

UNJSPF Annual Report

2020



UNJSPF
United Nations Joint
Staff Pension Fund

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INTRODUCTION

Message from the Chief Executive of Pension Administration

For everyone, 2020 was a challenging year marked by the rapid rise and significant impact of COVID-19 across the globe. COVID-19 has impacted our daily lives and changed the way we work. The lockdown decisions by local authorities in New York and Geneva, and work changes instituted by the United Nations Secretariat required the Fund's staff to work remotely from March 2020. Despite the sudden change in working conditions and the difficulties caused by the pandemic, the Fund quickly adapted to ensure seamless continuity of its core business, and successfully achieved its performance targets.

Throughout the pandemic, our monthly pension payrolls were processed and distributed in a timely manner, without delay or interruption, every month. We were also able to process over 90 per cent of new pension cases within 15 business days of receipt of all documents, and this trend has continued into 2021. The Fund also continued to provide mail and call services for clients, without interruption, and while our walk-in services had to be suspended for the safety of our clients and the Fund's staff, we transitioned smoothly to providing one-on-one appointment services via video or telephone.

On the investment side, although our colleagues in the Office of Investment Management had a highly challenging year, they delivered a stellar performance. Despite significant market decline and huge fluctuations, the Fund saw a tremendous increase in the value of its portfolio in 2020, reaching USD 81.5 billion as of 31 December 2020, compared to USD 72 billion at the end of

2019. The long-term annualized rate of return for the 15-year period was 4.84 per cent – well above the benchmark of 3.5 per cent required to fund the Fund's actuarial liabilities.

Beyond these outstanding processing and investment results in 2020, the Fund's Pension Administration started modernizing with the adoption of a new strategy for 2021-2023, which was endorsed by the Pension Board and the General Assembly of the United Nations.

The new strategy is built and focuses on three core pillars:

Simplify Client Experience: Client service is our priority. This pillar focuses on clients and our service delivery to participants, retirees and beneficiaries. We are moving the Fund towards a client and service delivery-orientated organization.

Modernize Pension Services: Innovation and business transformation, including value stream mapping, new systems and upscaling skills that form the backbone of modernizing the Fund.

Develop a Strong Global Partnership Network: We are aiming to be a data-driven organization, building productive partnerships with staff, member organizations and decision-makers/stakeholders, while enhancing transparency and accountability to improve trust and confidence in the Fund.

Based on this strategy, the Fund launched new initiatives, including the shift from paper

to electronic transfer for separation files, the possibility of uploading the Certificate of Entitlement (CE) directly into the Member Self-Service portal and the introduction of the Digital Certificate of Entitlement (DCE) app, offering alternatives to the old paper and mailing processes. As at August 2021, more than 11,000 requests to enrol in DCE were received since the launch of the app in February 2021. That is more than 10 per cent of our retiree/beneficiary population, and it demonstrates the success of this new service. The introduction of these modernized services was all the more timely as it came at a time when COVID-19 was causing disruptions to postal services worldwide, which made the need for secure alternative means of submitting time-sensitive documentation to the Fund even more urgent.

In addition, a new pilot payment method via the United Nations Treasury was introduced to lower the cost of banking fees for beneficiaries/retirees in Chile and Peru. We plan to expand this new payment method to other countries in the coming years so that more beneficiaries/retirees can benefit from lower fees.

Internally, we started our transformation in 2020 with projects to map key processes to remove redundancies in our processes. Thanks to the support of the Pension Board and the General Assembly, we created a Business Transformation Unit to ensure that improvements are undertaken on a continuous basis, and a Data Analysis Unit

to meet our objective of becoming a data-driven organization.

Looking to the future, the population of participants, retirees and beneficiaries will continue to grow by a projected increase of 17.5 per cent over the 10-year period, 2021-2022. The Fund is focused on responding to the expected increasing demand across its services, and improving and delivering timely, high-quality services.

I am committed to improving the Fund and meeting the many challenges, and I thank you on behalf of the Fund's staff for your continued trust.



Rosemarie McClean

Chief Executive of Pension Administration



KEY STATISTICS

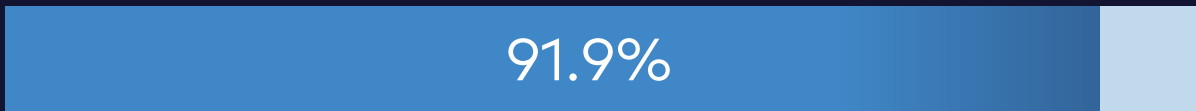
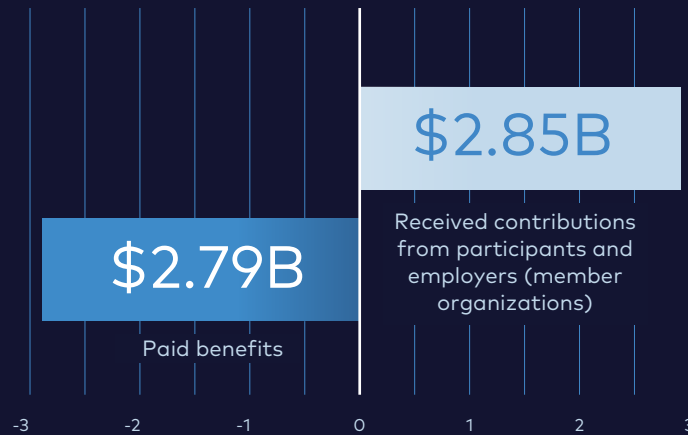
As of 31 December, 2020



PARTICIPANTS



BENEFICIARIES

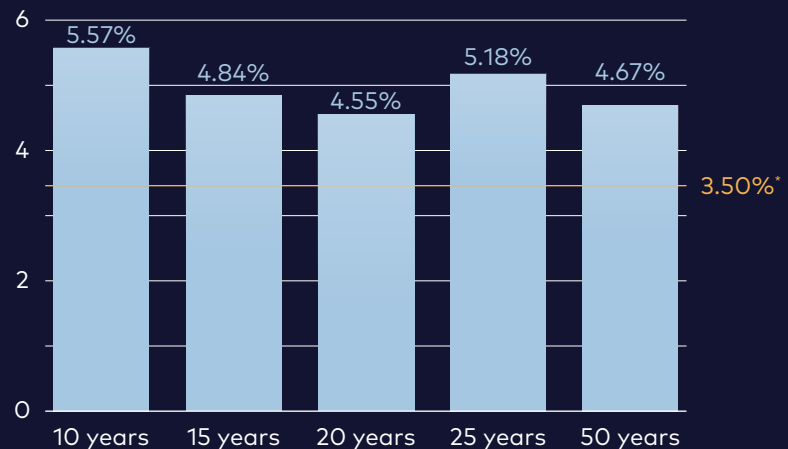


Percentage of initial benefit entitlement cases being processed within 15 business days

Investment Performance



LONG TERM INVESTMENT OBJECTIVE



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

INVESTMENTS ACROSS



COUNTRIES/TERRITORIES

Internally managed

Externally managed



3

About the UNJSPF



UNJSPF

Background

The UNJSPF was established by the General Assembly of the United Nations in 1949 to provide retirement, death, disability and related benefits for staff upon cessation of their services with the United Nations. The Fund also covers staff of 24 other member organizations. The defined benefit lifetime pension provided by the UNJSPF to staff and their survivors is an important component of the United Nation family's employee value proposition. The Fund has offices in New York and Geneva, as well as liaison offices in Nairobi and Bangkok.

