	-	-
Real Estate Equity Funds	6,821	88,239	88,239	-
Publicly Traded Corporate Debt	5,757	87,886	87,886	-
Supra-, Sub-Sovereigns, Municipal bonds, US Agencies	988	-	-	-
Cash & Cash Equivalents	742	-	-	-
Other assets and (liabilities), net	(102)	-	-	-

Climate-related metrics

Assets and investments vulnerable to climate-related risks and opportunities

130. OIM has not calculated the total amount of assets and business activities that are vulnerable to climate-related transition risks. OIM plans to perform an assessment over the next reporting periods to quantify the amount of the Fund's investments that are vulnerable to climate-related transition risks.

131. OIM has not calculated the total amount of assets and business activities that are vulnerable to climate-related physical risks. OIM plans to perform an assessment over the next reporting periods to quantify the amount of the Fund's investments that are vulnerable to climate-related physical risks.

132. \$3.4bn, or 3.9 per cent of the UNJSPF's assets and business activities are aligned with climate-related opportunities. Those investments in climate solutions span across energy, pollution, waste and water, sustainable land and marine, transportation, manufacturing and industry, buildings and information and communications technology (ICT).

133. To address climate-related risks and opportunities, the UNJSPF has strategically focused its impact investing efforts on the United Nations Sustainable Development Goals (SDGs) related to climate, energy and natural resources. This includes investments in renewable energy generation, clean mobility, battery storage, green buildings, sustainable agriculture, circular economy, water management and pollution prevention. During the reporting period, the UNJSPF invested \$235 million in green bonds to support the transition towards a low-carbon economy.

Internal carbon prices

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

Climate-related considerations in executive remuneration

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

Climate-related targets

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

Net zero GHG emissions target

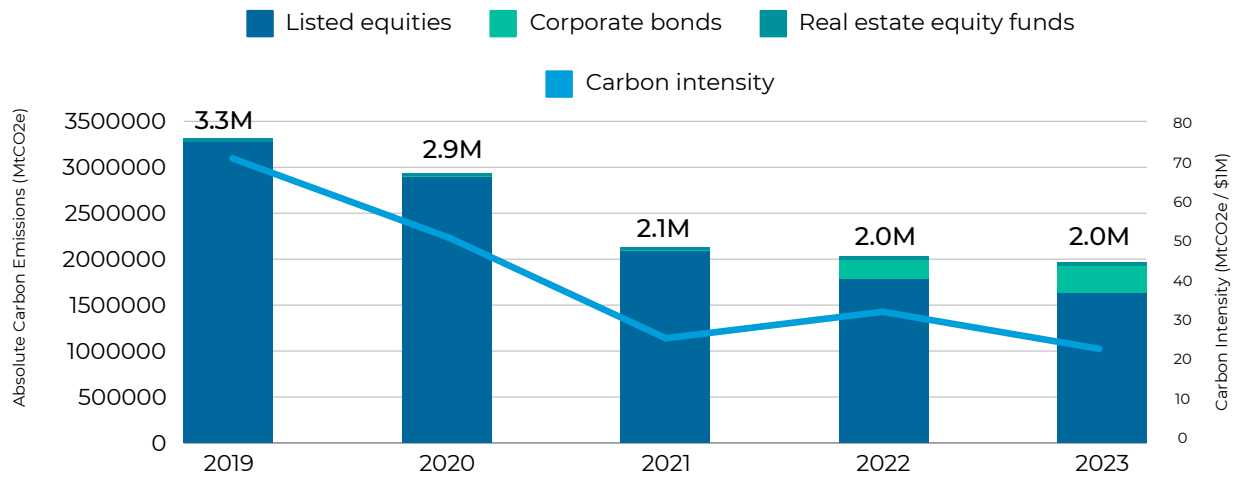
137. Setting a net zero GHG emissions target involves tracking several metrics. OIM focuses on baseline GHG emissions, reduction trajectories and interim milestones for progress tracking.

138. OIM is targeting net zero GHG emissions across the investment portfolio (for scope 1 and scope 2 GHG emissions of investees) by 2050.

