

# PRI FORMAL CONSULTATION: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

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# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Innes Harding

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**Signatory Category:** Investment Manager

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**Region:** Europe

**Country:** UK

**Organisation:** Aalto Invest

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

The impact of retail financial advisors, and banks should be monitored for potential inclusion into the programme

**1c. Should any elements be removed from the scope?**

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

From a high level the list does cover most areas. However the practicalities of implementing once drilled down in to the detail and granular nature is where the challenges lie. Not all relationships are the same in all situations. Alignment of interests can be achieved in many ways as is the same for misalignment.

2c. Should any risks, challenges or causes be removed from the current list?

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Again from a high level the drivers are intrinsically linked with the geopolitical and in fact the geopolitical could have greater influence than the drivers in certain areas and circumstances.

3c. Should any drivers be removed from the current list?

Insurance companies, mutual funds and governance of pension schemes can provide a huge amount of pressure to the asset management industry to drive investment product change.

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

These sorts of questionnaires, meetings, seminars etc are good way of bringing likeminded institutions together.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

As a recent signatory we have yet to provide our initial impact reports.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

Potentially this could be done- but monitoring and ensuring its compliance could be an issue for those who are unable

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Greater inclusion and activity from a broader cross section of the finance industry including those members in emerging markets and established markets.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Warwick Busfield

**Job Title:** Sr Compliance Analyst

**Signatory Category:** Asset Owner

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**Region:** Oceania

**Country:** New Zealand

**Organisation:** Accident Compensation Corporation

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

No

**1b. Should any elements be added to the scope?**

No

**1c. Should any elements be removed from the scope?**

Your efforts should be confined to ESG issues and the Principles we signed up to.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

Your efforts should be confined to ESG issues and the Principles we signed up to.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

I do not agree that the current financial system is unsustainable. Your efforts should be confined to ESG issues and the Principles we signed up to.

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Stop changing the mission

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Develop a Reporting Framework that recognises beneficial ESG activities

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

Your activities need to "lie within market practices, structures and regulation"

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

The current six principles reflect our responsible investment activities and priorities

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

All the entities that are listed in public markets globally understand what "ESG" means, disclose the ESG factors impacting their business, quantify those factors, develop and publish various strategies to mitigate the negative impacts, establish achievable end-goals for these activities and track their progress towards these goals on a regular basis.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

**Additional comments**

PRI should partner with organisations that can help various companies, industries, sectors and economies identify and quantify their ESG issues, publish those, develop plans to mitigate their down-sides, establish achievable goals for those plans and publish their progress towards these on a regular basis

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Brian Minns

**Job Title:** Manager, Sustainable Investing

**Signatory Category:** Investment Manager

**Email Address:** b.minns@addenda-capital.com

**Region:** North America

**Country:** Canada

**Organisation:** Addenda Capital Inc.

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

We agree that there are barriers in current market practices, structures and regulation that undermine the interests of investors and the economic systems within which they operate. These barriers must be removed and reshaped over time in order to enable the development of a financial system that supports sustainable development. Overcoming these barriers will allow investors to allocate capital efficiently and in the most productive manner.

We are concerned by the proliferation of initiatives seeking to address these barriers and we are not sure about the role the PRI should play nor what role the PRI is already seeking to play. Investors operate with finite resources and most tend not to devote significant resources to addressing the large-scale, systemic issues contemplated in the PRI's consultation paper. Regarding the role of the PRI, there are a lot of signatories, which probably means a lot of

different views on a sustainable financial system which have perhaps not yet been captured. Also, it is not clear that the interests of signatories as expressed in surveys, will translate into long-term commitments to collaborate to effect systemic changes, which would appear to be the role the PRI should be playing in due time.

Regarding the inclusions and exclusions that the PRI should focus on, this would seem to be a very important starting point worthy of a more meaningful dialogue with signatories, financial market experts, economists, ecologists, etc.

In any event, the importance of focusing on regulators and regulations should not be underestimated given the highly ambitious nature of this work to support the development of a sustainable financial system.

### 1c. Should any elements be removed from the scope?

Perhaps – many links in the investment value chain have been identified as in scope. Addressing the barriers in just one of these links is likely a multi-year project requiring a lot of resources and sustained effort – just look at the ongoing work of the Sustainable Stock Exchanges initiative. Perhaps the PRI should focus on coordinating the many required initiatives up and down the investment value chain?

## 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?

No

### 2b. Should any risks, challenges or causes be added to the current list?

It is not clear that the problem has been framed in the most effective way. Even by having this as the second question instead of the first question suggests we might want to go back to first principles. Has the problem been defined correctly? If we are seeking large scale system wide changes then we need to be sure we have identified the right problems to try to fix. What are the symptoms, where is the proof? What are the causes, where is the proof? What are the root causes, where is the proof?

For instance, “misaligned incentives”, is in the list of consequences but is it not also a potential cause?

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

no response given

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

When it comes to the Sustainable Development Goals, the PRI's focus should be on facilitation. The PRI can facilitate the work of the subset of signatories that wish to align their responsible investment activities with the Sustainable Development Goals but it may be too early to force that alignment on other signatories. Options such as updating the Reporting Framework to enable reporting on signatory SDG work or compiling examples of signatory work around SDG's could be useful at the right time.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

It is probably best to develop the SDG work outside of the Reporting Framework for the next few years.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

Perhaps in time the Principles should be updated (this would not be the only change we might suggest) but perhaps the current focus should be on promoting implementation of the current Principles.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

As per our answer to question 6, revisions to the Principles are not needed at this time. If signatories truly understand them as principles, than their ambition should not be limited by specific wording of what they have committed to implement.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success for the PRI should mean that signatories are happy with the activities of the secretariat and that signatories see value in remaining involved. Signatory satisfaction and net promoter scores would make sense as metrics. The PRI should also be able to demonstrate

its usefulness as a convenor, bringing signatories together to address issues of common concern. Process metrics like number of engagements facilitated or number of meetings organized for signatories might make sense. The PRI might also want to consider the quality of its communications with signatories – there may be 1,400+ signatories, but how many are truly engaged in the initiative or implementing the Principles? Also, The PRI's influence is in part a function of its reputation and others' perception of it and so the PRI should preserve and strengthen its reputation and monitor it.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

If other established reporting organisations (e.g. GRI, IIRC) are going to develop investor reporting supplements for their sustainability reporting frameworks then the PRI should partner with them and connect them with knowledgeable and credible signatories. That said, the PRI need not proactively encourage these established reporting organisations to develop investor reporting supplements.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Alexander Shaik

**Job Title:** Partner

**Signatory Category:** Investment Manager

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**Region:** Asia

**Country:** Hong Kong

**Organisation:** ADM Capital

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

no response given

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

Political change

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Political change.

Resource scarcity.

3c. Should any drivers be removed from the current list?

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a**

**sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Broader penetration amongst Emerging Markets Financial Intermediaries and Fund Managers

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

Additional comments

At this stage in development, I think that the current PRI focus on broadening its reach, educating members and the public and bringing PRI principles into the day-to-day investment policies and processes of financial intermediaries and fund managers is appropriate.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Hyewon Kong

**Job Title:** Associate Portfolio Manager

**Signatory Category:** Investment Manager

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**Region:** North America

**Country:** Canada

**Organisation:** AGF Investments Inc

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

PRI can support signatories with Options 4 and 5 in Consultation paper 16.

Option 4) Conduct policy and research activities in support of specific SDGs of concern to signatories from investment materiality perspective.

Option 5) Focus our investment practices work on providing guidance as how responsible investment and ESG integration can contribute to SDGs.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

As per our answer to Question 4, PRI needs to conduct investment materiality research and provide guidance first before addressing its Reporting Framework.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

There are currently no KPIs from each PRI Principle so PRI can work on setting key KPIs from each principle. e.g. Principle 1: PRI should work with accounting standard boards and accounting firms to develop ESG factors incorporated in existing accounting standards. PRI can measure success by determining whether this has been achieved. We are happy to provide further ideas on setting KPIs going forward.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

**Additional comments**

As per our answer to Question 8, PRI should partner with accounting or financial reporting standards, rather than creating another separate sustainable reporting frameworks.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Alison Schneider

**Job Title:** Director, Responsible Investment

**Signatory Category:** Investment Manager

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**Region:** North America

**Country:** Canada

**Organisation:** Alberta Investment Management Corporation

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

AIMCo agrees with the scope outlined the PRI Consultation documents. We agree the primary focus should be the investment value chain, with a secondary focus on monetary and economic policy makers. We recommend including industry associations in the 'secondary focus' category. They play an important role in promoting risk management, encouraging data collection on material ESG issues and in establishing industry baseline data. A tertiary focus could include the major providers and validators of ESG data. These stakeholders are important to the global financial system as they are essential to the capability and accuracy of the ESG data used in the investment value chain.

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

It is difficult to capture all risk drivers and challenges to the development of a sustainable financial system. While this list of risk drivers is comprehensive, it does not adequately capture the interdependence of underlying risks and stakeholder relationships. We suggest the underlying causes of risk facing the financial system include the following 5 buckets: macro-economic risk; market risk; legal and regulatory risk; credit risk and externalities. This framework may then focus deeper analysis into the underlying systemic risks rather than on stakeholder relationships, which are not explicit underlying risk drivers for the financial system. Investors may encourage responsible corporate behavior but are not responsible for corporate behavior- their role is not so much to exercise ownership control but to exercise voice. Investors may encourage responsible corporate behavior; how-ever their role is not so much to exercise ownership control but to exercise shareholder voice.

The current list of risk drivers does not capture important differences in investor strategy, such as variations in risk tolerances, return objectives, and investment time horizons, which impact ESG integration. We recognize that some risk drivers such as corporate governance issues tend to be country (market) and industry specific, whereas others such as principal agent issues tend to be systemic and reach across several risk buckets.

**2c. Should any risks, challenges or causes be removed from the current list?**

The question of trying to identify all facets of financial risk may, we suggest, be best addressed by agencies such as the IMF, World Bank, WTO and the FSB.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

### 3b. Should any drivers be added to the current list?

We suggest adding to the ‘lack of transparency’ risk listed in #1, as this may be reflected by a lack of ESG industry reporting protocols. Poor quality and insufficient ESG data leads to a lack of transparency and poor quality information- there is no industry baseline data from which to discern best and normative practices in each jurisdiction.

We suggest adding legal risk to regulatory risk. Changing regulatory regimes are rapidly changing corporate liability and environmental protocols. For instance, the expanded scope of director liability in Australia establishes a legal precedent for other commonwealth countries.

### 3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

Investors impact the SDG’s substantially simply by channeling deal-flow to sustainable real assets and responsible companies. Companies, in turn, contribute to global prosperity and core quality of life indicators by providing essential services and by employing millions of people. However, certain SDG’s are better aligned with investors’ fiduciary mandate to clients than others. We suggest that the PRI assist interested investors in mapping these out and reporting on the indicators most aligned with our respective fiduciary mandates. The PRI can also raise investor awareness of the SDGs, while recognizing its diverse constituent membership base.

### 5. How can the PRI better capture the impacts and outcomes of signatories’ responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

We suggest the PRI focus on capturing and reporting on the outcomes of its various work-streams and ongoing advocacy and related activities. The reporting framework should be able to capture investor activities related to the SDG’s by providing related questions embedded in

the current framework, rather than by providing stand- alone separate sections dedicated to the SDGs.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.**

no response given

### 6b. additional comments

The Mission of the PRI already addresses the development of a more sustainable financial system risk, which may make adopting a 7th Principle based on addressing financial system risks somewhat redundant. As investor fiduciaries we already have an embedded mandate to advocate for financial stability and to protect against systemic risk. However, as we are already committed to doing so, if the vast majority of the PRI signatories are in favour of this amendment, then we would fully support it.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

### 7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

We suggest this topic be deferred to another consultation, as effective metrics and targets cannot be determined until the PRI's focus areas are determined. In general, we recommend the PRI focus more on systems-based success indicators such as the share of global deal flow facilitated by PRI signatories, global investments in sustainable real assets, linkages to certain SDGs, etc.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

The PRI should partner with other established reporting organizations in order to better align corporate reporting requirements, reduce companies' reporting burden and promote relevant, accurate, reasonable and aligned corporate reporting. Partnering with other organizations would allow the PRI to help promote industry adjusted, standardized methodology. PRI should however exercise caution when selecting partner organizations, as collaboration with too many entities can result in scope creep, the inclusion of non-material issues or an unintended shift in priorities/focus.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** William Bryant

**Job Title:** William Bryant

**Signatory Category:** Service Provider

**Email Address:** w.bryant@albourne.com

**Region:** Europe

**Country:** UK

**Organisation:** Albourne Partners Limited

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

The role of lawyers in the construction of securities and products should be within the scope.

**1c. Should any elements be removed from the scope?**

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

The role of gender/sexual equality and changes within this.

3c. Should any drivers be removed from the current list?

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Give more examples of how investing in different securities will impact on SDGs.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Increase the reporting requirements for asset managers such that impacts and outcomes are considered by all parties within the investment chain.

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The support that has been given to many different organisations.

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

Additional comments

The Open Protocol - <http://www.theopenprotocol.org/>

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Peter Lööw

**Job Title:** Head of Responsible Investment

**Signatory Category:** Asset Owner

**Email Address:** peter.loow@alecta.com

**Region:** Europe

**Country:** Sweden

**Organisation:** Alecta Pensionsforsakring

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Best practices, arrange round table discussions and through webinars.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Not applicable since we are new signatory.

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

## Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Urs Bitterling

**Job Title:** ESG Office

**Signatory Category:** Asset Owner

**Email Address:**

**Region:** Europe

**Country:** Germany

**Organisation:** Allianz SE

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

What about transparency?

More information on more issues will be virtually instantly available -> impact on investment research, but also (public) perception of/in markets?

3c. Should any drivers be removed from the current list?

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

no response given

6b. additional comments

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

no response given

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**
- 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

no response given

Additional comments

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Bruce Smith

**Job Title:** Portfolio Manager

**Signatory Category:** Investment Manager

**Email Address:** bruce.smith@alphinity.com.au

**Region:** Oceania

**Country:** Australia

**Organisation:** Alphinity Investment Management Limited

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

the real answer should be Yes and No - all are worthy and you could add many more I'm sure but it does feel a little as if PRI is trying to be all things to all people which may not be helpful to focusing on achieving outcomes.

#### 1c. Should any elements be removed from the scope?

no response given

### 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

Again, difficult to argue against any of those factors listed although some of the examples are a little naive or don't reflect a clear understanding of how the various parties operate in the system, or may be outside the ability of a body such as PRI (or indeed any asset owner or fund manager) to achieve

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

no response given

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The reporting framework is quite complex and comes up with some curious results, it is a little concerning to think of it becoming even more complex by trying to incorporate 17 SDGs. It might be helpful to focus on a limited number of SDGs with very clear financial markets impacts or ability to influence so that we can focus on achievable outcomes

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

It is good to have a review, and adding sustainability of the financial system to sustainability of the planet is worthy and appropriate, depending on how it is phrased

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

Principle 4 is less critical in the present time when ESG is mainstream, as it is in the developed world.

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

An organisation that no longer needs to exist

- 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

### Additional comments

It concerns me a little that the PRI could become an ever-larger and more complex organisation which may work against it achieving definable goals. It should have a sharp focus on what is needed by the investment community and should be very cautious about becoming vulnerable to mission creep by joining up with other organisations - the benefit for PRI members would need to be very clear

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Begoña Aguilera

**Job Title:** Director

**Signatory Category:** Investment Manager

**Email Address:** baguilera@altamarcapital.com

**Region:** Europe

**Country:** Spain

**Organisation:** Altamar Capital Partners, S.L.

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

NO

1c. Should any elements be removed from the scope?