General Overview

The Fund has a bifurcated organizational structure sharing common services including human resources, facilities management and communications:

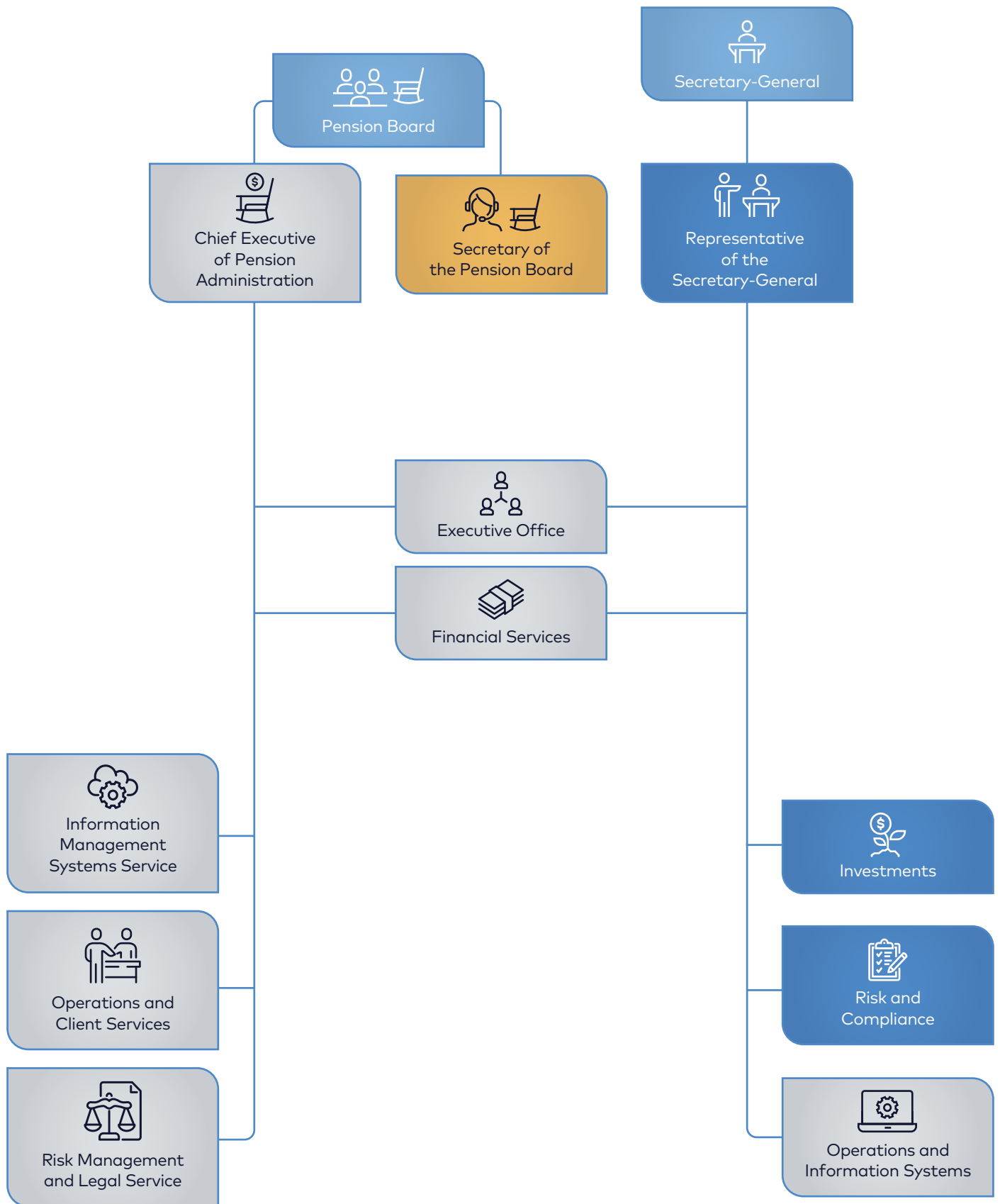


The **Chief Executive of Pension Administration** manages pension administration matters and reports to the Pension Board.

The **Office of Investment Management (OIM)** manages the investments and reports to the United Nations Secretary-General through the Representative for the investment of the assets of the Fund.

In addition, the post of Secretary of the Pension Board was created by the General Assembly (resolution 73/274) in 2018. The Secretary reports to the Chair of the Pension Board.

Organization chart



Participation and Benefits

GROWTH IN PARTICIPANTS, RETIREES AND OTHER BENEFICIARIES (2000-2022)

Participant/Beneficiary Ratio 2000-2022



Participation



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

Defined Benefit Plan



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

Retirement, Death and Disability Benefits



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

Member Organizations

As of 1 January 2021, the member organizations of the Fund are the following:

Member Organizations		Number of Participants	Years of Admission
United Nations	UN	85,363	1949
Food and Agriculture Organization	FAO	11,760*	1950
World Health Organization	WHO	11,056	1949
International Organization for Migration	IOM	6,897	2007
International Labour Organization	ILO	3,939	1953
International Atomic Energy Agency	IAEA	2,802	1958
United Nations Educational, Scientific and Cultural Organization	UNESCO	2,539	1951
International Criminal Court	ICC	1,230	2004
World Intellectual Property Organization	WIPO	1,216	1977
International Civil Aviation Organization	ICAO	761	1951
International Telecommunication Union	ITU	748	1960
United Nations Industrial Development Organization	UNIDO	712	1986
International Fund for Agricultural Development	IFAD	612	1977
Special Tribunal for Lebanon	STL	449	2009
World Meteorological Organization	WMO	374	1952
International Maritime Organization	IMO	365	1959
Comprehensive Nuclear-Test-Ban Treaty Organization	CTBTO	300	2019
International Centre for Genetic Engineering and Biotechnology	ICGEB	175	1996
United Nations World Tourism Organization	UNWTO	89	1996
Inter-Parliamentary Union	IPU	47	2005
International Centre for the Study of the Preservation and Restoration of Cultural Property	ICCROM	45	1981
International Seabed Authority	ISA	43	1998
International Tribunal for the Law of the Sea	ITLOS	41	1997
European and Mediterranean Plant Protection Organization	EPPO	20	1983
Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies	WA	14	2021

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

Transfer Agreements

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

Below is a list of the entities with which transfer agreements have been entered into:

