

What is ESG Investment?

Many Definitions, Same Foundation.

UNPRI: Responsible investment is a strategy and practice to incorporate Environmental, Social, and Governance (ESG) factors in investment decisions and active ownership

MSCI: The consideration of ESG factors alongside financial factors in the investment decision-making process.

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Environment

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Social

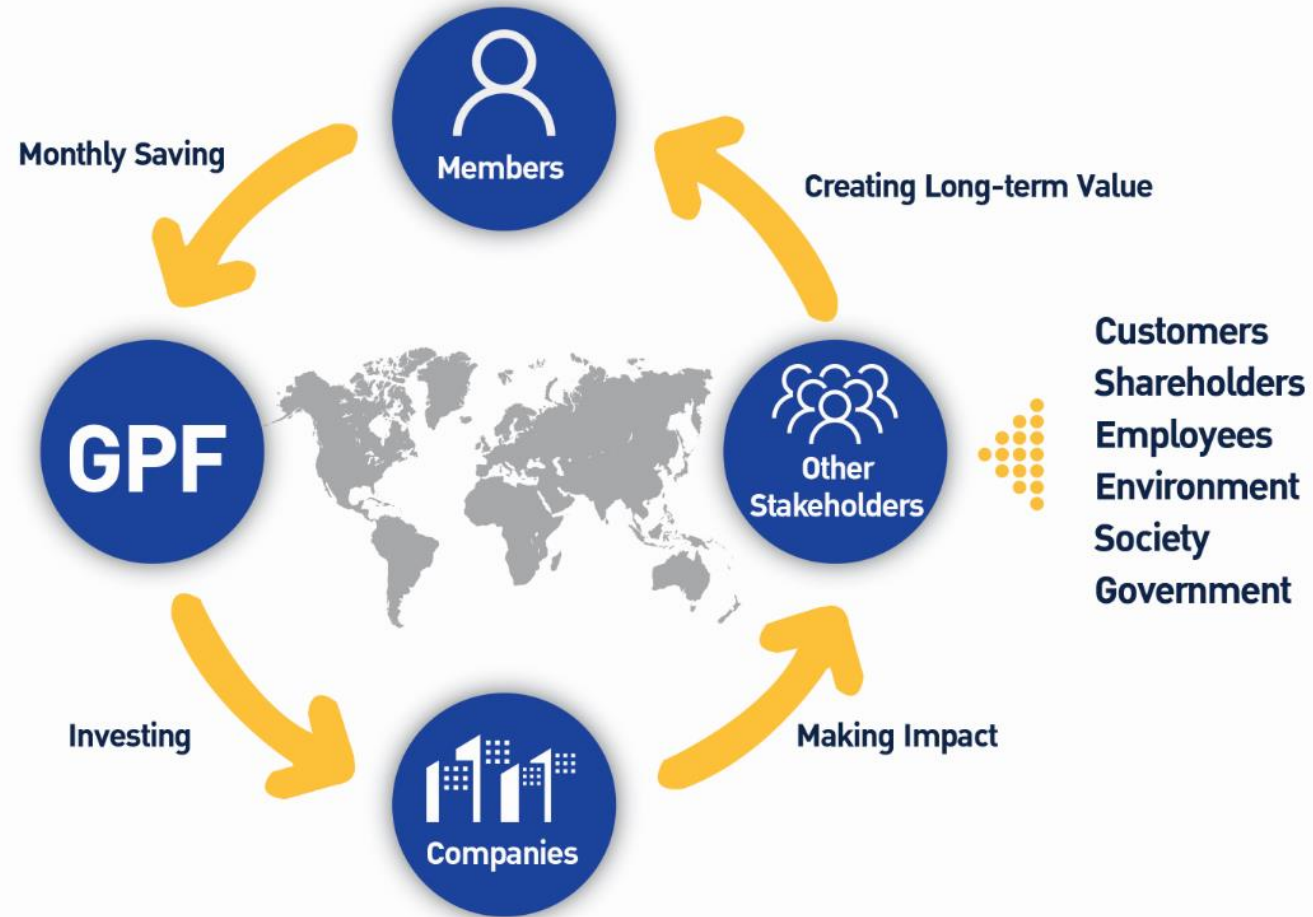
A large, blue, 3D-style letter 'G' with a grey shadow, positioned on a yellow diagonal beam.