NO

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

NO

2c. Should any risks, challenges or causes be removed from the current list?

NO

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

We would propose to add a driver regarding the more relevant role that non traditional banking institutions are having as credit providers (e.g insurance companies).

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

It is our understanding the first step for investors to eventually align responsible investment activities with the SDGs is education and training. Therefore, we see it as key the PRI to conduct research activities and seminars that able PRI signatories to better understand what is responsible investment and how their daily business might impact the society as a whole.

Secondly, from our point of view, PRI could be of great help providing guidance and appropriate tools to put all this knowledge into practice.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

We agree signatory contribution to the SDGs is a way for the PRI to better capture the impacts and outcomes of signatories' responsible investment activities via its Reporting Framework. However, we think this should be complemented with concrete evidence of signatories' commitment with these principles (e.g asking to each signatory i) to identify which concrete goal (among the 17 SDGs) its activity may impact on, ii) to elaborate a medium / long term action plan to address them, and iii) to periodically report potential improvements).

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

We agree with the idea of adding a seventh Principle, which, as far as we see it, should emphasise the fact that the signatories need to take steps ahead to address broader financial system risks.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

This revision should be covered with the new principle suggested in the previous question.

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

On the one hand, we agree that reporting on responsible investment activity and outcomes relevant to a sustainable economy should become part of the normal reporting processes of financial institutions. A metric to determine whether this goal has been achieved could be the development of formal reporting frameworks that effectively reflect the progresses made by signatories yearly.

On the other hand, one of the main targets for PRI in the following years may be entering into new countries.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

We understand a general consensus among reporting organisations on an agreed adequate reporting supplement would definitively help investors to better measure and report their investment activities impact. Besides, an integrated and standardized reporting would also help to compare different players' performance and evolution.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Adam Kirkman

**Job Title:** Head of ESG, AMP Capital

**Signatory Category:** Investment Manager

**Email Address:** adam.kirkman@ampcapital.com

**Region:** Oceania

**Country:** Australia

**Organisation:** AMP Capital Investors

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

Agree the PRIs 'primary focus' should continue to be directed at the investment value chain - i.e. beneficiaries, asset owners, investment managers, advisors and service providers, companies and issuers, exchanges and regulators. Agree this universe captures the key actors (stakeholders for the PRI) within the capital markets (and the inter-relationships between each).

While progress is being made on integrating ESG considerations within certain elements of the value-chain, this is not however consistent or universal across the full spectrum of actors.

Our observation is that significant variation still exists in the demand / supply related ESG signals occurring along the value chain which also varies across geographical regions.

**1c. Should any elements be removed from the scope?**

Perhaps it may be worth considering whether to remove the 'secondary focus' on macro prudential authorities and business banking, where the PRI observes / admits it has less direct influence. Focusing the attention and resources of the PRI on key areas of 'unfinished business' (in terms of ESG integration and inter-relationships along the value chain) would provide a 'directional' focus on areas where the PRI has the greatest influence and could make the most significant long term contribution to responsible investing.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

The consultation document and supplementary report provides a useful summary of the main issues, causes of risks, and challenges to developing a sustainable financial system.

The challenge will be crystallising these into key priority (focus) areas where the PRI determines it can have the greatest influence / impact. Categorising the areas of risk and challenges into the four key areas shown in the consultation paper is a positive first step. Perhaps a worthwhile consideration may be the creation of sub-categories for the more extensive 'underlying lists' of causes and risks. For example causes and risks could be further characterised depending on whether they may represent or symbolise: systemic risk (e.g. externalities such as climate change), structural (incentives), cultural (short-termism), regulatory failure etc. This may assist in further informing / determining priority areas.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

### 3b. Should any drivers be added to the current list?

The 'technology' driver is closely aligned or could be expanded to include themes such as 'innovation' and 'disruption'.

'Trust in the financial system' is closely aligned to the themes of 'ethics and ethical behaviour' and 'culture', both of which are likely to be important drivers / considerations in the financial system of the future.

'Convergence' and 'harmonisation' of regulations and enforcement regimes may also be key another consideration.

### 3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

As a UN supported organisation, the PRI's acknowledgment of the SDGs is a worthwhile consideration. The explicit incorporation of the SDGs as a framework for monitoring alignment with a signatory's investment activities, does however raise certain issues. It may for example divert signatories attention away from the PRIs core objective of furthering the integration of ESG practices into investment processes. There is still much more to be achieved across the industry as the PRI has noted.

Other concerns may be that some signatories use the SDGs as an opportunity to highlight (greenwash) a small proportion of their investment portfolios as 'delivering upon key societal goals' while certain other undisclosed investment activities could be perceived as doing the opposite, which may raise implications for the integrity of the PRI initiative.

The alignment of some SDGs to investment themes and practices is also a lot clearer than other SDGs. In meeting their fiduciary duties and targeting investment opportunities, investors may certainly be considering global thematic issues like water, climate risks, consumption trends etc. Investment related linkages to issues like peace and justice; poverty and hunger eradication, and preventing global inequality are more questionable and considered more to be the realm of governments and policy-makers.

As an investment manager there are certainly examples where our existing investment activities and company engagement practices do align with some SDGs. Examples include investments in sustainable energy and climate (renewable energy, green bonds); global health (hospitals) education (schools) gender equality (board diversity); water (utilities); sustainable cities etc.

In summary most signatories will probably be awaiting a lot more information on what this might mean in practice, before the SDGs became an aligned feature of the PRI (principles / mission etc.) and / or a permanent part of the annual reporting framework.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

#### 6b. additional comments

Yes in principle this could perhaps be made clearer in a way that is still consistent with the voluntary and aspirational nature of the existing principles and their alignment with fiduciary duties.

Amendments could be considered to the 'Mission statement'. Alternatively to Principles 4 or 5. Adjustments could also be considered to the possible / suggested actions under these existing principles.

Principles 1-3 should continue to be the key focus of PRI signatories.

#### **7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

no response given

#### 7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

#### **8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Through the reporting and assessment framework signatories should be held accountable when they continue to demonstrate a lack of progress integrating the principles over time.

The PRI should maintain its long term focus on fostering the systematic consideration of ESG issues in the investment process.

These two focus areas would continue to strengthen the credibility of the PRI initiative and ensure ESG issues become a mainstream consideration in institutional investing. It will enhance the PRIs reputation as a credible and influential organisation in expanding its work programs and advocating for a sustainable financial system.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

no response given

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** gabriel khayat

**Job Title:** Intern

**Signatory Category:** Investment Manager

**Email Address:** gabriel.khayat@andbank.es

**Region:** Europe

**Country:** Spain

**Organisation:** Andbank Wealth Management SGIC

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

If the PRI is focused on the financial system, then it should be involved in all different areas of the business. Nevertheless, as it is a young organization, it is important to grow slowly and efficiently.

In time, we think the PRI should be involved in all areas of the financial system, since it is part of duty to invest responsibly.

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

The supplementary document is a great complement to this brief but very accurate list of causes of challenges to the establishment of a sustainable financial system.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

More emphasis should probably be given to "trust" in the financial system. This is the most important driver. We need the world to know that the financial system has changed, evolved and is now becoming more and more focused on ESG principles.

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The most efficient way to better support signatories to align their RI activities with SDG is awareness. We need to demonstrate how vital it is to concentrate our effort towards the future state of the world, committing to helping the environment, promoting universal access to healthcare, education etc.

To do this we need to work together and promote the SDG principles in our industry.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

To capture the impacts and outcomes of signatories' responsible investment activities via the Reporting Framework, the PRI needs to be close to its signatories, no matter the number, to guide them and inform them about the importance of SDG.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

I do not think you should add a seventh Principle, since it is already implicit. A member of such a noble organization needs to understand the rights but most importantly the duties given to him.

We at Andbank Wealth Management are already spreading the word to other businesses for them to enroll the PRI and being active Responsible Investors.

A signatory should fully understand the immense responsibility of changing the world, whether it is in the financial system or any other industry.

What the PRI probably needs to do is to communicate clearly that the PRI is not only a simple membership to a random organization, but a great commitment that carries many duties.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

#### 7b. Additional comments

I personally believe that the Six Principles are extremely clear, straightforward and shouldn't be altered. This membership is simply a confirmation of a necessary state of mind in our society, and members should already have this in mind before enrolling.

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

After all that has happened in the financial system in the past decade, the PRI is what the world needs right now but also in the future. Without a doubt, the PRI initiative will have an even greater success in 10 years' time.

To monitor this success, we will only need to see the evolution of PRI signatories, the number of actions made across the world to help the environment, provide healthcare and education to all etc..

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

It is a great idea to establish a partnership with a reporting organization. However this shouldn't put an overwhelming pressure on the PRI signatory.

In other words, it should not increase the complexity of the framework, but simplify it without losing the essentials, attracting more and more agents in the financial system

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Nadine Viel Lamare

**Job Title:** Head Sustainable Value Creation

**Signatory Category:** Asset Owner

**Email Address:** nadine.v.lamare@ap1.se

**Region:** Europe

**Country:** Sweden

**Organisation:** AP1

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

This is in general OK.

**1c. Should any elements be removed from the scope?**

If any, the banking sector, but that is not necessary.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

It is very important that there is transparency about different risks.

2c. Should any risks, challenges or causes be removed from the current list?

It is a kind of grey zone regarding challenges. Different challenges will lead to different consequences in different areas.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

It is important that there is transparency over risks from different drivers

3c. Should any drivers be removed from the current list?

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

This is a very good area for PRI to focus on - the right high level issue where it is difficult for individual signatories to develop a framework. PRI should focus on investment practices, work on providing guidelines as to how responsible investment and ESG integration can contribute to SDGs.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

PRI should ensure that there is transparency

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

As part of the vision and mission of the PRI, it is already part of the "system". We do not see the need to add a seventh principle. Not having an explicit principle formulated to evaluate makes this question difficult to answer.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

The six Principles reflect responsible activities very well and are well known. The approach to improve the financial system is imbedded in the six principles, so there is no need for any more principles.

Also, the process for all signatories to endorses

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The best success would be that PRI is not needed in 10 years' time, meaning that all the work PRI stands for is all common for all investors.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

**Additional comments**

PRI should be the independent part that oversee that there are relevant reports/information with other organizations like GRI or IIRC, that are align with PRI reporting.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Ulrika Danielson

**Job Title:** Head of Communications/Coordinator of corporate governance

**Signatory Category:** Asset Owner

**Email Address:** ulrika.danielson@ap2.se

**Region:** Europe

**Country:** Sweden

**Organisation:** AP2

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

This is in general ok.

**1c. Should any elements be removed from the scope?**

If any to be removed, it is the banking sector, but that is not necessary.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

It is very important that there is transparency about different risks.

2c. Should any risks, challenges or causes be removed from the current list?

It is a kind of grey zone regarding challenges. Different challenges will lead to different consequences in different areas.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

It's important that there is transparency over risks from different drivers

3c. Should any drivers be removed from the current list?

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

PRI should focus on investment practices work on providing guidelines as to how responsible investment and ESG integration can contribute to SDGs.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

PRI should ensure that there is transparency

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

This is mainly a task for PRI, and there is no need for an extra principle.

And it is hard to have any ideas on a possible seventh principle, since there is no principle to evaluate.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

The six Principles reflect responsible activities very well and are well known. The approach to improve the financial system is imbedded in the six principles, so there is no need for any more principles.

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The best success would be that PRI is not needed in 10 years' time, meaning that all the work PRI stands for is all common for all investors.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

**Additional comments**

PRI should be the independent part that oversee that there are relevant reports/information with other organizations like GRI or IIRC, that are align with PRI reporting.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Anne-Charlotte Hormgard

**Job Title:** Senior Manager Asset Management

**Signatory Category:** Asset Owner

**Email Address:** ac.hormgard@ap3.se

**Region:** Europe

**Country:** Sweden

**Organisation:** AP3

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

The inclusions and exclusions are in general adequate to capture the scope in focus.

**1c. Should any elements be removed from the scope?**

If any part is to be removed, it should be the banking sector, but not necessarily.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

It is very important that there is transparency about different risks and how they are defined. In addition over time the notion and degree of risk will change. There are also geographical differences in the view on risk and potential consequences.

2c. Should any risks, challenges or causes be removed from the current list?

There is a kind of grey zone regarding challenges. Different challenges will lead to different consequences in different areas. See comments above.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

It is important that there is transparency over risks from different drivers. Drivers will also vary in strength and importance.

3c. Should any drivers be removed from the current list?

No

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

PRI should focus on investment practices work on providing guidelines as to how responsible investment and ESG integration can contribute to SDGs and the fulfilment of COP21.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

PRI should ensure that there is transparency to create understanding and spreading of knowledge of how different actors in the investment value chain can contribute.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

### 6b. additional comments

Addressing broader financial system risks is mainly a task for PRI, there is no need for an extra principle.

It is difficult to have any ideas on a possible seventh principle, since there is no proposed principle to evaluate.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

### 7b. Additional comments

The six Principles reflect responsible activities very well and are well known. The approach to improve the financial system is imbedded in the six principles, so there is no need for any more principles.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The ultimate success would be that PRI is not needed in 10 years' time, meaning that all the work PRI stands for is all common for all investors.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

**Additional comments**

PRI should be an independent part that oversees that there are relevant reports/information exchange with other organizations like GRI or IIRC, that are aligned with PRI reporting.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Arne Lööw

**Job Title:** Head of Corporate Governance

**Signatory Category:** Asset Owner

**Email Address:** arne.loow@ap4.se

**Region:** Europe

**Country:** Sweden

**Organisation:** AP4

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

This is in general OK.

**1c. Should any elements be removed from the scope?**

If any to be removed, it is the banking sector, but that is not necessary.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

It is very important that there is transparency about different risks.

2c. Should any risks, challenges or causes be removed from the current list?

It is a kind of grey zone regarding challenges. Different challenges will lead to different consequences in different areas.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

There is important that there is transparency over risks from different drivers

3c. Should any drivers be removed from the current list?

-

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

PRI should focus on investment practices work on providing guidelines as to how responsible investment and ESG integration can contribute to SDGs.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

PRI should ensure that there is transparency

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

This is mainly a task for PRI, and there is no need for an extra principle.

And it is hard to have any ideas on a possible seventh principle, since there is no principle to evaluate.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

The six Principles reflect responsible activities very well and are well known. The approach to improve the financial system is imbedded in the six principles, so there is no need for any more principles.

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The best success would be that PRI is not needed in 10 years' time, meaning that all the work PRI stands for is all common for all investors.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

**Additional comments**

PRI should be the independent part that oversee that there are relevant reports/information with other organizations like GRI or IIRC, that are align with PRI reporting.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Marta Jankovic

**Job Title:** Senior Sustainability and Governance Specialist

**Signatory Category:** Investment Manager

**Email Address:** marta.jankovic@apg-am.nl

**Region:** Europe

**Country:** Netherlands

**Organisation:** APG Asset Management

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

We assume that the main reason for the primary/secondary and excluded categories is PRI's focus on its signatory base, we suggest to clarify the category of beneficiaries in their capacity as investors (e.g. the term "savers" can be interpreted in several ways).

#### 1c. Should any elements be removed from the scope?

### 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?

No

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

The category of externalities is too broad and attention should be given to ensuring that the final wording reflects in a balanced way the PRI membership's outlook and takes into account regional differences and sociopolitical factors.