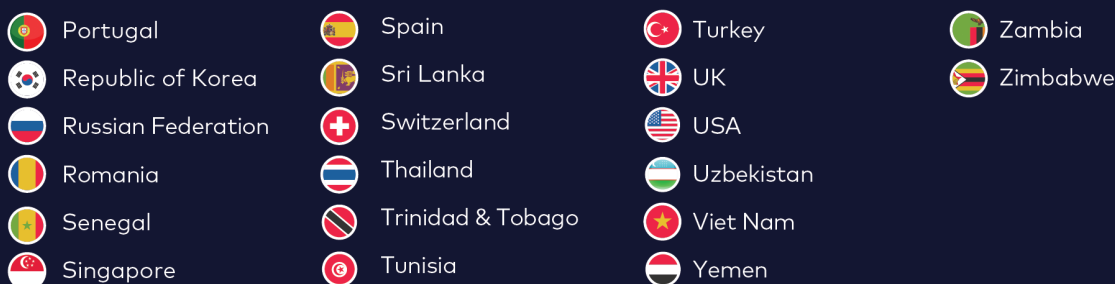
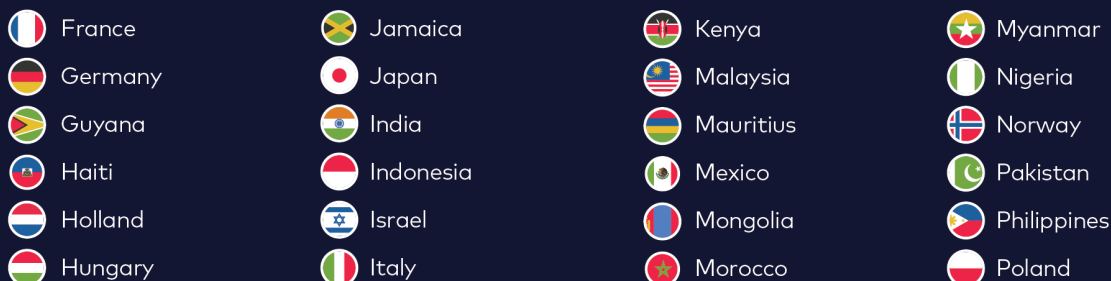
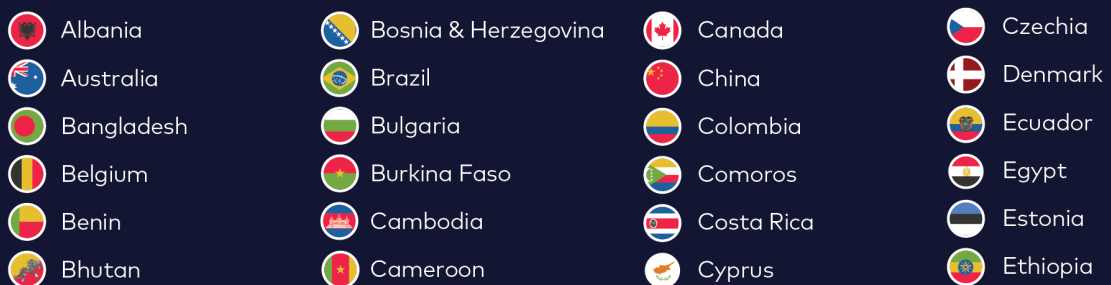
- African Development Bank (AfDB)
- Asian Development Bank (ADB)
- Council of Europe (CoE)
- European Bank for Reconstruction and Development (EBRD)
- European Centre for Medium Range Weather Forecast (ECMWF)
- European Communities (EC)
- European Free Trade Association (EFTA)
- European Organization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

Diversity and Inclusion

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

GEOGRAPHIC DIVERSITY

As of 31 December 2020, UNJSPF staff are nationals of 68 countries:



GENDER DIVERSITY

As of 31 December 2020

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

UNJSPF

Women

54.15%

Men

45.85%



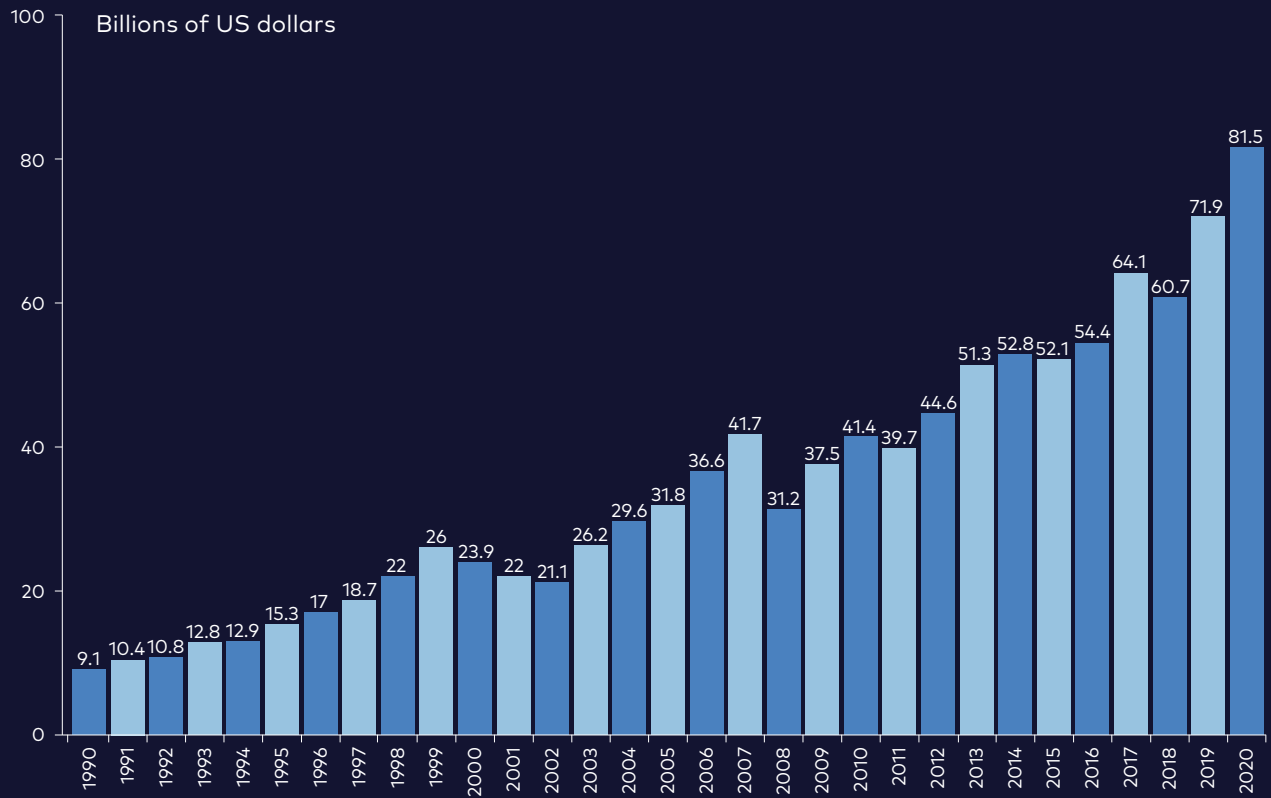


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Investments

Asset Management

As of 31 December 2020



As of 31 December 2020, the Fund managed a global multi-asset investment portfolio worth approximately US\$ 81.5 billion, 84% of which was actively managed in-house. The Fund invests globally in regions such as North America, Europe, Asia, Latin America and the Caribbean, and Africa. Investments are made across multiple asset classes that include global equities, global fixed income, private equity, real estate, infrastructure, timber, and commodities.