Governance

GPF: ESG Investment means the integration of ESG factors into our investment process

Why ESG Matters to GPF

- Long Term Investor
- Provide Positive Social Impact



GPF-ESG Integration Framework



- Policies and Practices
- Value/Norms
- **Negative List Policy**
- **PRI Signatory**

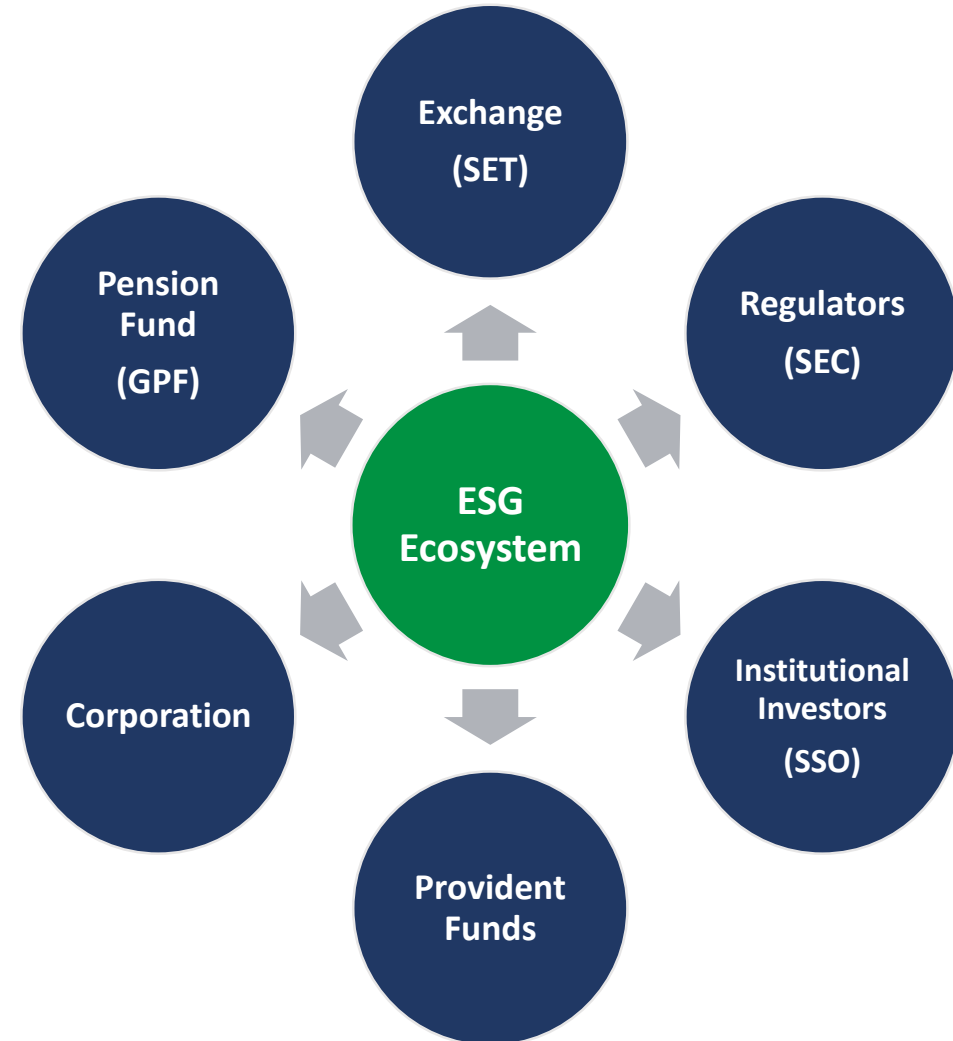
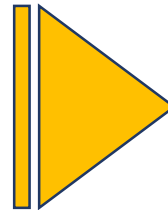
- **Assets Allocation (SAA/ MTAA/TAA)**
- **Equity → Bond → Alternative**