Also, a singular

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

3c. Should any drivers be removed from the current list?

We believe that the list of factors is too unstructured and not of the quality we would expect from our membership organization. Several points can be captured under resource availability and geopolitics. Also, the social/ human dimension is not sufficient

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We see PRI's role as an information gathering and sharing entity. The PRI reporting framework could include SDG related information, we would be in favour of this being flexible and able to reflect differing approaches by signatories and also not being subject to assessment.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

See answer to Question 4

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

While the addition of a 7th principle that would focus on signatories' steps to promote a sustainable financial system would be in line with our existing responsible investment approach, it could be less favourable for other PRI signatories. The PRI should reflect on whether the benefits of adding a new principle outweigh the potential negative consequences, also with respect to growing the signatory base.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

## MEASURING THE PRI'S PROGRESS AND IMPACT

### **8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The PRI should continue to aim for balanced representation within its membership and successfully work across the investment chain to maintain its relevance and value to members. KPIs for the three-year strategic plans and annual business plans should be regularly reviewed.

### **9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

Additional comments

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Gonzalo Eguiagaray

**Job Title:** Investment Officer

**Signatory Category:** Investment Manager

**Email Address:** geguiagaray@arcanogroup.com

**Region:** Europe

**Country:** Spain

**Organisation:** Arcano Group

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

Retail banking is important as participants are usually less protected. However, the participation of them as individual investors is not feasible in building a sustainable financial system.

#### 1c. Should any elements be removed from the scope?

no response given

### 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?

No

2b. Should any risks, challenges or causes be added to the current list?

I would add externalities such as technology development and generational change

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We believe the easiest measures to implement are 2-6. We believe that developing the framework to quantify impact is not feasible yet as a set of standard criteria and measurement scales should be developed first.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Quantification of contribution is not standard or easy to measure. First step should be to develop a set of standard criteria plus adding some element of qualitative feedback.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Increased level of standardized criteria although not easy. Progress of signatories shown. Increased accountability. Increased number of signatories and especial focus on smaller players that lack resources compared to the large asset managers/ owners. Initiatives to develop a sustainable financial system.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Stuart Palmer

**Job Title:** Head of Ethics Research

**Signatory Category:** Investment Manager

**Email Address:** spalmer@australianethical.com.au

**Region:** Oceania

**Country:** Australia

**Organisation:** Australian Ethical Investment Ltd.

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

Consider including influence on real economy policy and regulation. Although investors and PRI have less capacity to influence in this than in other areas, that's the nature of real economy policy and regulation: it's influenced by a diverse range of actors. But good real economy policy and regulation is fundamental to a sustainable financial system, and the responsible investor voice is an important one to add to business and non-business special interest voices in this area.

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

Where do inadequate tax systems sit - considered at both a national and international level? Many differences in tax treatment drive all sorts of non-productive activity, often diverting the best and brightest to develop innovation to arbitrage tax rules rather than to contribute to an increase in aggregate economic and societal value. This might be a difficult area for investors who build or invest in financial products to exploit tax arbitrages. Or who profit from concessional tax treatment for retirement savings. But we need to encourage and contribute to debate about whether current tax rules and concessions are achieving their objectives.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

We should also refer in some way to challenges to the quality of government arising from improper influence through political donations; jobs for political favours; polarised media (traditional and new) and other barriers to informed voter choice; general political short-termism. Some of this may be discretely captured under systemic corruption, but we should be more explicit.

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

#### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

The work of PRI to develop a more sustainable financial system will help this. Also, the PRI can itself or in conjunction with others contribute to the development of impact measurement methodologies and metrics.

#### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

The PRI can itself or in conjunction with others contribute to the development of impact measurement methodologies and metrics - and then look to incorporate some of these into the reporting framework.

## UPDATING THE PRINCIPLES

#### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

Yes

6b. additional comments

no response given

#### 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?

No

7b. Additional comments

Over time the PRI can ratchet up the ambition and expectation of investors to contribute to a sustainable financial system (and the broader social and economic system(s) which contain it). (And also to better meet the existing 6 principles.)

## MEASURING THE PRI'S PROGRESS AND IMPACT

### **8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Some thoughts:

Confidence that PRI signatories are in substance meeting the principles and not just paying lip service (and that PRI and its signatories continue to advance best practice in meeting the principles).

PRI has played a substantive, proactive role in addressing some of the key impediments to the investment sector contributing greater value to society and the economy (with the targeted impediments to be selected in the manner outlined in the earlier discussion of PRI's role in advancing a sustainable financial system).

### **9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

#### **Additional comments**

So long as these are aligned with the reporting which PRI requires. Even though they may have some differences in coverage and level of detail, material prepared for one should be able to be used for the other.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Jun Sakumoto

**Job Title:** Partner

**Signatory Category:** Investment Manager

**Email Address:** jsakumoto@avanath.com

**Region:** North America

**Country:** USA

**Organisation:** Avanath Capital Management, LLC

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

From our firm's perspective, we believe highlighting the outcome or impact of signatory responsible investment activities is meaningful, as mention in the first option on page 16. Our firm invests in affordable and workforce rental housing in the United States. One measurement tool we use to measure, or impact, our investment activities in various markets of the United States is the use of walkability scores to measure proximity to public transportation and access to amenities, thereby limiting the use of automobiles. We would encourage the PRI to offer signatories the flexibility to offer various tools, or metrics, they use to measure outcome.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

See response to question #4. We encourage flexibility within certain sections of the Reporting Framework for signatories to offer their own metrics to measure the outcome of their investment activities.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

Our measure of long-term success for PRI is increased reporting on investment activity and outcomes relevant to a sustainable economy. We believe that signatories should have the flexibility to offer certain metrics that are relevant and meaningful in their specific fields. For example, our firm invests in affordable and workforce rental housing in the United States. We measure impact by the number of units we serve for households that meet certain income criteria, such as 60% of the area median income. We also measure impact by the number of units that have access to supportive services, such as after-school programs for children, financial literacy classes and arts/crafts lessons for senior citizens.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Remi Savage

**Job Title:** Responsible Investment Analyst

**Signatory Category:** Investment Manager

**Email Address:** remi.savage@axa-im.com

**Region:** Europe

**Country:** UK

**Organisation:** AXA Investment Managers

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

We agree with the defined scope of the investment value chain as identified in this consultation. In particular, we believe that the PRI work to date has focused on asset owners as the agents of the underlying beneficiaries and asset managers in their role as investors on behalf of the underlying beneficiaries. We believe that the next stage of focus should be on those parts of the financial system which shape the ecosystem in which investment decisions are made such as regulators and macro prudential authorities as they have the power to influence change at scale. A good example of their ability to effect change quicker is the introduction of Article 173 – The French Energy Transition Law which we believe will drive changes in the investment industry in a meaningful way.

The proposal to exclude retail financial advisors and retail financial regulation and regulators should be reconsidered in view of the move in many markets to move to individual pension arrangements, such as defined contributions schemes. While it may be more efficient to focus on the institutional markets, PRI should take advantage of opportunities to engage with the financial system.

1c. Should any elements be removed from the scope?

No.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

We agree that the list of risks and challenges is comprehensive. However, we believe that it is important that PRI focus on and prioritize particular risks and challenges which are within its power to change. A non-disciplined approach to tackling every risk and challenge may lead to inaction on priority issues.

2c. Should any risks, challenges or causes be removed from the current list?

No.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

The drivers of change are well articulated in the paper. It is important for the PRI to distinguish between which drivers are opportunities and which pose risks to the sustainable financial system that we seek to promote. Factors such as demographic change, technology, post crisis regulations are all positive drivers for a more sustainable financial system.

3c. Should any drivers be removed from the current list?

No.

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

AXA IM's view is that the investment industry's role goes beyond seeking investment returns but has an important role to play in harnessing the power of capital towards sustainable and impactful investments that in turn address societal challenges. In line with this view we have increasingly turned our focus to investing with impact i.e. not just seeking ESG risk mitigated opportunities but also outcome-oriented investments that address specific societal/beneficiary needs.

That said, we believe that PRI should be a broad church, where signatories can choose a wide variety of responsible investment options and styles that are broadly aligned with their investment philosophy. One of the risks of a full adoption of the SDGs may be the implication that any investment approach that is not fully aligned with or reference the SDGs is sub-optimal. Our preference would be for PRI to welcome the SDGs and educate members about the relevant Goals. A reporting framework which scores members on their alignment with the SDGs will be prescriptive and may impede the market place from developing in an evolutionary manner.

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

We believe that there should be no reporting obligations at this time in relation to the SDGs. The focus should be on education and promoting the relevant goals.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

Investors have increasingly been working on broader financial systems issues particularly in the run up to COP 21 where we saw investors engaging with regulatory bodies for meaningful actions to address climate risk issues. The effectiveness of this broader approach requires a collaborative and coordinated engagement approach using the collective influence of the investor community. We believe that the requirement for coordination and collaboration plays to the strength of the PRI secretariat and this is where we would like to see PRI focus its effort.

A requirement to make this part of the Principles may disadvantage smaller asset owners and managers and our preference is that it should not be a 7th principle at this stage. In addition, we believe that the objectives of addressing broader financial system issues are already captured in Principle 4 – We Will Promote Acceptance and Implementation of the Principles Within the Investment Industry; and Principle 5 – We Will Work Together to Enhance Our Effectiveness in Implementing the Principles.

**7. Can you identify any other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

We believe the existing Principles are fit for purpose. The focus should be on action rather than further reworking of the Principles.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Our definition of success will be the wide acceptance and practice of the objectives of the Principles beyond the Responsible Investment community and the removal of the macro barriers to a sustainable investment approach.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Collignon Yann

**Job Title:** Directeur Associé

**Signatory Category:** Investment Manager

**Email Address:** yann.collignon@azuliscapital.fr

**Region:** Europe

**Country:** France

**Organisation:** Azulis Capital

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

yes but enhance relations, dialogues with regulators, prudential authorities and banking

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

more relations with AFIC and EVCA

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

using the 9 of the SDG (2,3,6,7,8,13,15,16,17) as an impact framework

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

more material commitment relating to the ecological transition

## MEASURING THE PRI’S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years’ time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

environmental metrics identifying progress or not and social metrics including employment, diversity, social climate....

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Frederick Alexander

**Job Title:** Head of Legal Policy, B Lab

**Signatory Category:** Non-Signatory

**Email Address:** rick@bcorporation.net

**Region:** North America

**Country:** USA

**Organisation:** B Lab

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

## 2b. Should any risks, challenges or causes be added to the current list?

The list should include the disconnect between Modern Portfolio Theory, which emphasizes the pursuit of alpha by managers and owners, and sustainability, which, by definition, mandates a focus on beta, and even more broadly, systems outside the financial markets. See Lydenberg, Steve, "Integrating Systemic Risk into Modern Portfolio Theory," *Jour. App. Corp. Fin* (Spring 2016).

More specifically, the disconnect between the alpha focus of owners/managers and the beta-related real needs of ultimate beneficiaries is aggravated by the legal relationship between corporate officers/directors and those beneficiaries. As long as directors can satisfy their fiduciary duties by externalizing costs (through irresponsible supply chains, excess carbon emissions, capturing regulators or otherwise), the fiduciaries who actually manage real assets will be incentivized to do so irresponsibly when there is an opportunity to create excess returns.

In order to address this issue, PRI should explicitly focus on the fiduciary relationship between directors and shareholders. Specifically, PRI should encourage asset owners to engage with corporations to encourage "mission aligned governance," which requires directors to consider the interests of all stakeholders as a primary concern (and not merely as a secondary consideration, as mandated by Section 172 of the UK Companies Law). For US-based corporations, this would mean encouraging the adoption of "benefit corporation" governance, which can be achieved with a board and shareholder vote. See Alexander, Frederick, "The Delaware Public Benefit Corporation: Widening the Fiduciary Aperture to Broaden the Corporate Mission," *Jour. App. Corp. Fin* (Spring 2016). In most other jurisdictions, such governance can be achieved through a change to the constitutional documents. However, Italy recently adopted specific benefit corporation provisions, and there is momentum to do so in a number of other jurisdictions, including Australia, the UK, and several South American and East Asian countries.

## 2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

This is an important point. As currently drafted, the Principles might be adhered to by a signatory who uses ESG tools for the purpose of finding companies that will improve financial

performance with smart ESG strategies, but who also opportunistically invests in companies that pursue strategies that produce excess profit by exporting negative externalities. At a minimum, the Principles should require signatories to consider the effects of individual company action on the entire market, so that the long term performance of the financial markets (which is more important to beneficiaries in the long run) is not sacrificed for individual company gain. Ideally, the principle would be stronger, and would require signatories to consider the effect on the lives of the beneficiaries generally. See Lydenberg, *supra*.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

For the reasons detailed in response to question 2, PRI should modify the Principles to directly reflect the importance of governance at the corporate level. While there is considerable focus on the duties of asset owners and managers with respect to inv

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

Yes. But it is important that the reporting frameworks not be limited to items that are material to a company's financial performance-- the framework should provide information that allows participants in the investment chain-- and other stakeholders-- to understand the issuer's

impact on the environment and society, and particularly the systemic risks and costs created by its operations.

If PRI considers entering into such partnerships, I would encourage you to consider the reporting systems created by B Lab (my employer)-- the B Impact Assessment and the GIIRS rating system. The assessment has been used by over 40,000 companies across the globe.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Aleandra Scafati

**Job Title:** President

**Signatory Category:** Service Provider

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**Region:** Latin America

**Country:** Argentina

**Organisation:** BA Desarrollo

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

No

**1b. Should any elements be added to the scope?**

CEOS and Senior Managers in Corporations.

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

2b. Should any risks, challenges or causes be added to the current list?

Measurements of value creation including social and environmental risk should be added to investment valuations.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

Global communication through social networks.