Investment Policy Statement

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

The Representative of the Secretary-General for the investment of the assets of the Fund has the responsibility and authority to act on behalf of the Secretary-General in all matters involving the fiduciary duties of the Secretary-General relating to the investment of the assets of the Fund, including representing the Secretary-General at meetings of the Investments Committee, the Pension Board, and other meetings where investment matters pertaining to the UNJSPF are discussed. The Representative of the Secretary-General 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.

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

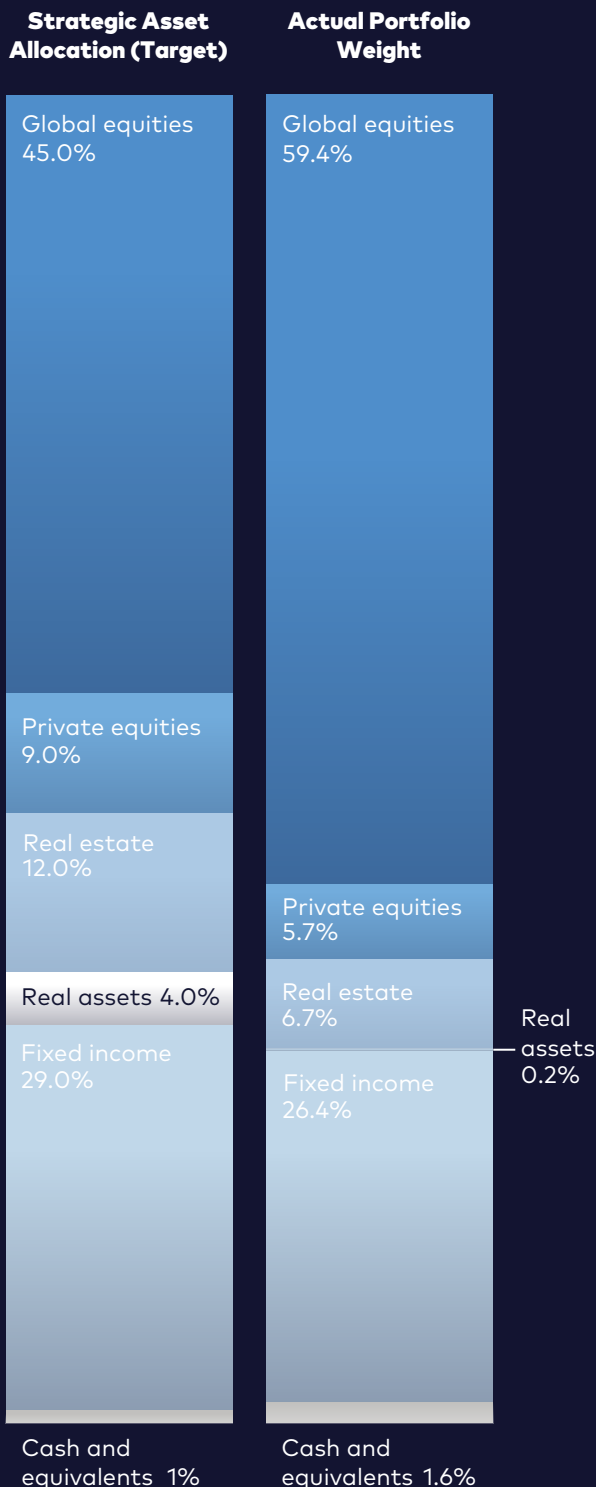
Long-Term and Short-Term Investment Objectives

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

The Fund's current short-term investment objective is to meet or exceed the return of the policy benchmark over the short term (3 years).

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

Asset Allocation



GLOBAL PUBLIC EQUITIES

The Global Equities Group seeks to generate superior long-term risk adjusted returns relative to its benchmark. This asset class is managed internally by four teams: North America, Europe, Asia Pacific and Global Emerging Markets, with a small allocation to external specialty managers, mainly in small caps. The benchmark is composed of 80% MSCI World Developed ESG Custom + 20% MSCI Emerging markets ESG Custom, where tobacco, armaments and thermal coal securities are excluded.

This custom benchmark is composed of approximately 2,800 securities across 50 countries/regions, including 27 Emerging Markets. Small cap equities and select markets outside this benchmark are currently managed through specialized external managers and funds.

The internally managed public equity teams follow a disciplined investment process, centered on equity screening, fundamental analysis and frequent dialogue with corporate management teams of the companies the Fund invests in or is interested in adding to the portfolio. The Office of Investment Management is a long-term, long-only investor and prefers high-quality companies that are able to generate stable cashflow return on investment above their cost of capital and achieve sustainable and profitable growth. The equity teams also consider ESG (environmental, social and governance) factors in their investment decisions. All investments are made in compliance with applicable risk parameters and investment guidelines.

GLOBAL FIXED INCOME AND CASH

The Global Fixed Income and Cash teams seek to achieve an above benchmark return by actively investing in global fixed income markets. Global fixed income is managed internally in four portfolios: US Treasuries, US Securitized, Credit and Global Emerging Markets. The benchmark for Global Fixed Income is Bloomberg Barclays Blended Enhanced Liquidity Fixed Income Index. In addition to the Global Fixed Income portfolios, the teams also manage the Investment Cash portfolio against Bloomberg Barclays Treasury Bill Index and provide cashflow and currency requirements in over 34 currencies for the entire fund.

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

security decisions. This includes an examination of credit quality, sector allocation, maturity profile, liquidity and relative value.

The portfolio is constructed with a bias towards lower risk securities, with consideration given to diversification and relative value. The portfolios are reviewed actively to adjust to changes in the economic environment and to take advantage of emerging opportunities. Strict compliance with investment guidelines and the allocated risk budget is maintained at all times.

REAL ESTATE

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

The real estate investment program started in 1971. As of 2020, the portfolio was invested in over 132 externally managed funds globally. The real estate program invests in high quality managers that provide superior long-term risk adjusted returns while improving overall portfolio diversification.

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

REAL ASSETS

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

The Office of Investment Management began investing in infrastructure in 2011. The portfolio invests in high quality real asset managers around the globe that provide superior long-term risk adjusted returns while improving overall portfolio diversification. As of December 2020, the Real Assets portfolio was invested in 8 externally managed funds globally.

PRIVATE EQUITY

The Private Equity Investments team is responsible for investments in private equity through externally managed funds. The private equity program was launched in 2010; its charter is to build a private equity portfolio by identifying and investing in top-tier managers that provide superior long-term risk adjusted returns while improving overall portfolio diversification.

The Fund's Private Equity program currently consists of a select number of externally managed funds diversified by vintage year, private equity sub-sectors and geography. The performance benchmark for the private equity portfolio is the MSCI ACWI, customized (plus 200 basis points - excluding weapons, tobacco and thermal coal). The Alternative Investment team works closely with the Risk, Compliance and Legal teams to ensure conformity with risk corridors and investment policy considerations.

