

An investor initiative
in partnership with
UNEP Finance Initiative
and the
UN Global Compact

Media release: embargoed until 23:00 on 3 July GMT

Global Investors Get Serious on Environment, Social and Governance Issues
“Principles for Responsible Investment” Releases Report on Progress

4 July 2007 – Geneva, Switzerland – A comprehensive survey of the world’s largest institutional investors released today shows that the global giants of investing are now actively integrating environmental, social and governance (ESG) issues into their investment policies and engagement strategies.

Eighty-eight per cent of investment manager signatories to the Principles for Responsible Investment (PRI) are conducting at least some shareholder engagement on ESG issues, while 82% of asset owners are doing so.

“These findings demonstrate that a sea change in global investing is underway”, said James Gifford, Executive Director of the PRI Initiative, which includes more than 200 institutional investors representing more than US \$9 trillion in assets. “More and more mainstream investors understand that ESG issues can be material to long-term results and therefore must be factored into investment processes”.

‘PRI Report on Progress 2007’, released today at the PRI annual event in Geneva, highlights the results of a survey carried out to mark the first anniversary of the launch of the Principles by UN Secretary-General Kofi Annan at the New York Stock Exchange in April 2006. The PRI are a set of best practice voluntary guidelines for institutional investors to assist in the integration of environmental, social and corporate governance issues into investment management and ownership practices.

While the results reveal that signatories are taking their commitments to implementing the Principles seriously – with plans to increase their level of responsible investment activity over the coming year – it also shows that there is still much to do.

Embargoed until 23:00 GMT, 3 July 2007

Key results include:

- More than half of signatories have asked investee companies for standardised environmental, social and governance (ESG) reporting, while 10% plan to start in 2007. The Carbon Disclosure Project attracted the greatest participation.
- 83% of investment manager signatories have specialist staff dedicated to responsible investment issues.
- 60% of asset owner signatories are involved in at least some form of collaborative engagement, with another 12% planning to become involved in the coming year.
- 66% asset owner signatories currently consider responsible investment issues to some extent in their investment manager selection processes, with another 13% planning to do so in 2007.

The goal of the survey is twofold: to provide a baseline for assessing the progress of the Initiative and to draw out best practices from leading signatories as part of the peer-learning process.

PRI Executive Director James Gifford said, "This report is ground-breaking. Never before have the responsible investment practices of institutional asset owners and managers been evaluated in such a systematic way."

PRI Chair Donald MacDonald added, "While signatories are making significant progress in implementing the Principles, we recognise that there is still a lot to be done. What is especially pleasing is that signatories are committed to increasing their responsible investment activities considerably during 2007. This year's assessment is the beginning of an ongoing annual process that will be improved over time".

PRI signatories welcome the initiative, not only as a reporting tool but also to assist in the self-assessment process. "This reporting tool will be very helpful for us as a signatory," says Nada Villermain-Lecolier, Head of Responsible Investment for Fonds de Réserve pour les Retraites (FRR) in France. "It provides a structured framework for contemplating and reporting our actions, and a mechanism for comparing our approach with that of our peers". Ms Villermain-Lecolier is a member of the PRI Assessment Group, which oversaw the development of the process.

Other significant results from the report include:

- 67% of asset owners and 83% of investment managers have adopted a formal policy on responsible investment – typically this is integrated within core investment policy statements. A further 15% of asset owners and 5% of investment managers plan to develop a policy in 2007.

Embargoed until 23:00 GMT, 3 July 2007

- Signatories have performed best in implementing Principle 2 (active ownership), followed by Principle 1 (integration of ESG issues into investment processes). Implementation of the other Principles is not as progressed.
- 80% of asset owners report that they have communicated responsible investment issues and the PRI to their beneficiaries.
- More than half of asset owner signatories made some reference to PRI-related requirements in requests for proposals, with another 23% planning to add PRI-related requirements in 2007. 18% of asset owner signatories are planning to ask their service providers to sign the PRI in 2007.

The full report is available on the PRI website at: <http://www.unpri.org/report07>

For additional comment, please contact:

Donald MacDonald
Chair of the PRI; Trustee, British Telecommunications Pension Scheme

James Gifford
Executive Director
Principles for Responsible Investment Initiative
+41 79 353 1536 (Switzerland)
+61 411 886 592 (Australia)
james.Gifford@unpri.org

Jane Ambachtsheer
Global Head of Responsible Investment
Mercer Investment Consulting
+1 416 868 2659 (Canada)
jane.ambachtsheer@mercer.com

Paul Clements-Hunt
Head of Unit, UNEP Finance Initiative
+ 41 79 349 54 86 (Switzerland)
pch@unep.ch

Gavin Power
Senior Adviser, UN Global Compact
+ 1 917 679 8144 (New York)
powerg@un.org

Embargoed until 23:00 GMT, 3 July 2007

Background notes for editors:

The Principles for Responsible Investment, convened by the United Nations Environment Program Finance Initiative and the UN Global Compact, was established as a framework to help institutional investors achieve better long-term investment returns and sustainable markets through better analysis of environmental, social and governance issues in investment process and the exercise of responsible ownership practices.

A full list of signatories to the Principles for Responsible Investment is available from <http://www.unpri.org/signatories/>

The Principles themselves can be found at <http://www.unpri.org/principles/>

Questionnaire details

In February 2007, PRI signatories were asked to complete a questionnaire intended to assess their progress on implementing the six Principles for the period until the end of 2006 and into the early part of 2007. The questionnaire was structured around the six Principles, in a way that allowed all signatories the opportunity to report on progress regardless of their stage of PRI implementation. The questionnaire was completed by 62 asset owners and 44 investment managers. The overall response rate was 77%, with 85% of asset owners and 69% of investment managers participating. All respondents to the PRI's annual Assessment and Reporting Tool will receive confidential feedback on their individual results, allowing them to determine relative positioning against peers.

The PRI Reporting and Assessment Tool was developed for the PRI Initiative by Mercer Investment Consulting with extensive input from the PRI Secretariat, the PRI Assessment Working Group, and a range of experts from signatory and other organisations.

PRI Conference

The PRI's first conference, *PRI in Person*, is to be held in Geneva on 3-4 July and is to be attended by 130 delegates from around the world.

UN Partner Agencies

UN Global Compact
www.unglobalcompact.org

United Nations Environment Program Finance Initiative
www.unepfi.org