139. The UNJSPF has set an interim target of achieving 29 per cent of emission reduction by 2021 and a 40 per cent reduction of portfolio emissions by 2025 (relative to a 2019 base year). The UNJSPF is in the process of setting a 2030 GHG emissions reduction target. Please refer to the Strategy section for more information on how internal carbon budgets are used to achieve UNJSPF's net zero emissions reduction targets.

140. The UNJSPF's GHG emissions reduction target encompasses a portion of the Fund's scope 3 financed emissions: emissions from listed equities, corporate bonds and reported emissions of the real estate equity funds. These asset classes equate to 62 per cent of the investment portfolio at 31 December 2023. The 2019 baseline is 3.3 mtCO₂e. For the calculation of the 2019 baseline, all listed equities were scaled to 100 per cent, all corporate bonds were scaled to 100 per cent and reported emissions of real estate equity funds consisting of a coverage of 55 per cent.

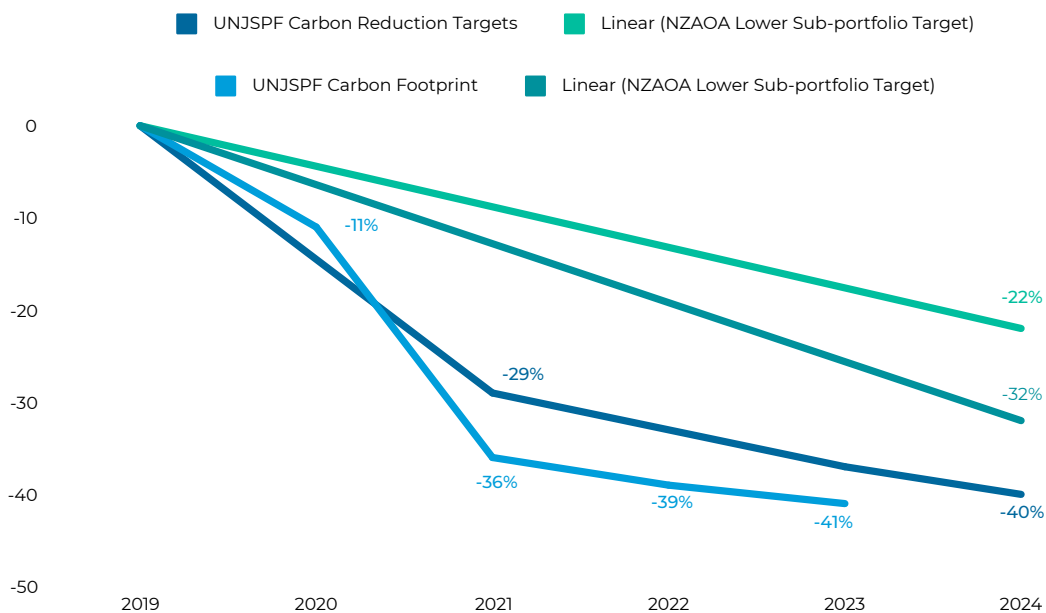
Carbon Footprint (MtCO₂e)



Asset Class under coverage in Target	2019		2023	
	Millions MtCO ₂ e	Millions MtCO ₂ e	Millions MtCO ₂ e	Coverage
Equity	3.28	1.63	99.70%	
Corporate debt	0	0.3	99.60%	
Real Estate Equity Funds	0.02	0.03	48.7%	

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

142. By the year ended 31 December 2023, the UNJSPF achieved a 41 per cent (2022: 39 per cent) reduction in GHG emissions against a 2019 baseline .



Company engagement target

143. The Fund’s company engagement target focuses on the top 20 carbon-emitting companies or companies representing the top 65 per cent of scope 1 and scope 2 GHG emissions in the Fund’s investment portfolio. This target is a minimum number of engagements per year.

144. The objective of setting this target is to encourage companies to establish carbon-reduction targets that align with the Paris Agreement and to adopt science-based decarbonisation strategies.

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

146. In 2023, OIM engaged with 62 companies (2022: 68) on 75 climate-related topics (2022: 81). The following chart highlights progress that OIM has made related to its engagement efforts in 2023:

Engagement type	Number of engagements	
	2023	2022
Engagement topics that showed progress or new milestones reached	13	26
Engagements completed in the year	4	6
Engagements that showed no progress in the year	47	47

147. In 2023, EOS engaged on OIM's behalf regarding climate change issues with companies in carbon-intensive sectors such as utilities, transportation and mining & materials. Out of 2,730 issues and objectives on which EOS engaged companies in 2023 (2022: 2,507), environmental topics represented 33 per cent of OIM engagements in 2023 (2022: 28 per cent), with 59 per cent (2022: 72 per cent) of those related specifically to climate change.