Diversification of Investments

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

The Fund continually makes efforts to identify opportunities to diversify its investments by asset class and geographical regions. As of 31 December 2020, the Fund had investments in 97 countries/territories, including both developed and developing countries. This included direct securities investments in 48 countries and 35 currencies along with indirect investments in additional countries through externally managed funds.

Risk and Compliance

The Risk and Compliance Section reports to the Representative of the Secretary-General and comprises the Performance team, the Risk team and the Compliance team. The Risk and Compliance Section is responsible for independently (i) monitoring and assessing risk to the assets of the Fund; and (ii) overseeing risk, compliance and performance measurement and reporting (as calculated by the independent Record Keeper and Custodian) of the Fund.

The Risk team independently monitors and oversees the consistent implementation over time of the Office's risk management policies and practices. A key part of risk management is running frequent analyses and reporting on them regularly to the Risk Committee, as well as to various other internal committees, and supporting the investment process. All periodic (quarterly and annual) official risk reports use information provided by a third party, the independent Master Record Keeper. The team has overall responsibility for measuring, monitoring and reporting on risks across asset classes. The Risk team also prepares enterprise-wide risk management (EWRM) reports related to the Office's risks and controls, which are shared with the Risk Committee, the EWRM Working Group and the Audit Committee.

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

In 2020, Risk and Compliance Committees were restructured and as a result both are currently chaired by the Chief Risk and Compliance Officer. This was an important improvement in the governance of the Committees. Another important achievement was the issuance of a new Conflict of Interest Policy, which provides more detailed information on the procedures for staff regarding the recusal process and how to avoid conflict of interest. The Personal Trading Policy was also updated, and part of the monitoring activities were automated.

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

The function works towards ensuring that an enterprise approach to risk management and internal control is embedded in the strategic planning and decision-making processes; independently assesses, reports and monitors enterprise-wide risks; and works in close collaboration

with Management to select and implement appropriate risk mitigation strategies.

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

Operations and Information Systems

The Office of Investment Management successfully transitioned to remote work and operated without interruption during the pandemic. Moreover, the Office successfully conducted two Business Continuity Planning (BCP) tests during 2020 to ensure business resilience. We were also able to implement the Security Operations Centre (SOC) and Security Auditing for Office 365 and SharePoint. The Office collaborated with the UNJSPF Pension Administration and conducted a business continuity planning test relating to emergency funding of the payroll of pension benefits by the Office to UNJSPF Pension Administration.

The Office migrated completely to cloud-based Office 365 by utilizing SharePoint/OneDrive and rolling out Microsoft Teams as a collaboration tool. All staff now have a dual email ID enabling closer collaboration with UN.org.

The implementation of a digitalized signature workflow (for invoices, shopping carts, memos etc.) for the Office, using AdobeSign electronic signatures, has facilitated remote-working during the COVID-19 pandemic.

An upgrade of all end-of-life computer equipment, enabling of iPhone hotspots and distribution of peripherals and equipment for home use were also undertaken to improve the productivity of staff working from home.

Given the importance of data management, the Data Programme was re-initiated; and to enable a robust platform for Alternative Investments, a request for proposal (RFP) was also launched.

5

Sustainable Investing

SUSTAINABLE INVESTMENTS

In 2020, the Office of Investment Management (OIM) reached some key milestones in its sustainable investing activities. These developments cover ESG (environmental, social and governance) integration into the Fund's portfolios, post-investment activities, as well as major initiatives linked to climate.

The first milestone that the Office reached was the finalization of the ESG Sustainable Investing Guidelines for all asset classes. Those Guidelines include references to the ESG integration process, Custom Benchmark usage and Universe Screening, portfolio analytics and database, company and industry analysis, and sustainability proxy voting and engagement. Unique characteristics of each asset class are taken into consideration to provide appropriate guidelines.

With regard to the Fund's portfolios, the Office developed ESG reporting suites. The ESG team, working closely with the investment teams, built a comprehensive suite of multiple ESG reports showing portfolio-level information relating to ESG footprint, carbon emissions, reputational risk, climate transition risk, fossil fuel and sustainable energy exposure. The integration of this data into the investment process is central for stakeholders to monitor the investments and take decisions based on sound metrics.

2020 was also an important year for the Office's stewardship activities. Together with its external partners, the Office exercised its right to vote in nearly all meetings where it could vote (1,105 out of 1,122, or 98.5 per cent) and engaged with more than 500 companies globally. This reflects the Office's commitment to be an active owner, and positively influence the companies in which it invests.

In September 2020, the Fund made significant progress on its Climate Change policy. The Fund finalized thermal coal divestment following the commitment made in 2019 to divest from publicly traded companies in the coal energy sector before the end of 2020. The Fund also joined the United Nations-convened Net-Zero Asset Owner Alliance and committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). These initiatives will help the Office in identifying, disclosing, and addressing material climate-related risks and opportunities, as well as obtaining access to knowledge on Paris-aligned climate finance change. They will also help the Office to enhance its sustainable investing approach towards carbon neutrality by 2050.

2020 HIGHLIGHTS



Commitment to Net-Zero emissions investments by 2050



Divestment from thermal coal



Engaged with more than 500 companies & voted in more than 1,100 meetings



Awarded an A+ rating for the principles for responsible investment (PRI)*

* Based on latest rating available (2019).

Achievements to Date

HISTORY OF SUSTAINABLE INVESTING



OUR CURRENT FRAMEWORK

We follow the internal policies and methodologies of the Office of Investment Management to ensure sustainability across the Fund. The Investment Policy Statement (IPS) was updated in 2019 to integrate sustainable considerations.

Sustainable factors are integrated into portfolio construction. The Office's sustainable investment strategy includes material ESG considerations that are integrated throughout the investment decision-making process. Our approach is based on three pillars:

EXCLUSIONARY

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

ESG INTEGRATION

Incorporates ESG metrics in security selection across public equities and fixed income; ESG due diligence for private market investments

POST-INVESTMENT

Proxy voting and active engagement with external partners aimed at pro-active investment

6

Actuarial Matters and
Asset Liability Management

ACTUARIAL VALUATION

Actuarial valuations are undertaken every two years to determine whether the present and estimated future assets of the Fund will be sufficient to meet its present and estimated future liabilities, using various sets of assumptions as to future economic and demographic developments. The most recent valuation of the Fund was carried out as of 31 December 2019, with the results presented to the Pension Board at its 67th session in July 2020. The next actuarial valuation will be undertaken to reflect the position of the Fund at 31 December 2021.

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

- (a) An assumed rate of increase in pensionable remuneration of 3.0% per annum;
- (b) An assumed rate of nominal investment return of 6.0% per annum; and
- (c) An assumed rate of inflation of 2.5% per annum.