Consumers decisions.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Reporting ons SDG direct and indirect observation/application.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Being a signatory contributor to the SDGs is not simple, since many SDGs are not corporate oriented, however there are many innovative platforms that could be use for that purpose, just

as Flourishing Prize, Business for Good of UN-PRME. I will recommend to have a customized reporting system of SDGs for PRI signatories.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

More press presence for introducing the subject

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Investments sector realigned to more sustainable options, from PRI members.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Walter Hatak

**Job Title:** Head of Sustainable Investments

**Signatory Category:** Investment Manager

**Email Address:** walter.hatak@schelhammer.at

**Region:** Europe

**Country:** Austria

**Organisation:** Bankhaus Schelhammer & Schattera KAG

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

refugee movements, growing size of corporations with growing influence on states and legislation, growing economic inequalities, surveillance, growing influence of capitalism in all parts of society and decreasing power of states

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Providing guidance that takes local frameworks as well as the size of the investment company in consideration.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

Principle 4

We will promote acceptance and implementation of the Principles within the investment industry AND REGULATION AUTHORITIES.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

-)How many companies changed their policy due to PRI-initiatives? (Number, total company size, share of MSCI World)

-)How many CO2 emissions have been reduced due to PRI-initiatives? (Amount of emissions)

-)How many workers got better working condit

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Alvaro Aylagas

**Job Title:** Participant's and Beneficiary's Office

**Signatory Category:** Asset Owner

**Email Address:** oficinappebbva@bbva.com

**Region:** Europe

**Country:** Spain

**Organisation:** BBVA Fondo de Empleo

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Recession: the recent financial crisis led to the disappearance of some financial institutions, huge amounts of public assistance for others, lower bank balance sheets and profound changes on three main fronts: profitability, regulation and reputation.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We agree with the measures detailed in pages 15 and 16. Mainly with number 3: link the PRI's work on a Sustainable Financial System to environmental and social outcomes, both from a system risk perspective and from the perspective of fulfilling the purpose of the financial system, including funding sustainable economic development. This work may be embedded in our reporting and assessment process and/or a further Principles.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Providing guidance on how to define and measure investor’s activity contribution to the SDG under the existing reporting framework.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI’S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years’ time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

We believe that PRI has become the main benchmark in terms of SRI internationally.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Dennis Teijsse

**Job Title:** Advisor Responsible Investment

**Signatory Category:** Asset Owner

**Email Address:** teijsse@gmail.com

**Region:** Europe

**Country:** Netherlands

**Organisation:** Bedrijfspensioenfonds voor de Landbouw

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

We agree that it's most likely that institutional investors will have the most influence on the part of investment value chain as mentioned by the PRI under primary focus. However as clearly stated in your introduction: "the financial system is an integral part of modern economies, and makes an important contribution to societal wellbeing. It enables individuals, organisations and governments to reliably store and access their income and assets for present and future use". We think that eventually throughout the investment value chain all stakeholders should take responsibility including retail financial advisors, banks (as deposit taking institutions), etcetera. Even though this part of the investment value chain is beyond the sphere of influence of most institutional investors we take the position that also these stakeholders have an important role in creating awareness among individuals about the

contribution they can make to the development of a sustainable financial system. Besides this part of the investment value chain provides some signatories the opportunity to actively implement principle 4, to promote acceptance and implementation of the Principles within the investment industry. Therefore in our opinion this part of the investment value chain should not be ruled out from the scope in advance but does have less priority at the moment.

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

We agree that the overview is very useful as guidance. Though we would like to emphasise that the underlying conditions should be approached as conditions that “could cause the system to fail to support sustainable economic development”. Many of these underlying conditions lack clear scientific proof and are supported by anecdotal evidence. Even though it's an extensive list which seems to be composed adequately, it should not be treated as a list set in stone and the PRI should at all times be open to new insights.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

The Principles for Responsible Investment were developed to reflect the increasing relevance of environmental, social and corporate governance issues to investment practices. The direct relationship between the identified drivers of change and ESG issues in the more traditional

approach are too abstract and in our opinion a considerable number of drivers are too far apart from what the market defines as environmental, social and corporate governance issues.

We can agree with the opinion of the Global Unions Committee on Workers' Capital (CWC) on this topic. The CWC believes that the time is here to elevate the profile of the S dimension of ESG issues within the work of the PRI. In the footsteps of the CWC we would like to particularly highlight the importance of labor standards, quality jobs, and worker's rights in the context of worrying trends in economic inequality that threaten both economic growth and social equity at the global level. Therefore we would like to suggest to add 'increasing economic inequality' and 'declining social equity', both developments with a distinct 'S' character, as drivers to the current list.

### 3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

We would like to encourage the PRI to further develop the Reporting Framework so that in addition to policy and process-based reporting indicators, it also captures the outcome or impact of signatory responsible investment activities (possibly using the SDGs as an impact framework). Also conducting policy and research activities in support of specific SDGs of concern to signatories is a move we would welcome. However, this should not only be approached from a financial materiality perspective. As mentioned in your introduction a growing number of signatories are already moving from a process-based approach towards an approach explicitly aimed at generating more sustainable outcomes and impact. This development should be addressed too when conducting policy and research activities.

Following the suggestion under question 3 to add 'increasing economic inequality' and 'declining social equity' to the list of drivers of change we would encourage the PRI to conduct policy and research activities to the SDG's related to these issues. Namely, the global goals of promoting sustainable economic growth and productive employment (Goal 8), building inclusive and sustainable industries (Goal 9), reducing inequalities (Goal 10), ensuring

sustainable production and consumption (Goal 12), and strengthening partnerships for sustainable development (Goal 17). These Goals lay out a compelling vision of a world where investors' decisions can lead to a more healthy and productive economy by reducing inequality, supporting decent work and fostering sustainable growth.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Developments in the field of impact measurement are still in their infancy. There is no suitable solution available immediately and we have no concrete ideas here different that cooperation is very important in order to achieve a framework that can count on a very broad support. See our answer on question 9.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

As mentioned by the PRI in the consultation document a growing number of signatories are already moving from a process-based approach towards an approach explicitly aimed at generating more sustainable outcomes and impact. Also by signing the principles a signatory recognises that applying the principles may better align investors with broader objectives of society. Addressing broader financial system risks and promoting a sustainable financial system is in our perception already part of the commitment of signatories.

If addressing broader financial system risks and promoting a sustainable financial systems should be brought forward more specifically we would prefer to refer to these issues in specific guidance documents instead of the formal adjustment of the principles. Adding a seventh principles to make this more explicit just seems too much and may also work dissuasive. Given

the results of the self-assessment (which show that there is still much room for improvement for putting the principles into practice) and the reluctance of some parties to already embrace the current objectives of the PRI.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

No additional comments.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

No opinion on this topic.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

We are of the opinion that to ensure comparability across companies, sectors, countries, portfolios, specific common definitions of sustainability as well as harmonisation of data collection efforts are a requirement. Increased cooperation between organisations increases the likelihood of success on a widely accepted framework for sustainability reporting.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Michelle Edkins

**Job Title:** Head of Investment Stewardship

**Signatory Category:** Investment Manager

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**Region:** North America

**Country:** USA

**Organisation:** BlackRock

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

It shouldn't be presumed that all signatories are mapping their responsible investment activities to the SDGs. For those that do wish to do so, it could be helpful for PRI to identify which of the underlying goals are a natural fit for the private sector and map those to existing (or potential) PRI engagement guides or other publications.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

See Q4 re SDGs. On outcome reporting more generally, it is still very early days in terms of capturing the impact of ESG integration on portfolio performance so it is premature, in our view, to incorporate it into the PRI Reporting Framework.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

To the extent that signatories have the resources and subject matter expertise to engage on macro-level issues they should, but it shouldn't be a requirement of being a signatory.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

As with diversity, success would be that we don't need a specific organization promoting responsible investment because all investment strategies take a long-term, holistic approach to analyzing, monitoring and engaging with issuers.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

**Additional comments**

New investment reporting frameworks defeat the purpose of promoting ESG integration. Normal portfolio reporting and related client or constituent reporting should integrate coverage of ESG considerations whether as investment due diligence factors, new products or strategies or stewardship activities. Perhaps PRI could work with asset owner and asset manager signatories to provide some sample reports of how such information might be integrated into existing reporting models.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Lenora Suki

**Job Title:** Head, Product Strategy, Bloomberg LP

**Signatory Category:** Service Provider

**Email Address:** lsuki@bloomberg.net

**Region:** North America

**Country:** USA

**Organisation:** Bloomberg L.P.

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

Roughly I think your framework suits. I would suggest considering more deeply intermediaries in the financial system. Investment banks, broker dealers and commercial lenders are the originators of the vast majority of what investors "inherit" or are given as an opportunity set.

Banks' conservative lawyers write covenants and prospectuses and press for boilerplate risk disclosures. Bankers press issuers to borrow or pursue transactions that may not take sustainability risks into account nor align with the pressing sustainability challenges we face. Broker dealers take on-balance-sheet risk in securities inventories and then stimulate demand

for those securities, securities that again could be damaging to banks' balance sheets as well as to the portfolios of their clients.

We already saw the role of intermediaries (not just banks but rating agencies) in the financial crisis, primarily in the asset backed securities market, not in equities where PRI is most comfortable and has done the most work.

It would be helpful for PRI to improve understanding of these relationships across asset classes because of vastly differing transaction cost structures, information landscapes and asymmetries in reporting and transparency.

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

Again, I think this is an adequate representation though I'm not sure that the homogenization of economic agents in item 2 serves the need appropriately. Some of this spills over into item 3, which is now wrapped into the bullet "short term focus by market actors." This probably merits further investigation. For instance, lawyers who write highly loose terms for a given deal (say, a green bond) are actually thinking long term from the perspective of the company, e.g. long term minimization of perceived liability risk. So it's possible that "short term focus" doesn't capture the inefficiencies and asymmetries that skew the incentives of financial system actors. Intermediation costs are a factor that might be addressed as well.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

### 3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?

Yes

#### 3b. Should any drivers be added to the current list?

This list is pretty comprehensive. PRI might also consider spatial population changes, e.g. urbanization or migration more broadly, and pervasive and severe government fiscal constraints in the context of protracted low global growth. These are worth considering because they are among the drivers of the interest in financial innovations, such as green and social bonds and other asset backed securitization, place-based investing, social impact bonds and other emerging financial structures, for instance.

#### 3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

The SDGs are a welcome, comprehensive and prescriptive framework for evaluating impact. At the very least, it's worthwhile to focus the minds of the investment and financial community on the impact of capital in all its forms and to remind all financial system participants that there are direct linkages between shared prosperity and good business and investment.

Three issues here are "SDG-washing" and the spectrum of interventions that the SDGs aim at from for profit to non profit, primarily the latter. I think it's worth an honest exploration of how apt this framework is for investment or business reporting (vs grant-making or highly intentional impact investing), how a reasonable asset owner would evaluate an investment manager (or if they will - do they have the capacity?) and how leading investment managers illustrate impact in a rigorous way (both quantitatively and distinguishing intentionality vs SOP where appropriate).

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

additional factors - questions about risk management practices and portfolio attribution analysis for sustainability risks and benefits, also SDGs and impact

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

metric

% penetration of AUM integrating sustainable investment practices within signatory orgs by asset class available to the public

partnerships categorized by geography and organizational target

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

Additional comments

PRI should partner more often and more substantively to source skills, knowledge and geographic spread that PRI has no mandate to develop.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** My-Linh Ngo

**Job Title:** Senior ESG Analyst

**Signatory Category:** Investment Manager

**Email Address:** mngo@bluebay.com

**Region:** Europe

**Country:** UK

**Organisation:** BlueBay Asset Management LLP

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

Whilst, there are clearly more risks and challenges than on the list, there is a clear need to prioritise and this list provides a good basis for efforts

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The primary focus for us is to generate sustainable and superior returns for our clients i.e. we are aiming for long-term value creation. We take ESG issues into account to the extent these risks negative impact the operation of a sustainable global financial system which would impact our ability to achieve our objective. By addressing ESG risks we may indirectly facilitate the transition to a more environmentally sustainable and socially responsible society, a positive additional benefit. As such, given the SDGs may not be an explicit primary objective, we do not feel the PRI should make this a more explicit aspect of its work with members and assessment. Or if it wants to capture this, the assessment should not be mandatory but applicable only where members have explicit mandate to deliver this.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

As dated in Q4 - not necessarily incorporate in terms of additional principle, but have a module in the Reporting Framework that is not mandatory for all members, but only applies, if they have indicated the focus on SDGs as an explicit objective. Members should not be penalised where the ESG efforts are more founded on a value-based approach.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

As this is more linked to the mission/vision, and the principles set the framework for how we can achieve this.

The current set of principles are sufficiently broad to be inclusive and capture adequately the main areas.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

With any efforts to measure performance/impact, there should always be a combination of: input/process metrics, as well as output/outcome/impact metrics. Outcomes and impacts are more difficult to identify and interpretation needs to be carried out with care - correlation is not causation. It may be difficult/challenging to attribute PRI member efforts with changes in the market system.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

No

#### Additional comments

Not necessarily a need to do but possibly a nice to do. The PRI could engage and compare efforts to identify where there are common areas of good/best practice, and gaps to address, and sometimes, insights can be gained from efforts outside of our sphere of focus. However fundamentally, the PRI represents the most concentrated network of investors from across the world and addressing different assets, and clients, so it should be best placed to understand how it could approach this from an investment/finance perspective. The database it has access to via the Transparency Reports will be a key resource.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Herve Duteil

**Job Title:** Managing Director

**Signatory Category:** Investment Manager

**Email Address:** herve.duteil@bnpparibas.com

**Region:** North America

**Country:** USA

**Organisation:** BNP Paribas

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

I think you are going ahead of yourselves on this issue. While I would agree that ultimately impact is what matters, the first step is ESG integration (and related issues, such as reporting, etc.), well-covered by the PRI, but far from being achieved - especially by a large number of current members. Moving to the next stage will not only dilute the focus, but also give the impression that the first objective is checked.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Too early to implement.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

It is already in the mission. This achievement should actually be more a by-product of a sound strategy than a goal in itself (even if desirable).

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Measuring and evaluating level and quality of disclosures, as well as their alignment with the spirit of the principles. ESG integration and disclosure is the first step, before looking at impact.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Timothy Smith

**Job Title:** Director ESG Shareowner Engagement

**Signatory Category:** Investment Manager

**Email Address:** tsmith@bostontrust.com

**Region:** Oceania

**Country:** USA

**Organisation:** Boston Trust & Investment Management Company

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

I support referencing the impact of climate change on the markets

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

2b. Should any risks, challenges or causes be added to the current list?

It is quite extensive but as noted I recommend we highlight the significant risk posed by climate change to our markets, companies and portfolios

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

I appreciate the list of "geopolitical and other forces shaping the future". Lets name climate change specifically

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

help members understand the SDGs and how they are relevant to specific industry sectors; highlight how investors are and can address the SDGs with companies where they are investors; highlight examples of how companies report on and take action in response to the SDGs ; provide a platform on the website for members to describe how they are addressing SDGs with companies; help members sign statements in support of the SDGs.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

I like the list started on page 16 of options.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

examples- growth of active involvement in ESG/SRI investing; growth of members involvement e.g. are members increasing utilizing proxy voting on key ESG issues as part of their commitment to ESG investing : are they investing in renewables and green choices; whether and how are they involved in public policy advocacy

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

**Additional comments**

I am not sure the majority of PRI members affirm that there should be "integrated reporting" by companies. There is a case to be made for connected and linked reports that are still separate, while the Annual Report refers in several pages to the CSR report and affirms CSR's value for the company. Thus I am not sure members need to do integrated reporting either

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Marco van der Spank

**Job Title:** CSR Officer

**Signatory Category:** Investment Manager

**Email Address:** m.spank@bouwfonds.nl

**Region:** Europe

**Country:** Netherlands

**Organisation:** Bouwfonds Investment Management

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

I'm not sure if these are already held, but more hands-on workshops/trainings in different regions?

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

No input here.

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI’S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years’ time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

### Additional comments

I think this would definitely help in order to 'measure'.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** MAILLE Catherine

**Job Title:** Sustainability and CSR responsible

**Signatory Category:** Investment Manager

**Email Address:** catherine.maille@bpifrance.fr

**Region:** Europe

**Country:** France

**Organisation:** Bpifrance Investissement

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

this list of challenges is accurate, but the PRI should prioritize addressing issues where it has the most expertise and leverage

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

While the drivers of change are interesting, the nature and purpose of the monitoring action to be performed by PRI and signatories should be clarified.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Investors' interest and capacity to contribute and to measure their large- scale societal impact is at an early stage.

Most investors are still in need of technical assistance in order to define relevant processes for integrating and monitoring impact (options 5 and 6). Being a prerequisite to the production and reporting of relevant information, PRI should prioritise this objective over signatories' external reporting, which could come at a later stage.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

This could be achieved by optional outcome-related questions.

They could enable to identify interesting emerging practices and methodological trends.

However the PRI should be extremely cautious about aggregating responses and presenting a consolidated view of "signatory contribution to SDGs", in particular data-based indicators, when not based on common definitions and methodologies.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

A reference to the organisation's mission should be added for greater visibility, for instance as a preamble to the Principles.