148. During 2023, EOS led or co-led engagement with several CA100+ target companies in the automobiles, chemicals, industrials, mining & metals and transportation sectors. From an engagement perspective, EOS also ensures that banks' net-zero ambitions are consistent with those of asset managers.

149. In 2023, 4 companies (2022: 6) set carbon reduction targets in line with the Fund's objectives. As a result, those engagements were successfully closed.

Transition financing target

150. The Fund's transition financing target focuses on investing in specific green projects and impact investments.

151. The objective of the transition financing target is to support the transition to a low-carbon economy by increasing investments in green bonds, sustainable bonds and other climate-related financial instruments. Transition financing is incorporated into the scope of the Fund's investment activities, including the Fund's impact investing efforts. Please see the Strategy section above for more information on how UNJSPF is investing in the green economy through its impact investing efforts.

152. This is a continuous target with no milestones or interim targets set during the current reporting period. The objective is to increase investment in such assets year-on-year.

153. For the year ended 31 December 2023, the UNJSPF invested \$235 million in green bonds (the investment category relevant to climate) to support the transition towards a low-carbon economy.

Approach to setting and reviewing climate-related targets

154. The targets described above are not verified by a third party; however, each target goes through rigorous internal review to ensure it aligns with the UNJSPF's overall investment objectives. This includes review of each target by the IIC. In reviewing a target, the IIC ensures that it is feasible, in accordance with international sustainability standards or commitments that have been proposed (such as recommendations from the NZAOA) and aligns directionally with the UNJSPF's net zero GHG emissions target and a real rate of return of 3.5 per cent.

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

156. The RSG receives an update on the progress made towards each sustainability-related target at least annually. The update includes information on the strategy for achieving current targets and commitments and allows the RSG to assess whether additional targets should be established.

157. During the year ended 31 December 2023, no revisions were made to the targets that the UNJSPF has set.

Abbreviations

ALM study	Asset-Liability Management study
AUM	Assets under management
CA100+	Climate Action 100+
CEPA	Chief Executive of Pension Administration
CH4	Methane
CMA	Capital market assumptions
CO2	Carbon dioxide
COP	Conference of the Parties
EOS	Engagement and Ownership Services
ESG	Environmental, social and governance
ETF	Exchange traded fund
EVIC	Enterprise value including cash
EWRM Framework	Enterprise-Wide Risk Management Framework
GHG	Greenhouse gases
GIIN	Global Impact Investing Network
GRESB	Global Real Estate Sustainability Benchmark
HFCs	Hydrofluorocarbons
IC	Investments Committee
IIC	Internal Investment Committee
IFRS S1	International Financial Reporting Standard S1 (General Requirements for Disclosure of Sustainability-related Financial Information)
IFRS S2	International Financial Reporting Standard S2 (Climate-related Disclosures)
IPCC	Intergovernmental Panel on Climate Change
IPSAS	International Public Sector Accounting Standards
ISSB	International Sustainability Standards Board
LULUCF	Land use, land use change, and forestry
MSCI	Morgan Stanley Capital International

Abbreviations

MtCO ₂ e	Metric tons of carbon dioxide equivalent
N ₂ O	Nitrous oxide
NZAOA	Net-Zero Asset Owner Alliance
NF ₃	Nitrogen trifluoride
OIM	Office of Investment Management
PCAF	Partnership for Carbon Accounting Financials
PFCs	Perfluorocarbons
PRI	Principles for Responsible Investment
R&D	Research and development
RC	Risk Committee
RIC	Responsible Investment Committee
RSG	Representative of the Secretary-General
SAA	Strategic asset allocation
SDGs	Sustainable Development Goals
SF ₆	Sulphur hexafluoride
TCFD	Task Force on Climate-related Financial Disclosures
UNJSPF	United Nations Joint Staff Pension Fund
USD	United States dollars
US EPA	United States Environmental Protection Agency
VaR	Value at Risk