- **Investment Universe**
- **ESG Benchmark**
- Investment Analysis and Decision-making Process
- **Equity Valuation**
- **Fixed Income Scoring**
- **Due Diligence Guideline**
- **External Fund Manager Selection**

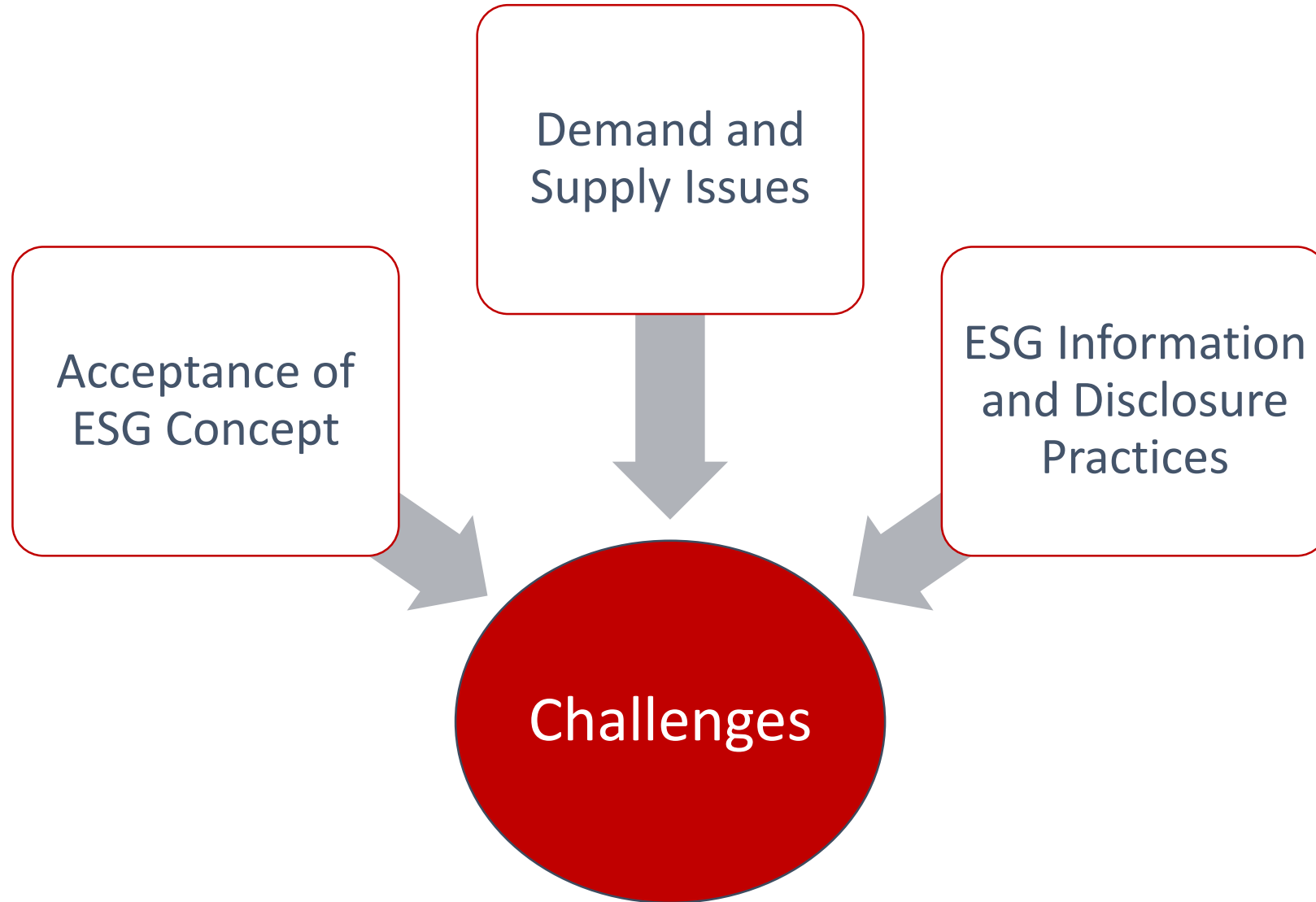
- Tail Risk
- Agency Risk
- Systematic Risk