Yet, this reference should not take the form of a prescriptive Principle "for signatories to take steps to address broader financial system risks", as this could imply that implementing existing principles do not already contribute to this mission.

Rather, the wording should make it clear that by implementing the other 6 principles, signatories already contribute to PRI's mission.

If an additional contribution is expected, then it is this particular action (to be specified) that should constitute a new Principle.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success metrics should focus on the impact, effectiveness and quality of outputs (vs growth of the organization).

Therefore, success metrics should :

- integrate a signatory satisfaction survey. It would need to cover different dimensions of the initiative's intended value-added to signatories (eg usefulness and availability of resources, tools and support, working group production quality and outreach, signatory access to peers and stakeholders...).

- include a quantitative indicator on the average assessment evolution achieved by its signatories over 10 years.

\_If indicators are created on signatory membership, it is imperative they are designed to include a qualitative dimension (eg : number and % of signatories in band A, not raw signatories. AUM with demonstrable ESG integration, not a sum of signatory global AUMs).

- include specific targets related to each principle and to the monétisation mission.

- integrate where possible an assesment of the PRI's ability to innovate or stimulate innovation (new processes, new tools, new research)
- integrate an organisational efficiency assessment

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

The PRI should partner with other organisations in order to ensure that common indicators (ie on the same theme) are aligned in wording and format.

The goal should not be to create an additional reporting framework, but to ensure a progressive convergence towards common standards.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Aline

**Job Title:** Geraldi Gouveia

**Signatory Category:** Investment Manager

**Email Address:** aline@bram.bradesco.com.br

**Region:** Latin America

**Country:** Brazil

**Organisation:** Bradesco Asset Management

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

THE PRI has been doing a great job and I think that the work that has been done here in Brazil with the PRI team is one of the great forces and it makes PRI be closer to its signatories, feeling the needs and changes to be performed. I think these representatives are essential to the good job and improvement. Besides that, of course it's very importante to keep up all the work PRI has been doing with the signatories meeting, the imporvemnts with framework, website and the discussions groups.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

I believe that evidences of the work performed is a good way to measure the impacts. And also promoting these practices to other signatories, Always of corse, respecting the limit of privacy and strategics limits.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

I believe that we may measure it through the responses given to the framework

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Jennifer Coulson

**Job Title:** Senior Manager, ESG Integration

**Signatory Category:** Investment Manager

**Email Address:** jennifer.coulson@bcimc.com

**Region:** North America

**Country:** Canada

**Organisation:** British Columbia Investment Management Corporation

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

No need to add more as the list is a comprehensive one. We would also point out that signatories are not being asked about the criteria that will be used to select priority areas going forward so we would encourage the PRI to continue to involve signatories as this work progresses.

**2c. Should any risks, challenges or causes be removed from the current list?**

The list is very comprehensive and our only comment would be to ensure that investors actually have a role to play in all of the risks and challenges identified. There were a couple, such as the growth paradigm and common law precedent, where the direct r

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

no response given

**3c. Should any drivers be removed from the current list?**

In our view, the identification of risks and challenges was more useful in thinking about priorities rather than the change drivers. The change drivers are more macro-level forces that many signatories would already be monitoring due to the influence on t

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We are unsure of the relevance and necessity of using the SDGs as a primary motivator for investors as this is not our investment mandate. While there may be positive outcomes of our work that relate to the SDGs, this is not how we organize our work as we must prioritize ESG issues that have the most material impact on our portfolio based on exposure to risk. We can see how some straightforward mapping could be done that links the PRIs work to some of the

SDGs but do not see how the SDGs can become the overarching framework for our work on RI.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The Reporting Framework has gone through significant change over the past few years and has just recently been finalized. We advise against any further changes to the framework as this will cause disruption and inconsistency in reporting. It is important for signatories to be able to compare their performance year-over-year and with constant changes to the framework this becomes impossible. There may in fact be some existing indicators that could be pulled out for these purposes but we would highly advise no further changes to the reporting framework.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

The Principles are good as they are and should not be changed. It is our view that if signatories are implementing all Principles, the outcome will naturally be a more sustainable financial system. Any changes to the Principles will require many signatories to seek additional approvals at the highest levels and may sacrifice the PRI's growth and success with this uncertainty. As it is already stated in the mission we doubt the benefits of adding another principle that is different from the others.

## 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?

Yes

### 7b. Additional comments

One alternative approach would be to explicitly refer to efforts to address systemic risk under Principle #2 as part of our obligation to be an active owner. But again, we are uncertain of the implications of changing the principles if they significantly

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

Success for the PRI should be focused on measuring the extent to which ESG has penetrated the mainstream financial community. Membership levels are not enough to do this as it does not represent how effectively practices are changing.

A measurement framework that links corporate practice as well as investor practice do make sense as this directly in the realm of the work of PRI signatories. It is not apparent how PRI should be assessing wider measures of ecosystem or societal health and well being. There would be some indicators within the assessment framework that could easily be pulled out as well.

Any indicators or measures of progress need to be directly related to the priorities of the PRI as embodied by the Principles. Otherwise we are measuring things that investors are not directly contributing to.

Some metrics could be based on growth of sell side ESG research; policies that have been adopted based on recommendations from PRI and/or its signatory base; ESG in CFA curriculum and business schools or accounting programs; or simply measuring the improvements in the governance portion of the PRI assessment which speaks to the way ESG is governed within organizations.

Ultimately, the PRI the way it exists today would not be necessary if it achieves its goal of mainstreaming RI as it would simply become standard practice among investment professionals.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

**Additional comments**

As stated before, the reporting framework was only recently finalized and many signatories, especially smaller ones, see reporting as a burden. We would be concerned about any additional reporting requirements especially under a new framework.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Judy Payne

**Job Title:** Executive Director

**Signatory Category:** Asset Owner

**Email Address:** judy.payne@pensionsbc.ca

**Region:** North America

**Country:** Canada

**Organisation:** British Columbia Municipal Pension Plan

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

We do not believe there are any other elements that should be added to the scope of the financial system that the PRI should focus on. If signatories are following the principles, then a sustainable financial system should follow .

#### 1c. Should any elements be removed from the scope?

### 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

We believe the list of risks to the development of a responsible financial system that PRI should address is very broad, and there is an opportunity to pare it down.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

We believe PRI has identified the most important drivers that should be monitored to ensure PRI's work remains relevant.

3c. Should any drivers be removed from the current list?

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We believe that the sustainable development goals (SDGs) often align with PRI's activities and asset owners' fiduciary duties, but SDGs do not drive our duties/activities. PRI's and signatories' activities should not be driven by SDGs per se.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

We recommend maintaining the existing reporting framework. Amending the framework may be disruptive and interfere with year-over-year comparisons, which are important for us to demonstrate our progress.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

We believe the existing principles address broader financial system risks. If signatories are following the principles, then a sustainable financial system should follow.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

We do not believe any other revisions are required to reflect signatory activities and priorities.

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

We would encourage PRI to continue to evaluate the progress of individual signatories towards the six aspirational principles. The key indicators in the reporting framework are also useful to evaluate how much responsible investing has been mainstreamed by institutional investors.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

**Additional comments**

We do not believe it is useful to expand or supplement the existing signatory reporting framework at this point; a new or expanded reporting framework seems premature.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Emma Pringle

**Job Title:** Director, Sustainability & ESG

**Signatory Category:** Investment Manager

**Email Address:** emma.pringle@btfinancialgroup.com

**Region:** Oceania

**Country:** Australia

**Organisation:** BT Financial Group

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

Given the importance of retail financial advisers in the distribution of investment products to retail investors and beneficiaries, especially in regard to retirement savings, it would be worthwhile bringing this segment closer to the work of the PRI.

#### 1c. Should any elements be removed from the scope?

no response given

### 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?

Yes

2b. Should any risks, challenges or causes be added to the current list?

This is a comprehensive list - no changes recommended.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

ESG risk in investment should be added to the list of major forces.

3c. Should any drivers be removed from the current list?

No.

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Definition and measurement of the impact & interrelation of the PRI & SDGs would be beneficial.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The Reporting Framework is quite time consuming to complete - any additional information captured would need to be demonstrated to be directly relevant and meaningful to the Principles.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

% of global AUM managed by PRI signatories and/or with ESG factors considered in the investment process

% of proxy votes cast

Adoption of ESG ratings by research & credit agencies

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Marie-Claude Provost

**Job Title:** Director, Advisory Services, RI and Proxy

**Signatory Category:** Asset Owner

**Email Address:** mcprovost@cdpq.com

**Region:** North America

**Country:** Canada

**Organisation:** Caisse de dépôt et placement du Québec

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

## 2b. Should any risks, challenges or causes be added to the current list?

Regarding:

### 1. The relationship between investors and companies:

- we would add to the list the lack of consistent disclosure on material ESG issues by companies;

- on Diversification of investment and loss of ownership control in corporations, we would say that although it may lead to lesser individual influence, such diversification exists in the context of a portfolio strategy. Therefore, emphasis should be put on the advantages of longer time horizon and the collaboration between the shareholders to address this cause of risk and increase their ownership influence.

### 2. The relationship between investors and managers, owners, beneficiaries and advisers in the investment chain:

- we would add to the list the lack of influence by a part of the owners' community;

- on Culture and values / lack of alignment between the financial system and sustainability goals / insufficient attention to "do no harm", we would say that although these three causes of risks may refer to different issues, they all relate to the culture in the investment industry and should be addressed on that angle.

### 3. The operation of markets in which we invest:

- we would add to the list the lack of integration of ESG issues within the financial system

## 2c. Should any risks, challenges or causes be removed from the current list?

no response given

## 3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?

Yes

### 3b. Should any drivers be added to the current list?

No, as long as the elements identified as External to the financial system are included in the analysis. Regarding those, we might add Disclosure requirements, since an increase in these requirements can be expected from many stakeholders in the financial system and operate changes in transparency practices and objectives.

### 3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

We commend the adoption of the 17 SDGs comprised in the 2030 Agenda for Sustainable Development. We do believe in the cooperation called for by the states between the different stakeholders in the society, including the business sector. However, we also believe that it is primarily the responsibility of the different states and their governments to first establish the framework within which the other stakeholders will act in order to contribute to those goals. This framework must be built in such a way so as to encourage companies' and investors' behaviours to achieve these goals (as well as the financial market as a whole).

We do not believe that the SDGs' framework should be used to support signatories to align their responsible investment activities with them. This would mean narrowing down the PRI Initiative as a tool for the 2030 Agenda for Sustainable Development. PRI is broader than this. PRI and signatories' responsible investment activities in general are already in large part aligned with the SDGs' goals. We would be in favour of a PRI approach that would provide information on them and on the frameworks established by the states as well as on initiatives that signatories could join with the purpose to achieve such goals. We see the support throughout the ordinary course of business of PRI as opposed to the need to reorganize PRI around the goals.

Moreover, all 17 SDG goals are not relevant to PRI and signatories' activities. PRI should first determine which goals should be focused on and for which its signatories would have an impact. It would be more efficient to focus on a few goals on which signatories could have a real impact.

We also believe in establishing alignment incentives, which could be achieved through engagement initiatives with companies since they are also asked to contribute.

Among the six approaches proposed in the related consultation, we believe that options 2 and 4 are the best ones to align the SDGs with the signatories' activities while respecting their overall investment approaches in RI which may differ from one to another.

#### **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Capturing the impacts and outcomes is still a difficult exercise. Many factors can lead to them and isolating them for individual signatories may not be fully reliable. We believe that the collective impact of PRI is more reliable and relevant (especially if we want to align it with SDGs' goals). The impact of PRI as an initiative should be the focus. PRI should focus on identifying through all the activities reported by the signatories in the Framework, the common issues and actions and see if an impact has been observed in the financial system as a whole or in society as a whole and make the link where appropriate.

Some questions could be added targeting specific actions taken related to some SDGs identified as relevant for investors (e.g. climate change). Those answers could be linked to the outcomes and progress reported by UN SDGs in order to determine PRI's impact. As we already said, SDGs should not be the framework for PRI but where relevant, emphasis on the contribution it makes should be showcased for the initiative as a whole.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

Before adding to the Principles, we feel that we must first ensure that the current ones are well implemented and adapted to the different regions and investment strategies.

Moreover, the concept of broader financial system risks seems to already be implicitly covered by the current Principles. While addressing ESG issues, those systemic issues are also considered. Broader financial system risks also seems to be of a different nature from that of the other principles, being more of a broad issue than concrete actions such as that seen in the existing six principles. Therefore, it should not be added as a seventh principle.

That being said, if PRI were to include this concept in the Principles document, we would suggest that its mission, which is addressing this concept, be added to the document as part of the Preamble or stated as the mission following the Preamble. We would be particularly in favour of adding the reference to the necessity requirement for long-term value creation.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

With all the recent work and studies concerning the need for long-term investment, we believe that it should be reflected more strongly in the Principles. This could be achieved by adding the mission to the Preamble. Please see our answer to question # 7.

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

Generally speaking, we would define PRI as being successful when its Principles are implemented in an adapted and flexible way across all regions and as part of all investment strategies and styles, taking into consideration the differences between them. We would see success when a large part of the mainstream investment industry takes into consideration material ESG issues in a systematic way in their financial analysis.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

Since those organizations have substantial experience in reporting, investors would certainly benefit from it in order to improve their reporting on ESG issues. However, there should not be an additional reporting burden imposed on investors. Those supplements must not be in addition to the PRI reporting process. We should focus on developing targeted, material and useful reporting. We would therefore favour partnerships with those organizations in order to revisit the signatories' reporting. This revisited reporting would also fulfill the requirement of Principle 6.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Divya Mankikar

**Job Title:** Investment Officer

**Signatory Category:** Asset Owner

**Email Address:** divya.mankikar@calpers.ca.gov

**Region:** North America

**Country:** USA

**Organisation:** California Public Employees' Retirement System CalPERS

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

Guided by Investment Belief #2, CalPERS considers that “A long time investment horizon is a responsibility and an advantage” and recognizes “the critical importance of a strong and durable economy in the attainment of funding objectives.”

As a long-term investor, we recommend that the PRI expand the list to include retail banks as a secondary focus, because of the long-duration damage subprime lending has caused since the mortgage crisis, and the negative systemic effects from that event. There are still critical policy issues related to Governance of retail banks require joint engagement from PRI members.

1c. Should any elements be removed from the scope?

No, we do not see elements that should be removed from the scope.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

2b. Should any risks, challenges or causes be added to the current list?

As referenced in CalPERS Investment Beliefs, we believe long-term value creation requires effective management of financial, physical capital and human capital. Topics we will engage on may include: "

- Governance practices, including but not limited to alignment of interests
- Risk management practices
- Human capital practices, including but not limited to fair labor practices, health and safety, responsible contracting and diversity
- Environmental practices, including but not limited to climate change and natural resource availability

As such, we generally agree that the PRI has identified the key risks and challenges, however we would like to see the PRI put more bandwidth toward Governance and Social issues such as board quality, corporate disclosure, and alignment of interests between investors and corporate boards and income inequality.

Further, markets are interconnected so we would like to see more effort toward Asia, Latin America and Africa – both in terms of the PRI’s research and visibility of members from these regions.

2c. Should any risks, challenges or causes be removed from the current list?

No, we do not see any risks that should be removed from the list.