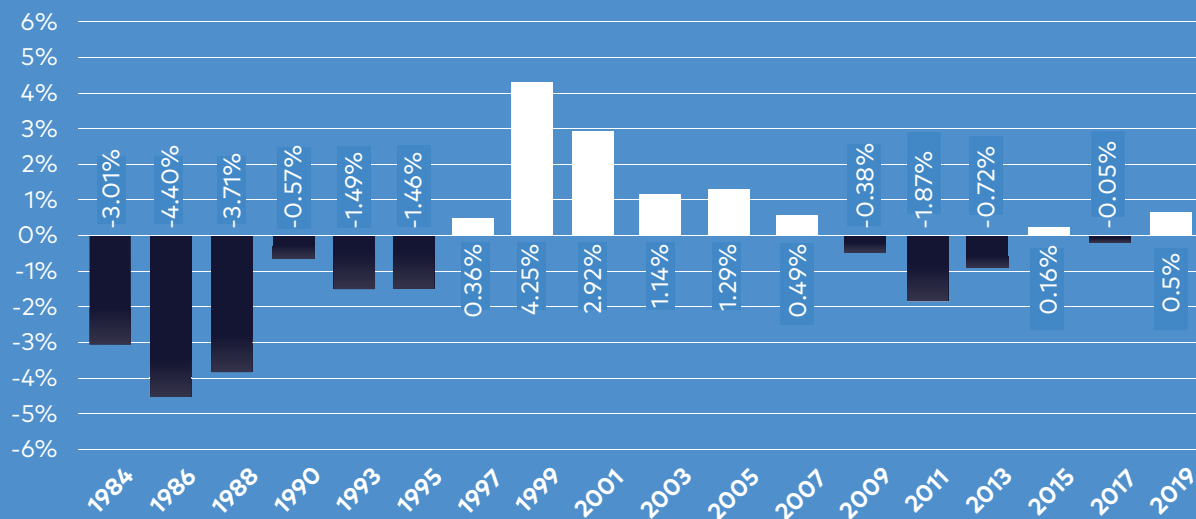
A 0.5% growth per annum has been assumed for Professional staff over the next 10 years, followed by zero growth. Zero growth is assumed for General Service staff.

An analysis to determine a "funded ratio" for the Fund is carried out using the results of the actuarial valuation. This metric assists the Board in its assessment of the financial position of the Fund on a current, rather than, projected basis; it compares the current assets of the Fund with

the value of the accrued benefits (liabilities) on the given valuation date, calculated on a "plan termination basis". As of 31 December 2019, the Fund was found to be in a strongly funded position, as it had been for the past two valuations. The funded ratio at 31 December 2019 was 107.1%, which was calculated by dividing the actuarial value of assets (i.e., US\$ 67,816 million) by the actuarial value of the accrued benefits (i.e., US\$ 63,343 million).

Factors that affect the funded status of the Fund, as well as the funding deficit or surplus, are investment returns; trends in the number of participants compared to the assumptions made; changes in benefit provisions; and changes in contributions to the Fund. Each of these factors is monitored closely by the Pension Board through the actuarial valuation, the biennial experience analysis and the advice of the Committee of Actuaries and the Consulting Actuary. Regarding the Asset and Liability Management study conducted in 2019, it was concluded that the Fund is expected to continue to be well funded throughout the 30-year projection with the strategic asset allocation targeted by the Office of Investment Management (OIM). In addition, with this investment strategy, there is a high probability that the current 23.7% contribution rate will be sufficient to meet ongoing funding requirements over this period. Furthermore, due to the maturity of the plan, achieving the Office's investment objective of 3.5% per annum in real return is the most important factor in maintaining the Fund's healthy funded status.

HISTORICAL DIFFERENCES BETWEEN REQUIRED AND ACTUAL RATE OF CONTRIBUTIONS



ASSET LIABILITY MANAGEMENT

Every four years, an Asset Liability Management (ALM) Study is carried out by an external consultant to evaluate the assets and liabilities of the Fund, and reviewed by the Fund Solvency and Assets and Liability Monitoring (FSALM) Committee. The ALM Study uses long-term capital market assumptions to model the assets and develop the optimal strategic asset allocation that would help to deliver on the obligations of the Fund.

The last ALM study was submitted to the Pension Board at its 66th session in July 2019. The Board took note of the results of the 2019 ALM study and the conclusions of the Committee of Actuaries and the FSALM Committee. More specifically:

- (a) The real rate of return earned by the Fund continues to be the most significant factor in maintaining solvency;
- (b) The 23.7% contribution rate continues to be appropriate;
- (c) There are no expected liquidity problems over the next 30 years, even though it is anticipated that benefits will exceed contributions in coming years owing to the growing maturity of the Fund.