- Active Ownership
- Proxy Voting
- ESG Disclosure
- **Active Engagement in ESG Issue**
- **Proxy Advisors**
- **Green Buildings**

Promoting ESG to Capital Market



Challenges in ESG Investment

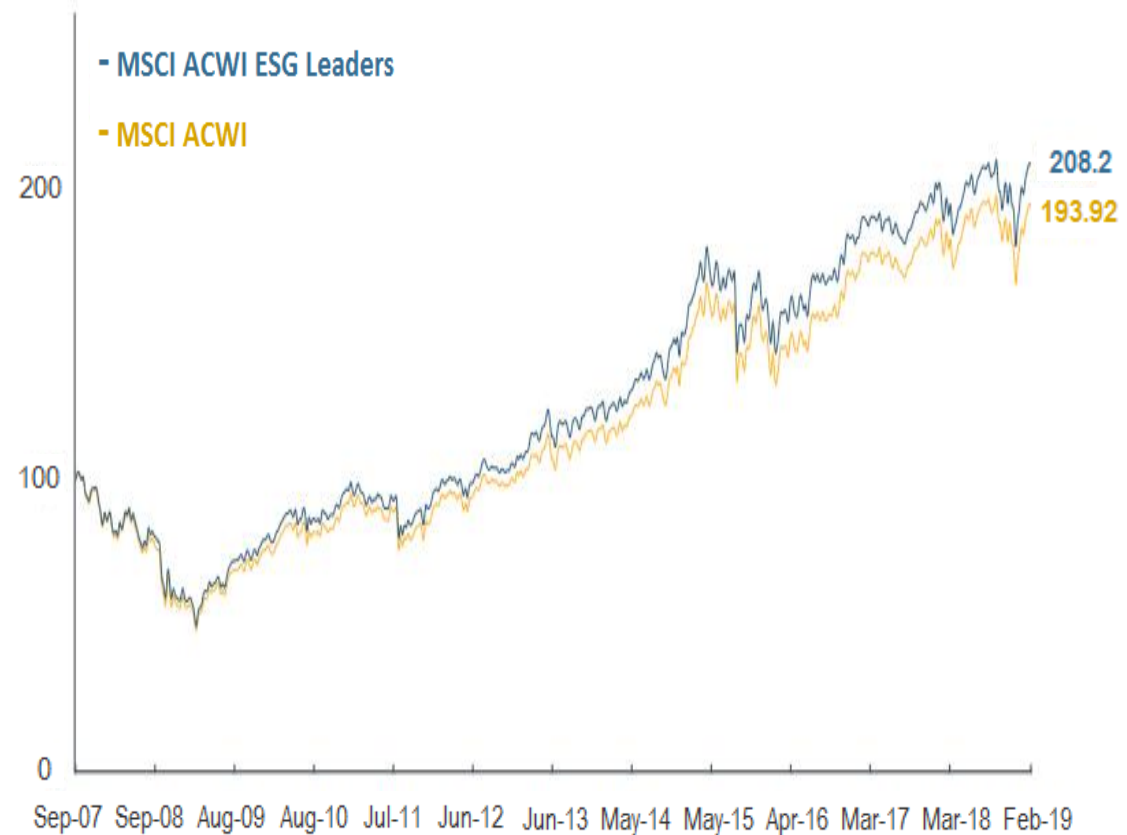


ESG & Profitability

- Superior Long Term Risk-Adjusted Return

- Better Risk Management

CUMULATIVE INDEX PERFORMANCE - NET RETURNS (EUR) (SEP 2007 - FEB 2019)



INDEX RISK AND RETURN CHARACTERISTICS (SEP 28, 2007 - FEB 28, 2019)

	ANNUALIZED std dev (%) ²			SHARPE RATIO ^{2,3}			
	3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr	Since Sep 28, 2007
MSCI ACWI ESG Leaders	9.53	11.12	10.95	1.17	0.98	1.27	0.50
MSCI ACWI	9.73	11.31	11.14	1.18	0.96	1.22	0.45

² Based on monthly net returns data

³ Based on ICE LIBOR 1M

Contribution to SDGs

- ESG investment
- Partnerships for the Goals