### 3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?

No

#### 3b. Should any drivers be added to the current list?

The risks and challenges generally overlap with those identified in CalPERS Global Governance Principles with one very significant exception. As outlined in CalPERS Global Governance Principles, we believe market participants should adopt maximum progressive human capital management practices, including a focus on gender equality. This consideration is important for long-term value creation. Gender equality is also #5 of the UN Sustainable Development Goals, but is currently absent from the list of risks provided in the consultation.

We believe the PRI has sufficiently identified the risks and challenges in the development of a sustainable financial system. However, we kindly recommend revisiting the 2015 PRI-sponsored white paper, co-written by CalPERS and UNEP-FI, UNEP Inquiry into the Design of a Sustainable Financial System as part of this consultation.

The paper frames the systemic risk issue slightly differently, suggesting that to secure alignment between institutional investors and sustainable development, policy should pursue the following objectives:

- Align the system with sustainability
- Remove barriers
- Stimulate demand
- Strengthen governance and capabilities
- Lengthen investment horizons
- Align incentives
- Ensure accountability

Finally, these issues may arise differently in across asset classes. For example, different governance structures in private asset classes can positively align interests to enhance disclosure.

### 3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

To better support investors, CalPERS encourages the PRI to:

- Measure the gap between a universal owner's current portfolio (on average) and the SDGs – which industries are trending in the right direction toward resolving any of the SDGs? Which are the key industries and issues for active owners to mobilize around? What issues are investors best positioned to influence vs. which can mainly be addressed through government policy-making?
- Provide guidance to investors still uncertain about how goals meet certain investment objectives to make the business case clear
- Elaborate on what actions investors can take to support the goals through public and private investment vehicles
- Clarify the policy or data barriers that investors need to partner on that hamper further alignment with the SDGs
- Provide leadership in coordinating a united voice among investors to advocate for more SDG-related investments that meet most large institutional investors' risk-return profile.
- Increase awareness of how investors are already addressing SDGs through current ESG initiatives by providing concrete corporate examples

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

CalPERS responds to the PRI's Assessment every year. The PRI could ask questions targeted at the SDGs within the assessment such as:

- Are investors supporting the SDGs and how?
- Do they have the tools to link current ESG initiatives with the SDGs?
- Are they engaging companies on how they are contributing to SDGs?
- Are they encouraging or recommending companies take action in their communications with investors?

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

### 6b. additional comments

Yes, as systemic risks cannot be resolved through diversification, CalPERS believes they require policy reform and industry engagement. Specifically, the CalPERS Legislative and Policy Engagement Guidelines state that Financial Markets should:

- “Foster fair, orderly, and effectively regulated capital markets.
- Promote earlier identification of issues that give rise to overall market risks and foster action that mitigates those risks.
- Promote full disclosure so that markets provide incentives that price risk and opportunity.
- Foster alignment of interests and protect investor rights and the independence of regulators.”

Systemic risks also require global alliances to create a critical mass of investor voices to effect change. Thus, CalPERS supports the idea of encouraging PRI signatories to “take steps to address broader financial system risks and promote a sustainable financial system”.

## **7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

### **7b. Additional comments**

We think policy will change more quickly if PRI signatories commit themselves to not only working with those in the investment chain, but with policymakers/regulators, as discussed in Question 6. CalPERS Global Governance Principles consider that "regulat

## **MEASURING THE PRI'S PROGRESS AND IMPACT**

### **8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success: The PRI will be successful in 10 years if:

- Mandatory standards for integrated reporting are adopted globally;
- Asset owners have the tools and data to measure alignment with risk scenarios, and global goals including the Paris Agreement;
- All investment managers have policies and procedures for including ESG information in decision making;
- PRI continues to research the link between ESG factors relevant to risk and return;
- The global long-term investors have made progress with policy-makers and corporates on key systemic risk issues such as climate change, water risk, supply chain human rights, diversity and alignment of interests with corporate boards;

- Asset owners are better able to allocate capital more sustainably to manage risks and/or see higher returns.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

**Additional comments**

Yes, PRI should work with other reporting organizations. The PRI can benefit from leveraging the work from reporting organizations, such as GRI and IIRC, to identify what are considered material ESG issues across all stakeholders. The PRI’s added value is in utilizing its network to hasten the global adoption of those frameworks to deliver mandatory reporting and higher quality data on ESG factors.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Reed Montague

**Job Title:** Senior Sustainability Analyst

**Signatory Category:** Investment Manager

**Email Address:** reed.montague@calvert.com

**Region:** North America

**Country:** USA

**Organisation:** Calvert Investments

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

As stated in the preamble to the Principles, responsible investment may better align investors with the “broader objectives of society.” As a responsible investor, we believe there is a great opportunity to measure a company’s progress on the SDGs. As a way to move these critical goals forward, the PRI can develop tools that assist asset owners to evaluate the investment activities of these companies that allows further integration between the SDGs and responsible investments of signatories and aid asset owners in measuring that progress.

**5. How can the PRI better capture the impacts and outcomes of signatories’ responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Signatories must be held accountable for implementation and are at risk of delisting for failure to make progress. Beyond this, signatories that are fully implementing the Principles should share their experience and make tools available to assist other firms in making meaningful progress.

Asset owners need a tool to evaluate the investment activities of companies and the UN SDGs offer a great way to compare. In order to achieve sustainable development goals as described by the Principles and better integrate the SDGs into the responsible investment activities of signatories, we must require an impact reporting framework for signatories. Mapping to the SDG's is a logical framework that allows the UN to measure the impact of the PRI and how investor activities contribute to these goals. Signatories should be required to adopt such a reporting framework and this could become part of PRI's reporting framework.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

### 6b. additional comments

We would be willing to support a seventh principle that explicitly references working to support a sustainable financial system. Financial markets are susceptible to systemic risks and sustainability challenges; it is necessary to build structures that foster greater inclusion in the financial system, such as those that promote community or impact investing. Currently, we are not effectively addressing underlying conditions that put today's financial system at risk. It is vital that more signatories contribute to this critical need and foster greater inclusion in the financial system.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

Signatories must harness the Principles to drive even greater change by implementing active shareholder engagement and proxy standards. PRI should use this opportunity to create an enabling framework within the existing guidance for work to address obstac

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

PRI signatories, particularly asset managers have a responsibility to better support long-term value creation that will benefit the environment and society as a whole. See previous answer for more detail.

In order to achieve sustainable development goals as described by the Principles and better integrate the SDGs into the responsible investment activities of signatories, we must require an impact reporting framework for signatories. Mapping to the SDG's is a logical framework that allows the UN to measure the impact of the PRI and how investor activities contribute to these goals. Signatories should be required to adopt such a reporting framework and this could become part of PRI's reporting framework.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

PRI should maintain its key focus on developing a sustainable financial system. Within this approach, there is ample room to collaborate with other established reporting organizations to focus on streamlining and synergies.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Stephanie Leaist

**Job Title:** Managing Director, Head of Sustainable Investing

**Signatory Category:** Asset Owner

**Email Address:** tbdnar@cppib.com

**Region:** North America

**Country:** Canada

**Organisation:** Canada Pension Plan Investment Board

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

no response given

**1c. Should any elements be removed from the scope?**

The PRI should only focus on the “primary focus” area identified, and remove the secondary focus area.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

We believe the PRI should concentrate its efforts on elements that relate directly to environmental, social and governance factors. Some elements under #1 are appropriate as they relate directly to ESG.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

We believe that investors should have regard to these drivers of change where relevant. With its investor signatory base, the work the PRI does related to ESG should be informed by these factors where relevant, for example, climate change and natural res

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The PRI could potentially assist its signatories by pursuing Options 2, 5 and/or 6 where consistent with the existing 6 PRI Principles and its ESG mandate.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

We believe undertaking improvements to the Reporting Framework, other than those related to the SDGs, would be best.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

The PRI should continue to focus on the existing 6 Principles consistent with fiduciary duties and asset owner and asset manager financial mandates.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The PRI should be a global networking hub for sustainable investing with value-add relevant guidance on best practices for asset owners and asset managers consistent with fiduciary duties and financial mandates.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Bénédicte de Tissot

**Job Title:** CFO

**Signatory Category:** Investment Manager

**Email Address:** bdetissot@capzanine.com

**Region:** Europe

**Country:** France

**Organisation:** Capzanine

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI’S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years’ time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

## Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Mario Enrique Sánchez Richter

**Job Title:** Member of the Supervisory Board, CCOO, FP.

**Signatory Category:** Asset Owner

**Email Address:** planasociado@ccoo.es

**Region:** Europe

**Country:** Spain

**Organisation:** CCOO, FP

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

We think that the retail sector should also be consider, at least as a secondary focus, because of its relation to the financial system as a whole and the ESG implications of that sector, especially in terms of ESG issues (labor relations, climate change, governance).

#### 1c. Should any elements be removed from the scope?

no response given

### 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?

No

**2b. Should any risks, challenges or causes be added to the current list?**

We think that we should include an explanation in more detail of the negative effects of the short-term focus on financial returns and address more specifically its bad consequences in terms of excessive share buy-backs, lower reinvestment of benefits and the excessive distribution of dividends, which compromises the viability of the company in the long term. And it is also needed to include the responsible tax practices as mentioned in the statement (<http://www.ituc-csi.org/unions-push-for-tax-responsibility>) and the importance of elevating the "S" issues among the ESG, as mentioned in the letter sent by the Committee on Workers' Capital (CWC) to the UNPRI Board in June 2016, as two new items of the area "Externalities", which are also related with the items "Lack of attention to ESG issues", "Lack of transparency in ESG issues", "Lack of attention to wider beneficiary interest" and "Lack of attention to the social and environmental consequences of investment". Reduce inequality is also an important sustainability goal and the UNPRI could include this, considering specifically the increasing inequality that exists among the ratio CEO, directors and managers / workers in the companies as an externality, related also with the items "Lack of attention to wider beneficiary interest" and "Lack of alignment between markets and sustainability goals".

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

**3b. Should any drivers be added to the current list?**

We would add human and labor rights (International Framework Agreements; collective bargaining; supply chain; decent work). OECD BEPS. Sustainable Development Goals.

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

The PRI should strengthen the social and labor issues as was mentioned in the CWC letter to the UNPRI board. Many targets of the SDG depend on the quality of labor relations and collective bargaining (reduction of inequality; decent work; etc.).

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

We think that the 6 options mentioned in page 16 will help to capture the impacts and outcomes, maybe options 1 and 2 will be the most useful to achieve that target. It is very important to define the indicators that will help to measure the impacts and outcomes. They should be measurable and easy to compare and contrast and follow the evolution for the next years. It would be interesting to make a specific Working Group among the signatories in order to find the best indicators.

## UPDATING THE PRINCIPLES

### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

Yes

#### 6b. additional comments

That principle should consider the risk of excessive remuneration policies of the board of directors and managers (risk of promotion of short term policies and risk of increasing the inequality within the company). The risk of excessive share buy-backs and dividends and low reinvestment of benefits (short term oriented policies). The risk of aggressive tax planning (BEPS-OECD).

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

It would be necessary to define better the ESG issues considered and relate them with, at least, the ILO Core Conventions, the OECD Guidelines and UN Guiding Principles and SDG.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

As mentioned in question 5, we need to define the indicators in order to measure the impacts and outcomes and compare and contrast them for the next years. We should be able to define, at least, a range of 10-15 indicators that better capture the ESG issues that most concern the signatories.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

Collaborations with other initiatives that pursue the same target are always interesting.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Kenenth Boyce

**Job Title:** Senior Private Sector Advisor

**Signatory Category:** Non-Signatory

**Email Address:** kboyce@christian-aid.org

**Region:** Europe

**Country:** UK

**Organisation:** Christian Aid

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

a. We believe that the scope of a financial system should also include those impacted by decisions made by financial system actors – including local communities, trade unions, civil society, elected representatives as they would be advocating for a financial system that is governed for the public interest. Creating a dialogue between stakeholders is critically necessary on reforming the financial system. At the moment UN PRI is more like a trade association, while making proposals for conduct that will impact all stakeholders in wider society. There should be more opportunities for stakeholder engagement and their input into UN PRI guidance and practices as was the case for instance with the engagement guide on corporate tax (as an example).

b. Also, we believe that PRI should consider including the retail institutions that you intend to exclude within the scope of the programme. The reason to include them is that in our experience as civil society actors is that citizens as customers of retail financial institutions have more influence over their retail banking and retail insurance providers in comparison to the capital market actors who invest on behalf of the retail providers. Also many retail banks have investment arms and thus are already within the membership of UN PRI. At the moment retail banking institutions mostly focus on customer satisfaction and customer complaints of misspelling products rather than wider ESG issues. Bringing in retail institutions in the scope would widen their understanding of fair banking and a fair financial system.

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

However, the list states that social and environmental impacts are ‘externalities’ where as we consider them as equally important to the well-functioning financial system as financial returns over time. I would call these externalities rather relationships between “citizens and the financial system actors”, as many so-called ‘externalities’ are long-term risks (e.g. climate change, tax avoidance, inequality, gender equality) that have a real impact in the lives of ordinary people who often have little power over changing the ways in which capital markets work or indeed understanding them in the first place. If systemic risks are improved, this will make both the financial system less risky from future shocks, and build trust between citizens and the financial system over time.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI’s work remains relevant to the financial systems of the future?**

No

### 3b. Should any drivers be added to the current list?

b. We believe that these drivers of change are overly focussed on risks, and a better list of drivers of change that present opportunities should be included. This could include: increasing global cooperation around the Sustainable Development Goals while the Paris Agreement cements the drive towards a low-carbon and circular economy, and finally UN Financing for Development Process is about aligning financial institutions with sustainability targets, human rights frameworks and explicit contributions towards financing the SDGs. In all of these processes we find that the voice of active citizens and civil society actors as advocates are among the key driver for change in asking greater accountability from both governments and businesses and creating innovative policy solutions to tackle issues such as financial and corporate transparency of beneficial ownership, public country by country tax reporting, carbon emissions disclosure, fossil fuel investment and asset disclosure, gender pay gap and diversity disclosure – all areas that can be directly related in terms of the impact back to financing SDGs and realising the ambitious Paris Agreement target of reducing global warming to 1.5 degrees centigrade.

### 3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

a. Based on the findings of ShareAction report, Transforming Our Word Through Investment: an introductory study of institutional investors' role in supporting the Sustainable Development Goals, and our recommendations in the UN Financing for Development process, and work by AVIVA regarding a roadmap towards sustainable capital markets we recommend that PRI support signatories to align their sustainable investment activities with the SDGs and its means of implementation in the FfD process through:

i. Providing tools and guidance that help signatories identify the areas where there is SDG related data and disclosure already available while striving for improved disclosure of

both assets held by investors, and company disclosure of how they perform across a set of SDGs and financing for development targets.

- ii. Partner with organisations to produce products that enable investors to easily allocate capital according to SDG goals and targets, as they are now universally accepted signals that will drive government, business and civil society activities in the future.
- iii. Provide opportunities for collaborative engagement with companies about their contribution to the Sustainable Development Goals both on national level in relation to National Voluntary Reviews (NVRs) of SDG implementation, and Nationally Determined Contributions (NDCs) on reducing carbon emissions to tackle climate change. Col
- iv. Facilitate opportunities for signatories to interact and work with wider stakeholders, including civil society and public bodies, in order to share expertise and increase understanding of the wider impacts of investors and the Goals and also provide opportunities for shared advocacy efforts to bring about a sustainable financial system.

