



Wespath

BENEFITS | INVESTMENTS



2015-2016 SUSTAINABLE INVESTMENT REPORT

Global Investor— Sustainable Investor (an excerpt)

Sustainable Investment

Wespath invests in a sustainable and responsible manner, creating long-term value for our participants and clients while aspiring to uphold the values of the UMC.

Wespath is a founding signatory to the United Nations (U.N.) Principles for Responsible Investment (PRI), committed to “the incorporation of ESG issues into investment analysis and decision-making processes.”¹

Investing in a sustainable manner means Wespath incorporates the consideration of ESG factors into investments across asset classes and in the selection of external asset managers. We believe these efforts support long-term value creation while having a positive impact on the environment and society.

The Church also instructs us to “make a conscious effort to invest in institutions, companies, corporations, or funds with policies and practices that are socially responsible, consistent with the goals outlined in the *Social Principles*.” (*The Book of Discipline of The United Methodist Church 2016*, ¶717)

Focusing on these commitments, we invest in line with our sustainable investment goals of:

- Strengthening the long-term viability of our plans
- Promoting long-term sustainable business practices and values
- Expanding the global sustainable investment community

We believe the successful outcome of these goals will help to positively influence the financial markets, leading to better investment performance for the funds we manage on behalf of our participants and institutional investors.

Sustainability is also embedded in Wespath’s investment beliefs which state that sustainable investment can positively impact the performance of the funds we manage.

It is this belief that has driven us during the past two decades to urge companies and policymakers to create more

sustainable practices. This effort will remain a priority well into the future.

The following report highlights our sustainable investment activities in 2015 and 2016.

Our Sustainable Investment Strategies Include Five Key Elements

- 1 Active Ownership
- 2 Strategic Partnerships
- 3 Positive Impact Investments
- 4 External Manager ESG Integration
- 5 Ethical Exclusions



¹ www.unpri.org/about/the-six-principles

Sustainable Investment (continued)

The Six Principles of the PRI²

- 1 We will incorporate ESG issues into investment analysis and decision-making processes.
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 We will promote acceptance and implementation of the principles within the investment industry.
- 5 We will work to enhance our effectiveness in implementing the principles.
- 6 We will report on our activities and progress toward implementing the principles.



Gaining International Recognition

Wespath has been recognized as a global leader for our sustainable investment practices.



A+

Strategy and Governance

Wespath received an “A+” (on a scale from A+ to E) from the PRI in the area of *strategy and governance* in its annual assessment of how we are implementing sustainable investing across our funds. This covers our overall approach to sustainable investing, including our policies, targets, resources and the ways in which we partner with other investors to affect positive change.

A

Listed Equity

We received an “A” for the *listed equity* category, which evaluates how we select and monitor external asset managers regarding responsible investing. (You can read more about our efforts to evaluate and benchmark our managers regarding their sustainable investment practices on page 33.)

PRI’s Mission

“We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.”

The PRI is a leading proponent of sustainable and responsible investment.

² www.unpri.org/about/the-six-principles

ASSET
OWNERS'
DISCLOSURE
PROJECT

Ranking: **3rd** and **15th** Climate Change

Wespath ranked third among U.S. investors, and fifteenth globally for sustainable investment related to climate change, according to the 2016 Asset Owner Disclosure Project (AODP). The AODP is an independent not-for-profit organization which annually ranks 500 of the world's largest investors based on how they manage climate risk and invest in low-carbon solutions. Wespath was commended for ranking among the top 3% of asset owners in the world and specifically for our engagement activities, where we placed seventh globally.



Ranking: **7th** Engagement Activities



ASSET
OWNERS'
DISCLOSURE
PROJECT

2016 GLOBAL CLIMATE INDEX
THIS FUND RANKS AMONG THE TOP 3%
OF ASSET OWNERS IN THE WORLD WHEN
IT COMES TO MANAGING CLIMATE RISK.

