THE WORLD BANK
Treasury

The World Bank Staff Retirement Plan and Trust

The World Bank Pension Plan (“WB Plan”) is comprised of three (3) pension funds, the largest of which is the Staff Retirement Plan and Trust (“SRP”). SRP is a funded contributory defined benefit pension plan established to provide retirement benefits to eligible employees of the World Bank Group. It was created in 1948 and formally approved by the IBRD Executive Directors as a trust in 2001. The remaining components of the WB Plan are Retired Staff Benefits Plan and Trust (“RSBP”), and Post-Employment Benefits Plan (“PEBP”).

All assets of the SRP are held by the World Bank Group in trust and, in its role as Trustee, IBRD holds and administers the assets solely to provide the benefits and pay the expenses of the Plan in accordance with the Plan Document.

Governance

As of June 30, 2016, there are more than 15,600 active participants and 9,800 retirees in the Plan.

The governance of SRP is set out in the Plan Document approved by the Executive Directors of the Bank. According to the Plan Document. The Pension Finance Committee (“PFC”) is vested with responsibility for the overall financial management of the Plan, including all investment and funding activities. The PFC guides and oversees IBRD with respect to the overall financial management of the Plan. PFC’s responsibilities include adoption of policies and rules for managing the Plan, including its investment, funding and ESG policies, and determining and directing the investment activities related to the Plan. This Committee is comprised of nominees from Management, the Bank's Executive Directors, staff, retirees, and other members.

Investment policy

The objective of investment management (along with the Plan's funding policy) is to ensure that the Plan has sufficient assets to meet benefit payments to beneficiaries. For funded pension plans, benefit payments are designed to be met through a combination of Plan assets, Bank and staff contributions, and investment returns on Plan assets. Through the funding and investment policies, the PFC seeks to achieve an appropriate balance between the level of expected long-run Bank contributions and the targeted investment return and associated portfolio risk.

The Plan’s investment policy outlines the Plan’s investment objectives and the framework used in defining the Plan’s strategic asset allocation. Asset volatility risk together with downside risk measures are considered the key indicators of the Plan’s overall investment risk and define the Plan’s overall risk appetite to pursue investment returns.

The Plan’s assets are diversified across a variety of asset classes. Investments within each asset class are further diversified across funds, managers, strategies, geographies, and sectors to limit adverse impact from individual investments.

The Plan’s ESG policy aims to meaningfully integrate ESG factors into the investment decision-making process, to the extent these can materially affect the risk-return profile of the Plan’s investments. The PFC periodically reviews the Plan's approach to ESG.

The following set of investment beliefs underpins the Plan’s investment policy:

- Plan liabilities should be explicitly considered.
- Investment strategies should be developed based on forward-looking insights.
- Diversification across less correlated risk factors improves portfolio risk-return profile.
- Illiquidity risk is rewarded over the long term.
- Strategic asset allocation drives investment performance over the long run.
- Consideration of ESG factors can enhance the investment process through a better understanding of risks and opportunities.

Responsible investments and ESG

As a responsible long-term investor and asset owner, the Plan has adopted a responsible investment policy based on a principled and pragmatic approach in accordance with, and subject to, the fiduciary standard applicable to the administration and investment of the WB Plan assets. The PFC believes that consideration of ESG factors, including but not limited to environmental practices, worker safety and health standards, and corporate governance, can add value to the investment process, and can affect the assessment of the risk and return characteristics of investments, even as the relative importance of these factors can vary across asset classes, industry sectors, geography, time, and structure of the investment opportunities.

The Plan’s ESG policy aims to add value to the investment process by ensuring an informed consideration of relevant risk-return characteristics across asset classes, and by encouraging external managers of the Plan to consider ESG factors where material.

An important milestone in recognizing the Plan’s ESG policy was achieved in November 2015, when the Plan became a signatory to the United Nations sponsored Principles for Responsible Investments (PRI). The PRI works to improve the understanding of the investment implications of ESG factors and to support its international network of investor signatories in integrating these factors into their investment and ownership decisions.