## **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

- a. The PRI could suggest that members contribute to the on-going discussion concerning how to make greater publicly available information on economic, environmental, social and governance reporting to the public through both voluntary reporting and working together with governments to establish also mandatory disclosure frameworks that are aligned with SDG goals and targets. Both the 2030 Agenda (target 12.6) and the Addis Ababa Agenda for Action (paragraphs 37 and 38) provide a basis for UN PRI to contribute to this debate about disclosure of both financial and non-financial information for the public good. In the area of financial disclosure, especially public country by country reporting is an important tool to better assess the commitment towards domestic resource mobilisation (SDG 17.1 and AAAA chapter 1), while non-financial reporting is important in order to understand the impact of the core business on a diverse actors.
- b. UN PRI should make any such disclosure frameworks developed in the SDG framework relevant for the whole capital supply chain, so that relevant indicators could capture evidence of contribution to SDGs for example in the case of retail financial services, advisory services and asset management functions. In particular, the framework should attempt to capture evidence of environmental and social impacts of asset allocation or engagement, as these are often more difficult to measure than governance impacts. Asset allocation for

example in fossil fuel energy versus renewable energy companies is an important part of achieving the SDG Goal 16, as well as the Paris Climate Agreement. Equally, ensuring that asset allocation and engagement assesses the risks of aggressive tax avoidance or abusive tax behaviour is critically important to establish Goal 17.1 and AAAA chapter 1 on domestic resource mobilisation.

c. A framework for capital market actors and investors should also measure attempts to have positive impact, even in cases where it is difficult to prove impact. In this area, any framework should be specific enough in stating how the impact was achieved, e.g. in case of transition to a low-carbon economy whether it was through investor engagement or shifting assets to low-carbon energy enterprises.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

### 6b. additional comments

The principles should be updated to include this clear reference, in order to encourage signatories to commit to taking action around this. The updated principles should provide concrete actions that signatories can take to promote a sustainable financial system, in order to assist signatories in contributing to this. Concrete actions should be aligned with the commitments aimed at companies in the SDG and FfD Frameworks in particular (SDG Target 12.6 and AAAA paragraphs 37, 38, 46) and aim towards implementing them in either voluntary or mandatory means via greater engagement from government authorities on this matter.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Tim Macready

**Job Title:** Chief Investment Officer

**Signatory Category:** Asset Owner

**Email Address:** ytan@christiansuper.com.au

**Region:** Oceania

**Country:** Australia

**Organisation:** Christian Super

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

No

**1b. Should any elements be added to the scope?**

Yes; brokers and research houses should specifically be included as part of the list of service providers within the value chain

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

### 2b. Should any risks, challenges or causes be added to the current list?

Yes. The growing disconnect between society's expectations of the roles and responsibilities of directors and those directors' understanding of their roles is a risk that should be addressed. This could be classified as fiduciary risk, to which there are two aspects – fiduciary definition risk (a failure for regulation and practice to reflect the desire of society to expect that a fiduciary will act primarily in the interests of the beneficiaries, but will also act secondarily in the interests of other stakeholders) and fiduciary time horizon risk (a focus by fiduciaries on a time frame shorter than that of the beneficiaries, which is already captured as short-term focus on financial returns). Additionally, disengaged beneficiaries should be considered as a risk. Finally, it is worth considering political polarisation and nationalisation as a risk, given the potential threat it poses to the free flow of labour and capital between markets.

### 2c. Should any risks, challenges or causes be removed from the current list?

no response given

### 3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?

No

### 3b. Should any drivers be added to the current list?

One potential major point that is missing is the rise of nationalisation that has marked the last decade and the increasing polarisation of political systems. Within the demographic change point, the point on future generations having different expectations should be extended to include the role of business, companies and markets within society. Within the growth of emerging markets point, an additional sub-point could also be considered in terms the impossibility of raising living standards in emerging markets without either destroying the planet or radically reshaping the way the global economic is driven (energy, resources, etc)

### 3c. Should any drivers be removed from the current list?

Yes. Structural changes in the design of pensions is not proving to be a substantial change in the way that the financial system works. The same intermediaries are still, by and large, playing the same roles. Where they aren't, it seems to be as a resu

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

Taken from the options listed in the consultation paper and listed in order of importance

Option 6 – Carry out further work to elaborate how Principle 2 (ESG integration in active ownership) could operate as a delivery mechanism for SDG activities by investors (by partnering to prepare analysis on investee company contribution to the SDGs and provide guidance on company engagement in relation to the SDGs).

Option 4 – Conduct policy and research activities in support of specific SDGs of concern to signatories from an investment materiality perspective.

We would be concerned that Option 5 (“providing guidance”) would provide another excuse for signatories to reframe what they already do as responsible investment, without actually making changes that improve the system or society. One other comment – we’re not necessarily as supportive of helping signatories to align their RI activities with the SDG as we are of the PRI helping and encouraging signatories to create portfolios that actually create SDG-aligned outcomes. It’s not about reframing, it’s about impact.

### 5. How can the PRI better capture the impacts and outcomes of signatories’ responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

Taken from the options listed in the consultation paper and listed in order of importance

Option 2 – Link the PRI’s work on a Sustainable Financial System to environmental and social outcomes, both from a system risk perspective and from the perspective of fulfilling the

purpose of the financial system, including funding sustainable economic development. This work may be embedded in our reporting and assessment process and/or a further Principle.

Option 1 – Define and measure the impact of the PRI and investors’ current activities in support of the SDGs and communicate publicly about the ways these activities support the SDGs.

Alongside this we would recommend regular, but not too frequent, audits of signatory reporting for truthfulness and accuracy. We don’t necessarily understand Option 3 (“link to purpose”), enough to form a view. PRI could also work to publicly recognise market leaders in asset owners and asset managers who are achieving outstanding outcomes.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

This could also be achieved by updating existing principles rather than through a new principle. The consultation and decision-making process for adopting an additional principle should be clear and driven by asset owners.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

Additional Revisions

- a) Refer to “Responsible Investment” rather than “ESG” in Principles 1 and 2.
- b) Principle 3 should include a commitment to also making appropriate disclosure on ESG issues to beneficiaries.
- c) Finally, it is worth considerin

## MEASURING THE PRI’S PROGRESS AND IMPACT

### **8. How would you define success for the PRI in 10 years’ time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success is a financial system that is demonstrably more sustainable and more inclusive of the needs of a wider variety of stakeholders, and where less value is extracted by agents on the way through to beneficiaries. Success is a pool of assets which is demonstrably having more tangible positive social, environmental and governance impact.

### **9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

#### **Additional comments**

No strong view, but probably not. Should be more focused on reporting frameworks that measure impact and change, regardless of whether that means aligning with existing frameworks or not. If easy to align without losing substance of what it is important to capture, then better to align.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Edward Mason

**Job Title:** Head of Responsible Investment

**Signatory Category:** Asset Owner

**Email Address:** edward.mason@churchofengland.org

**Region:** Europe

**Country:** UK

**Organisation:** Church Commissioners for England

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The key contributions the PRI could make to aligning investment and the SDGs would be:

- providing guidance as to how responsible investment and ESG integration can contribute to the SDGs (Option 5)
- developing the reporting framework so that it captures the outcome or impact of signatory responsible investment activities, using the SDGs as an impact framework (Option 1)

For this to work however, PRI would need to develop practical standard methodologies for measuring impact that asset managers and asset owners could use without incurring disproportionate expense.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

See previous response.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

The recognition that Responsible Investment "may better align investors with broader objectives of

society" has always been integral to our sense of what PRI is about. Otherwise, why are the Principles responsible?

We would therefore support PRI membership embracing a commitment to promote a more sustainable financial system and better outcomes for society.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

## 7b. Additional comments

The Principles should only be amended when there is a clear need. The original six have stood the test of time well. Whether to introduce a 7th Principle is the key issue for now and as stated previously there is a good case for this.

# MEASURING THE PRI'S PROGRESS AND IMPACT

## 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

PRI has to be able to demonstrate that it is promoting behaviour change and that long-term signatories are:

- genuinely incorporating ESG factors in investment decision making
- genuinely conducting themselves as active owners, and voting and engaging to promote high ESG standards and greater sustainability
- accepting responsibility for their role in tackling the biggest systemic ESG problems like climate change.

Rating signatories, especially asset managers, for their commitment to and implementation of the Principles will be an important part of the 10 year journey.

## 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

No

## Additional comments

PRI's primary focus should be on keeping its own reporting and assessment process of the highest quality. Taking on board the recommendations of the TCFD for asset managers and asset owners will be important. Liaison with other reporting organisations will be important but partnering could be a distraction.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Magdalena Lönnroth

**Job Title:** Portfolio Manager and Head of Responsible Investment

**Signatory Category:** Asset Owner

**Email Address:** magdalena.lonnroth@evl.fi

**Region:** Europe

**Country:** Finland

**Organisation:** Church Pension Fund

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Developing a practical "road map" that would show the signatory how the different SDGs can be addressed on a practical level. That would be a concrete start. As a starting point, all signatories should address the SDGs in the investment policies and guidelines - maybe the PRI could have some influence in this as a best practice model?

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

This is challenging. First there must be proper KPIs to measure the impacts and outcomes with. Need to have more than the carbon footprint.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

Yes, why not. But what would this Principle require in practice from a (small and resource-constrained investor) signatory? Very unclear at this point.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The level of sophistication of the signatories' approaches to responsible investment. The mainstreaming that has occurred and new measures/KPIs developed.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

Additional comments

GRI is too complex, do not see any value added for the investor.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Julie Cays

**Job Title:** Chief Investment Officer

**Signatory Category:** Asset Owner

**Email Address:** jcays@caatpension.on.ca

**Region:** North America

**Country:** Canada

**Organisation:** Colleges of Applied Arts & Technology Pension Plan CAAT

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

It almost all comes down to motivation / incentives of the difference parties, including asset owners, managers, corporations, politicians - all largely structured to be short term in focus.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

Rise of populism / anti-corporate movements.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI’S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years’ time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

## Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Adam Black

**Job Title:** Head of ESG & Sustainability

**Signatory Category:** Investment Manager

**Email Address:** adam.black@collercapital.com

**Region:** Europe

**Country:** UK

**Organisation:** Collier Capital

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

We feel that the scope could be enhanced through more bottom up analysis. Meaning for example, the inclusion of investment advisers and those operating in a “customer” facing role. The provision of investment advice that highlights both the ESG risks and also the possible ESG benefits would be helpful (i.e. the role of investment advisers).

#### 1c. Should any elements be removed from the scope?

We see no need to remove any from scope.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

Additions might include:

1. under delegated investment chain we should include as a consequence “the ESG capacities and expertise of asset managers”.

2. under externalities we should include the following (which we not see reference to):

- Food security
- Human Health
- Protection of historically, architecturally and/or culturally significant sites
- Protection of geologically and/or biologically important sites/habitats
- Human trafficking
- Human slavery/Indentured Labour
- Child labour
- Animal welfare
- Community health impacts
- Consumer product safety
- Worker health and safety

Further overarching comments would also include:

- There remains the perception that ESG is a cost at the GP and PC level. The better portfolio companies and GPs understand that where ESG is properly understood and managed it is not a cost.
- There is also the perception that some sectors are not impacted by ESG or impacted less and so not an issue. We would suggest that all sectors are impacted in some way and that ESG issues are all relative by sector and geography. As investors we should be encouraging all relevant issues by investment to be addressed in order to maximise value at exit (£ value and ESG benefit)
- Sometimes we observe a focus on “green” or socially responsible investing when often these industries can have major ESG issues that are overlooked because the perceived benefit of what they do is seen as outweighing the impacts associated with how these companies operate.
- Not all sectors are properly considered or highlighted e.g. farming.
- There is a need to define financial materiality – is this the bottom line (EBITDA), top line (revenue), avoided cost, the potential cost of loss of reputation, or is it internalising the externalities? Or all these?

### 2c. Should any risks, challenges or causes be removed from the current list?

We do not feel any risks, challenges or causes should be removed but more could be added to the list.

### 3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI’s work remains relevant to the financial systems of the future?

No

### 3b. Should any drivers be added to the current list?

We feel there are some drivers that could be added including:

- Rising population
- Migration of populations
- Growing demand for western culture and associated impact on resources and ecosystems
- Growing demand for access to clean water and associated impact on resources and ecosystems
- Growing demand for food and associated impact on resources and ecosystems

A particular driver is the need to feed the growing population and how to achieve this with fewer resources but taking into account environmental and social impacts of farming systems. We feel that the food sector and farming (intensive farming in particular) is a sector that warrants particular attention from an ESG perspective, and is integral to addressing many of the SDGs – in particular Goals 2, 3, 6, 12, 13, 14 and 15.

### 3c. Should any drivers be removed from the current list?

We do not feel any should be removed from the list.

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

The PRI should develop guidance on what the SDGs mean for investors and how this translates into tangible actions at the investor level and crucially at underlying investee company level.

The PRI might also develop training related to the SDGs and their interpretation and implementation within the investment community.

The PRI might also focus on ESG topics (thematic ESG) and sectoral analysis and guidance.

For example thematic ESG might include food security; water resource management; climatic change; biodiversity.

For example sectoral ESG might be required for often overlooked sectors such as farming and fishing or tourism. All critical sectors for the future and growing in importance owing to ESG impact.

The PRI should seek evidence of real impact at the GP and crucially the underlying portfolio company level of the SDGs being implemented.

## **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The PRI might seek to classify impacts and outcomes by taking into account the following:

- Adopting a specific section on the SDGs and referring to the SDGs as a recurring theme through relevant parts of the Reporting Framework
- What positive impact at underlying investee company level was already being worked on and required very limited input from an investor (to avoid double ESG accounting and greenwash)?
- What gaps did the investor identify and work with the underlying investee companies on to address?
- What measures did the investor take to translate the SDGs into meaningful actions that could be taken by underlying GPs or investee companies?

## **UPDATING THE PRINCIPLES**

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

Yes and this would probably be best achieved through a new seventh Principle although it might also be a theme that is specifically referred to under the first Principle and embedded as an issue within some of the other existing Principles.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

On reflection a core principle is Principle 2. This is viewed as particularly important because it is about being active owners and about impact. In our asset class (private equity) the GP can be highly active and make a real difference but this is not

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Through a material increase in signatories (doubling)?

Through long time signatories (5 - 10 years plus?) providing validated evidence of the ESG impact achieved?

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

**Additional comments**

Reporting should, however, be on the lighter side to reflect the nature of the investor’s role (e.g. develop a GRI light reporting framework specifically for investors).

The very detailed reporting and the majority of all ESG metrics must remain at the underlying investee company level because that is where the issues arise and are addressed/managed on a daily basis. Investors should only need to report on a smaller sub set of metrics that are material to their activities.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Not given

**Job Title:** Not given

**Signatory Category:** Investment Manager

**Email Address:** m.d.@columbiamanagement.com

**Region:** North America

**Country:** USA

**Organisation:** Columbia Management Investment Advisers, LLC

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a**

**sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

Additional comments

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Helen Wright

**Job Title:** Finance Director

**Signatory Category:** Asset Owner

**Email Address:** h.wright@comicrelief.com

**Region:** Europe

**Country:** UK

**Organisation:** Comic Relief

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

No

**1b. Should any elements be added to the scope?**

Not clear why or how retail banks as deposit-takers can be excluded.