Governance

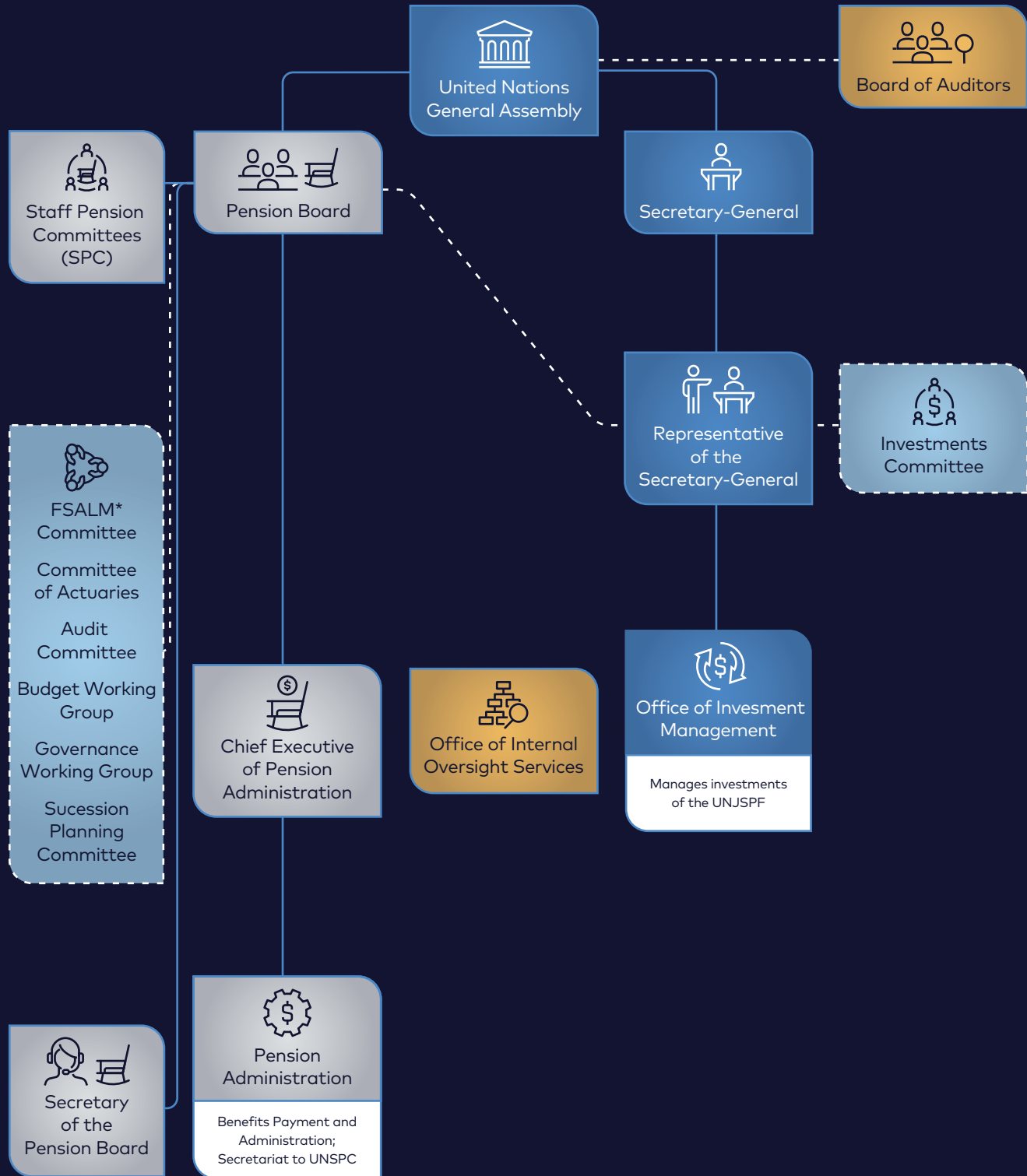
Governance

The Fund is administered by the United Nations Joint Staff Pension Board, the Chief Executive of Pension Administration, a Staff Pension Committee for each member organization and a secretariat to each such committee. Governance of the Fund has been high on the agenda of the Pension Board and the General Assembly of the United Nations for the past two years.

The independent post of Secretary of the Pension Board was created by General Assembly resolution 73/274 as of January 2020. A report on governance from an independent entity was submitted together with the 2020 Pension Board report to the UN General Assembly.



Governance chart



*Fund Solvency and Assets and Liabilities Monitoring Committee

Fund Administration

UNITED NATIONS JOINT STAFF PENSION BOARD



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



Composition: The Pension Board is made up of 33 members, of which, 11 represent the governing bodies of the member organizations, 11 are appointed by the Chief Administrative Officers of the member organizations, and 11 are elected by participants in service. Attendance at Board meetings includes other categories without voting rights, such as representatives of retirees.

STANDING COMMITTEE



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



Composition: The Committee has 15 members, of which, 5 represent the governing bodies of the member organizations, 5 are appointed by the Chief Administrative Officers of the member organizations, and 5 are elected by participants in service. In addition, representatives of retirees without voting rights may participate.

STAFF PENSION COMMITTEES (SPCs) AND THEIR SECRETARIES



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



Composition: Each Staff Pension Committee comprises an equal number of members representing (i) the governing body; (ii) the Chief Administrative Officer; and (iii) participants in service.



Secretaries: The Fund secretariat acts as the secretariat for the United Nations Staff Pension Committee (UNSPC). The Secretaries of the

Staff Pension Committees of other member organizations are appointed by the Chief Administrative Officer of the respective member organization, upon the recommendation of the respective Staff Pension Committee.

Pension Board Committees and Working Groups

COMMITTEE OF ACTUARIES



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



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

FUND SOLVENCY AND ASSETS AND LIABILITIES MONITORING (FSALM) COMMITTEE



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



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

AUDIT COMMITTEE



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



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

INVESTMENTS COMMITTEE



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



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

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

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

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

* At its 67th session, in 2020, the Pension Board decided to make the Budget Working Group a permanent committee.

RECORD OF BOARD MEETINGS

The 67th session of the United Nations Joint Staff Pension Board was held as a virtual meeting, from 22 to 30 July 2020.

The Board took note of the long-term financial stability of the Fund, as confirmed by the latest actuarial valuation. The Board welcomed the efforts of the pension administration team to maintain operations despite the challenges brought by the COVID-19 situation, and noted that the asset value of the Fund had increased from \$61 billion at the end of 2018 to \$72 billion at the end of 2019. Good governance being a priority for the Board, it reviewed the analysis of the Fund's governance prepared by an independent external entity in response to General Assembly resolution 74/263, and asked its Governance Working Group (GWG) to review the detailed proposals. The Board further reviewed the progress report of the GWG at a special session held in February 2021. The Board recommended that the General Assembly admit the Wassenaar Arrangement to membership in the Fund, effective 1 January 2021, as the 25th member organization of the Fund.

The Investments Committee met four times in 2020 and continued to advise the Representative of the Secretary-General on world economic and financial markets developments. The Committee of Actuaries held its meeting in June 2020, and focused mainly on the results of the actuarial valuation as at 31 December 2019.

The Audit Committee met three times, and the Fund Solvency and Assets and Liabilities Monitoring (FSALM) Committee met twice in 2020. The FSALM Committee focused on monitoring the risks to the Fund's solvency.

The Audit Committee continued to focus on internal and external audit, financial management, risk management and the internal control framework. The Board found it effective to delegate some of the detailed review work to the committees, which could devote more time to the detailed subject matter and interact with the Fund's management more effectively and at greater length than the Board would be able to do. Nonetheless, final responsibility remains with the Board which normally endorses the recommendations of the committees.

2020 GENERAL ASSEMBLY DECISIONS

In December 2020, the General Assembly adopted resolution 75/246 whereby it, inter alia, approved the Fund's budget for 2021.

The General Assembly approved the admission of the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies to membership in the Fund as the 25th member organization; it is now included in Article 3 of the Fund's Regulations as a member organization of the Fund.

The General Assembly also approved amendments to provisions of the Fund's Regulations and Rules and deferred consideration of the amendments to the Pension Adjustment System in its resolution 75/246. These reflect further the separation of the role of Secretary of the Board from that of the Chief Executive of Pension Administration, which was approved in 2019, by including in Article 4 that the Chief Executive of Pension Administration is part of the administration of the Fund, and in Article 8 that the Pension Administration shall serve as the secretariat of the United Nations Staff Pension Committee.

The UN General Assembly welcomed the decision of the Pension Board to recognize, mutatis mutandis, the Regulations Governing the Status, Basic Rights and Duties of Officials other than Secretariat Officials and Experts on Mission (ST/SGB/2002/9) as the code of the conduct for the Board. This decision resulted in the adoption of a new Section G of the Pension Board's Rules of Procedure (Annex III of the Rules, Regulations and Pension Adjustment System of the UNJSPF).

The Regulations and Rules in force as of 1 January 2021 are available on the Fund's website.



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Financial Statements

Certification of Financial Statements for the Year Ended 31 December 2020

The financial statements of the United Nations Joint Staff Pension Fund ("Fund") for the year ended 31 December 2020 have been prepared in accordance with the Regulations, Rules and Pension Adjustment System of the Fund, International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board and International Accounting Standard (IAS) 26, Accounting and Reporting by Retirement Benefit Plans as issued by the International Accounting Standards Board (IASB). The summary of significant accounting policies applied in the preparation of the financial statements is included in the notes to the financial statements. The notes provide additional information on and clarification of the financial activities undertaken by the Fund during the period covered by these statements.

