



ESG BELIEFS AND INTEGRATION



UNIVEST COMPANY





Multi-client

- 12 major funds across 4 continents
- Large range of investment services

Resource Constrained

- 32 employees, 10 in front office
- External versus internal resources

Sponsor support

- Unilever sustainable living plan
- Strong covenant, stable business



Value creation takes place over the long term

Asset Owners

- Evaluation period
- Process vs performance

Investment Managers

- Time horizon
- Style consistency

Corporations

- Long term focus
- ESG issues addressed





Value creation relies on the appropriate management of environmental and social resources and well-functioning, transparent regulatory regimes

- ESG as alpha factor and/or risk reducer
- Integration is required
- Tailored integration
- Assess manager performance





Investor stewardship creates long-term value in companies and financial systems

Change is better influenced through ownership and engagement, although divestment is appropriate in certain circumstances

Exclusion Ownership

Product

Practice

Company Engagement





It is appropriate to take account of our sponsor, Unilever's, strong view on sustainability and value creation, but in the context of our pension funds' fiduciary duties.

Optimal risk/return profile

Liability matching

Deliver pension benefits

Complement sustainable brand development

Sustainable investment processes

KEY IMPLICATIONS INVESTMENT PROCESS INTEGRATION





Manager Selection

- Manager evaluation score
- ESG commitment

Manager Monitoring

- 3rd party portfolio screening
- Controversies flagged

Manager Engagement

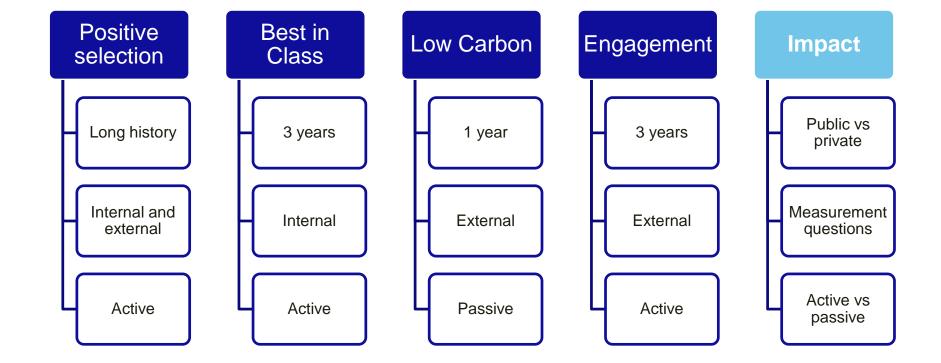
- Tailored
- Minimal performance impact

KEY IMPLICATIONS

SUSTAINABILITY STRATEGIES







INTERNAL MANAGEMENT

PRODUCT DESIGN





Key partners

- · What do we offer
- Where do we need expertise

Minimize unintended risks

- Sector & geographic exposure
- Appropriate diversification

Simplify the process

- Rules based portfolio construction
- Fundamental overlay

Set expectations

- Universe size
- Benchmarks

CASE STUDY

MANAGER ENGAGEMENT





Manager selection

- Unique strategy
- ESG not considered

Initial discussion

- Define the problem
- Set responsibilities

Research

- Complement manager strengths
- Collaboration

Solution

- Caution warranted
- Implementation costs

ESG BELIEFS & INTEGRATION

CONCLUSION





- > Smart integration
- > Define beliefs with Trustees
- > Utilize specialist partners and internal expertise
- > Impact investment management community