Signed

Karl-Ludwig W. Soll, Chief Financial Officer,
United Nations Joint Staff Pension Fund
(New York, 28 May 2021)

Statement of Changes in Net Assets Available for Benefits

Thousands of US dollars

	For the year 2020	For the year 2019
INVESTMENT INCOME/(LOSS)		
Net change in fair value of investments	8 208 579	10 009 778
Interest income	598 316	518 791
Dividend income	817 362	918 469
Income from unitized real estate funds	74 344	78 547
Less: transaction costs and management fees	(179 840)	(158 748)
Less: withholding tax	(3 606)	(3 232)
Other investment-related income/(expenses) net	885	(1 348)
	9 516 040	11 362 257
PENSION CONTRIBUTIONS		
From participants	949 291	890 381
From member organizations	1 888 877	1 771 258
Other contributions	8 979	27 217
	2 847 147	2 688 856
PENSION BENEFITS		
Withdrawal settlements and full commutation benefits	176 971	194 582
Retirement benefits	2 622 862	2 511 119
Other benefits/adjustments	(10 852)	(5 736)
	2 788 981	2 699 965
INCOME FROM SERVICES PROVIDED TO THE UNITED NATIONS		
	7 313	-
ADMINISTRATIVE EXPENSES		
Secretariat of the Pension Board	1 144	678
Pension Administration	62 553	49 428
Office of Investment Management	37 651	40 028
Audit	1 846	1 631
	103 194	91 765
OTHER EXPENSES		
	1 128	952
Increase/(decrease) in net assets available for benefits	9 477 197	11 258 431

Statement of Net Assets Available for Benefits

Thousands of US dollars

	As at 31 December 2020	As at 31 December 2019
ASSETS		
Cash and cash equivalents	591 585	436 354
Investments		
Equities	48 245 215	42 309 141
Fixed income	22 377 531	20 412 531
Real assets	5 627 373	5 265 732
Alternatives and other investments	4 641 189	3 562 570
	80 891 308	71 549 974
Contributions receivable	50 364	64 912
Accrued income from investments	155 355	163 163
Receivable from investments traded	17 645	15 390
Withholding tax receivable	52 150	35 789
Other assets	27 310	25 398
Total assets	81 785 717	72 290 980
LIABILITIES		
Benefits payable	144 372	105 970
Payable from investments traded	2 234	27 191
After-service health insurance and Other employee benefit liabilities	116 330	103 989
Other accruals and liabilities	11 106	19 352
Total liabilities	274 042	256 502
NET ASSETS AVAILABLE FOR BENEFITS	81 511 675	72 034 478

Statement of Accumulated Benefits

Actuarial present value of accumulated plan benefits as of 31 December 2020

Millions of US dollars

If future pension payments are made under Regulations:	without pension adjustments	with pension adjustments
Actuarial value of vested benefits		
Participants currently receiving benefits	26 589	35 701
Vested terminated participants	1 142	1 963
Active participants	17 676	24 343
Total vested benefits	45 407	62 007
Non-vested benefits	984	1 252
Total actuarial present value of accumulated plan benefits	46 391	63 259

You can read the full financial statements here: <https://www.unjspf.org/documents/pension-fund-financial-statements/>

Report of the Board of Auditors on the Financial Statements: Audit Opinion

Opinion

We have audited the financial statements of the United Nations Joint Staff Pension Fund, which comprise the statement of net assets available for benefits as at 31 December 2020, the statement of changes in net assets available for benefits, the cash flow statement, and the statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2020, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the United Nations Joint Staff Pension Fund as at 31 December 2020 and its changes in net assets available for benefits and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standard 26.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of the Fund in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor's report thereon

The Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund, within their respective authority under the Regulations of the Fund, are responsible for the other information, which comprises the financial

overview contained in chapter IV below, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The Chief Executive of Pension Administration and the Representative of the Secretary-General, within their respective authority under the Regulations of the Fund, are responsible for the preparation and fair presentation of the financial statements in accordance with International Accounting Standard 26 and IPSAS and for such internal control as the management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the management intends either to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Fund.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Fund;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- (d) Draw conclusions as to the appropriateness of the management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention

in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern; and

- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the Fund that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and the financial rules of the Fund and their legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the United Nations Joint Staff Pension Fund.

Signed

Jorge Bermúdez
Comptroller General of the Republic of Chile
Chair of the Board of Auditors
(Lead Auditor)

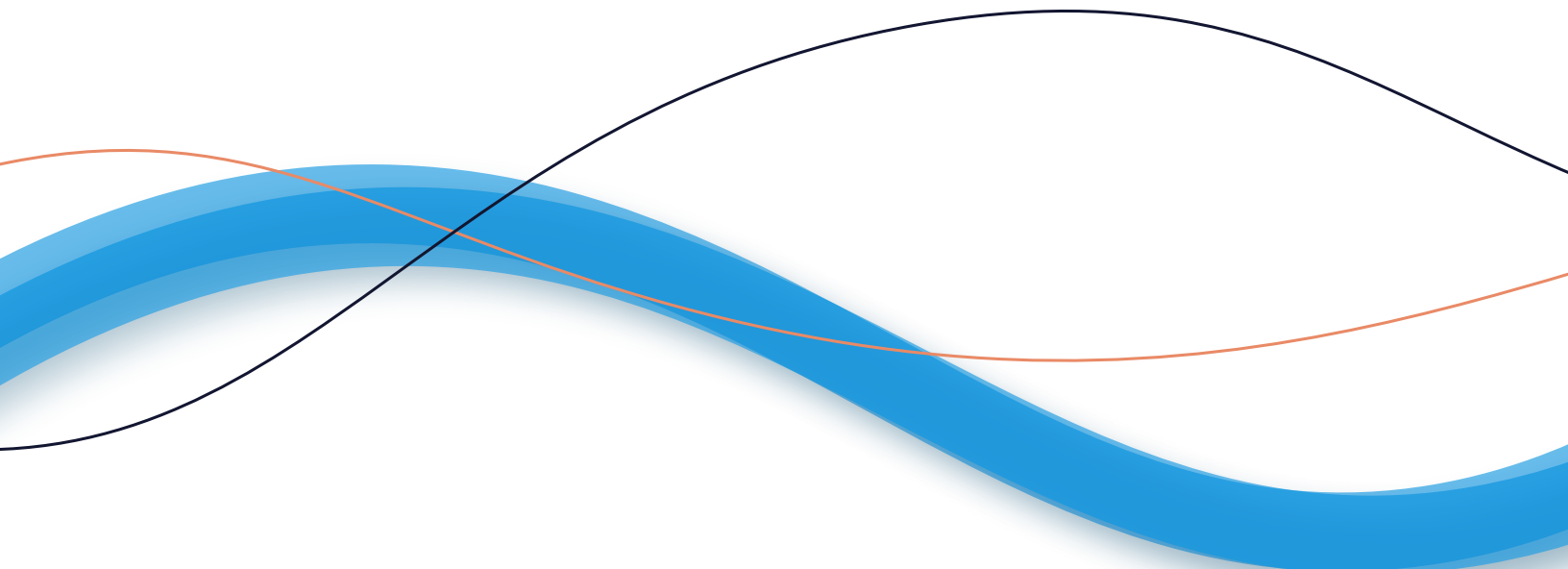
Signed

Kay Scheller
President of the German Federal Court of Auditors

Signed

Hou Kai
Auditor General of the People's Republic of China

22 July 2021



UNJSPF

United Nations Joint
Staff Pension Fund

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