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Development narrative to clearly link ESG considerations to SDG targets

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The last thing that should be done is incorporating a section reporting on individual SDGs; already very repetitive reporting process. Organisational impact objectives will vary widely so not sure how meaningful/easy it will be to capture or collate.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

As a relatively small asset owner, investing to deliver a return that is used to further our charitable work, working towards sustainability of the financial system is not our primary concern. The 6 principles as currently framed set out clearly the activities we can and should undertake as signatories to support the sustainability of the financial system and address the broader system risks. But making that a requirement in and of itself seems unnecessary and unhelpful. It sits better as the overarching mission of PRI, with the principles being the mechanism for delivering that mission.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

Alignment and reduced duplication can only be a good thing.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Lori Satov

**Job Title:** Associate Portfolio Manager, Client Solutions

**Signatory Category:** Investment Manager

**Email Address:** lsatov@cclgroup.com

**Region:** North America

**Country:** Canada

**Organisation:** Connor, Clark & Lunn

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

We believe that the scope is quite broad. In order to best focus the efforts and resources of both the PRI and signatories, we believe that the scope should be reduced to include only the areas listed as “primary focus”.

#### 1c. Should any elements be removed from the scope?

We believe that the scope is quite broad. In order to best focus the efforts and resources of both the PRI and signatories, we believe that the scope should be reduced to include only the areas listed as “primary focus”.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

While we do not believe we have sufficient expertise to address whether or not all the causes of risks and challenges to the financial system are adequately captured, we do believe those listed in the consultation document to be a good start. In addition, we would be biased to limiting the scope as opposed to adding any additional causes in order to best align the PRI's focus on ESG issues that have the ability to positively impact the financial system.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

no response given

**3b. Should any drivers be added to the current list?**

As previously noted, we would be biased to limiting the scope of drivers of change in order to best align the PRI's focus on ESG issues with the ability to positively impact the financial system.

**3c. Should any drivers be removed from the current list?**

As previously noted, we would be biased to limiting the scope of drivers of change in order to best align the PRI's focus on ESG issues with the ability to positively impact the financial system.

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

#### **4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The Sustainable Development Goals include some very noble goals for the global community. Many of those goals are well aligned with the Principles. We believe that the PRI can support signatories to align their responsible investment activities with the SDG through the reporting framework. Direct questions that relate back to the Sustainable Development Goals can be incorporated that provide signatories with a venue to report on their activities and note where they might align with the SDGs.

#### **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

We believe that the reporting framework can be used to capture signatories' alignment with the SDG and progress can be measured through metrics that are pertinent to each goal. As an example, the PRI can track over time, the increase in diversity of corporate boards alongside the progress signatories are making in this area over the same time period.

## UPDATING THE PRINCIPLES

#### **6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

##### **6b. additional comments**

We support an update to the Principles, however we strongly caution that the scope of any additional Principle should be limited to the areas where signatories can have an impact. For greater clarity, we would support a new principle that was narrowly focused on working towards eliminating challenges to the financial system in the context of signatories' ESG activities.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

We are satisfied that the current principles capture the spirit and intent of the UN PRI's mission.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

It is possible to develop metrics that can be tracked over time to measure the success of various initiatives.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

no response given

**Additional comments**

We do not feel that we have enough information on these reporting supplements to answer this question. However, we would support partnering with an organization if that would increase the flexibility of the reporting and assessment tools.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** John Travis

**Job Title:** Investment Professional & General Counsel

**Signatory Category:** Investment Manager

**Email Address:** john.travis@cordetcapital.com

**Region:** Europe

**Country:** UK

**Organisation:** CORDET

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

## Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Conor Bisson

**Job Title:** Administrator, Fund Services

**Signatory Category:** Non-Signatory

**Email Address:** conor.bisson@crestbridge.com

**Region:** Europe

**Country:** UK

**Organisation:** Crestbridge

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

The recommendation would be to change the description of one of the drivers of change from “Regulation after the global financial crisis “ to “Local and pan-global regulation after the global financial crisis”, to reflect the fact that a key driver influencing the financial system will not only be local regulation, but also global regulation where there is pan-global co-operation and collaboration to implement certain aspects of regulation. In addition to considering drivers of change, it would be useful for the UN PRI to provide real world concrete examples to put the theoretical drivers of change into context, and to provide some example of operational drivers of change such as Board and governance composition and how they drive change at a micro-level.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

In respect of the PRI supporting signatories in aligning their responsible investment activities with the 17 Sustainable Development Goals (“SDGs”), the PRI could incorporate specific questions on SDGs into the Reporting Framework, which will cause signatories to focus on how they are including SDGs into their responsible investing. The PRI will need to recognise



that it has a diverse range of signatories that invest in a wide range of portfolio companies in different sectors / geographies. As a result, the ability and more importantly the relevance, of the number of SGDs to a signatory's investee company activities will vary widely from signatory to signatory. Clearly certain SGDs will be of relevance no matter the specifics of the signatory, but diversity in signatories will need to be taken into account by the PRI. Here the UN PRI should also provide illustrations / case studies of real life application of incorporating SGDs into ESG investment activities in order to show the positive benefits of doing so, and in order to make incorporation aspirational with these positive examples.

#### **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The PRI can include additional assessment questions in its Reporting Framework that focus on specific examples of responsible investment activities in relation to signatories' portfolio of investments. In this way the Reporting Framework will continue to focus on the responsible investment processes and policies of signatories, but will also be able to capture the actual real world outcomes of those policies in relation to portfolio companies.

## UPDATING THE PRINCIPLES

#### **6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

##### **6b. additional comments**

Signatories should certainly continue to promote a sustainable financial system that benefits society as a whole. It should be noted, however, that the extent to which signatories can impact on the broader financial system and associated financial system risks is a separate matter to promoting a sustainable financial system. Signatories to PRI that actively engage in responsible investing activities and adhere to the Six Principles and who adhere to the highest ESG standards, are already promoting a sustainable financial system that benefits society as

a whole. This is distinct from acting to improve the financial system as a whole, which some signatories may be unable to do outside of their direct responsible investing activities. Any amendments to the six Principles with the intention of including a reference to signatories addressing wider financial system risk, would need to keep this in mind. The fiduciary duty of signatories should also be borne in mind if adding a seventh principle in relation to signatories achieving the principles of the UN PRI.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success for the PRI through the next 10 years will comprise significant growth in signatory base, where any organisation that is not a signatory will be regarded as being off-market in its approach to investing activities. Numbers are hard to quantify in this regard, but the most important thing would be that it was considered highly unusual for an organisation not to be a member of UN PRI. Important to this is the accountability of signatories as discussed in the last PRI consultation paper, where Appian put forward its view that signatories should be openly assessed on their Reporting Framework submissions, together with PRI having the ability to remove signatories from its membership where those signatories are not demonstrating any or sufficient progress in incorporating responsible investment practices.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Lars Jannick Johansen

**Job Title:** CEO

**Signatory Category:** Investment Manager

**Email Address:** ljj@socialkapitalfond.dk

**Region:** Europe

**Country:** Denmark

**Organisation:** Den Sociale Kapitalfond

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

All six options in the consultation document are good suggestions of how the PRI better kan support signatories to align their responsible investment activities with the SDGs - starting with / prioritizing option 1. They would be further strengthened by providing a strong investment case for the SDGs for various kinds of investors as well as emphasizing / presenting best practice in the field, e.g through an award programme or similar.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Please cf above

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

no response given

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The SDGs and your signatories' contribution to realizing them will be a key benchmark for the world and hence also to the PRI as an organization.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Rainer Königs

**Job Title:** stellv. Leiter Vermögensanlage

**Signatory Category:** Asset Owner

**Email Address:** r.koenigs@dbu.de

**Region:** Europe

**Country:** Germany

**Organisation:** Deutsche Bundesstiftung Umwelt

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Durch Erstellung von Positionspapieren mit pro und contra-Argumenten zu einzelnen Nachhaltigkeitsthemen wie z.B. Dekarbonisierung.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Die Zahl der asset owner (ohne eigenes kommerzielles Interesse), welche Unterzeichner sind, sowie deren repräsentiertes Kapital.

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Floris Lambrechtsen

**Job Title:** Partner

**Signatory Category:** Investment Manager

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**Region:** Europe

**Country:** Netherlands

**Organisation:** Double Dividend Management B.V.

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

2b. Should any risks, challenges or causes be added to the current list?

1. One cause of risk in the relationship between investors and companies is that listed companies and issuers have grown so large that the 'human scale' is missing and investments are concentrated in ever growing and larger companies. This would plead for more exchanges with smaller companies.. The second cause of risk that is missing is the rising scale of 'technical' approach to investing, identifying equities and bonds purely from an arithmetic point of view, leaving out the human factor and judgement.

In fact, the cause of lack of ownership control is much broader than only diversification.

2. Lack of involvement of beneficiaries (of pensionfunds and insurers) is missing.

2c. Should any risks, challenges or causes be removed from the current list?

1. Lack of attention to ESG issues in investment research and decision making is rather obvious and not a cause but a effect (symptom) of the lack of enough reasons to care about ESG issues while investing. The real risk is that ESG information is not pri

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

#### **4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The PRI could facilitate the production of research papers that identify the key opportunities and risks for sectors in relation to the SDG's. Evaluation of investments on the contribution to the SDG's could be part of the annual assessment of PRI signatories.

#### **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

It is important to avoid a discussion about impact indicators and leave that to the companies and investment funds themselves. Reference to the SDG's should be expected in more general terms, such as part of investment strategy, analysis and decision-making.

## UPDATING THE PRINCIPLES

#### **6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

##### **6b. additional comments**

The mission and existing six principles provide enough basis for the program as suggested.

#### **7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

##### **7b. Additional comments**

A small but relevant addition to Principle 3: "We will promote appropriate consideration and disclosure of ESG issues by the entities we investment in"

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

PRI should make itself redundant in 10 years time and continue to stimulate signatories to make a positive contribution to ESG challenges with their investment and to report on it. It would be a great achievement if the PRI would be able in 10 years time to make clear how much capital by the signatories is deployed to contributing to the SDGs in general, and even more to specific SDG's.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

In the end all changes on ESG in our daily world are made by the entities that we invest in, so that is where the focus should be. Not just measuring progress on policies, implementation and reporting.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Ise Bosch

**Job Title:** CEO

**Signatory Category:** Asset Owner

**Email Address:** ise.bosch@dreilinden.org

**Region:** Europe

**Country:** Germany

**Organisation:** Dreilinden gGmbH

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

this list is so long it is hard to imagine it being impactful.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

gender equality

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Gender equality is in many of the SDGs - most notably, but far beyond goal 5. This is well presented by womankind, UK : <https://www.womankind.org.uk/docs/default-source/resources/sdg-implementation-advocacy-toolkit.pdf?sfvrsn=4>.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

seek to capture tailor-made, specific actions by specialized asset owners.

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

sorry I cannot judge this

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

the Problem seems to lie less with the principles but with ensuring compliance.

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

## Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Louise Hedberg

**Job Title:** Head of Corporate Governance

**Signatory Category:** Investment Manager

**Email Address:** louise.hedberg@eastcapital.com

**Region:** Europe

**Country:** Sweden

**Organisation:** East Capital

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Specific workstreams on how investors can understand, measure and assess how companies deliver against the SDGs. Wider discussion on impact of investments in general and responsible investment in particular on how WE can contribute to reaching SDGs.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Report on specific engagements and dialogue on SDGs in companies. Own goals and strategies for contributing to reaching SDGs.

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI’S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years’ time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

no response given

## Additional comments

Harmonizing reporting is always a good idea!

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Marie Luchet

**Job Title:** Marie Luchet

**Signatory Category:** Investment Manager

**Email Address:** marie.luchet@ecofi.fr

**Region:** Europe

**Country:** France

**Organisation:** Ecofi Investissements

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

- develop the reporting framework to include the SDG
- give guidance on the links between ESg integration and SDG

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

- asking for a reporting on ESG impact indicators of their investments (eg. carbon footprint, water consumption) linked to SDG
- asking for engagement actions linked to SDG

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

There is a different scale of commitment needed to implement the 6 principles:some are a lot more easier than others.

Principle 2 could be divided in two principles: one on voting and one on engagement. Those practices are both growing but they can be imp

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The ones it is already using : growth in the number of signatories, growth in the assets under management.

also: number of engagement actions overseen, number of companies engaged, number of signatories in each rating category,

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Camilla Bossi

**Job Title:** Sales Specialist

**Signatory Category:** Service Provider

**Email Address:** c.bossi@ecpindices.com

**Region:** Europe

**Country:** Italy

**Organisation:** ECP International S.A.

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Option 1 and 6 seem the most reasonable without revolutionise the PRI approach.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Most of the SDG's are part of a standard ESG analysis. The PRI can rely on the expertise in this field of all service providers, already signatories of the principles, to develop a meaningful reporting framework.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

External audit to evaluate signatories results

Possibility to ne excluded from the signatories list based on the third-party evaluation.

- 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Esme van Herwijnen

**Job Title:** Responsible Investment Analyst

**Signatory Category:** Investment Manager

**Email Address:** esme.vanherwijnen@edentreeim.com

**Region:** Europe

**Country:** UK

**Organisation:** EdenTree Investment Management Ltd

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

We do not believe it is our role to decide whether other actors of the financial system should be included within the main focus of the PRI, however we see benefits in the PRI being as flexible and open as possible.

#### 1c. Should any elements be removed from the scope?

No

### 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?



Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Climate change, which has been identified as an external geopolitical force to the financial system in the consultation, seems to have a much larger impact on the sector and should in our opinion be added to the list of drivers of change. The financial sector through asset allocation to the most polluting sectors indirectly contributes to climate change and we believe it can play a key role in encouraging the energy transition.

Regulatory environments are already changing in some countries and actors in the financial sector, following COP21, will have to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate resilient development. This is likely to have consequences on the financial system and financial products.

3c. Should any drivers be removed from the current list?

No

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The collaborative engagement initiatives coordinated by the PRI are a great way to address some of the sustainable development goals. It seems difficult for signatories to be able to

address all the SDGs and indeed some may not be relevant to investment, but depending on their strategies, signatories will be able to select those work streams that they consider to be most relevant. Investor Working Groups should add value to the investment proposition and help investors manage and mitigate current and future risks within their portfolios.

The sustainable development goals are extremely relevant and some of the sustainable development goals are already directly linked to the ESG risks integrated into investment decisions. Responsible investment also has the ability to contribute to the SDGs and the wider objectives of society. However, despite being supported by the United Nations, the PRI should continue to focus on the long-term interests of its signatories rather than the SDGs.

The PRI should remain open and flexible for all signatories and we believe that a strong focus on the sustainable development goals is mostly suitable for signatories that consider themselves as impact investors.

#### **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Measuring the impact of responsible investment remains very difficult. We believe responsible investment contributes to strong performance while at the same time reducing risks. Engagement with companies is a key part of responsible investment and signatories are able to influence companies' direction of travel for the long term. We believe however that contributing to the sustainable development goals should not be the main area of focus of the PRI.

## UPDATING THE PRINCIPLES

#### **6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

We believe the current principles already enable investors to address financial system risks and promote a sustainable financial system. If all the six principles are correctly implemented we believe this directly contributes to the PRI's mission and therefore do not see the benefit or need for an additional principle.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The PRI has made significant progress over the last 10 years and has contributed to the growth of the responsible investment sector. However, we do not want to see the PRI as a box ticking exercise and do not believe that the number of signatories is representative of success.

The PRI reporting framework measures the thoroughness of the signatories RI processes and we would like to see the evolution of signatories' median scores as a good indicator to measure success.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

Additional comments

The PRI remains a voluntary initiative and should remain open and flexible. There are many benefits from standardised reporting frameworks such as the GRI, however we do not think this should be integrated into the existing PRI reporting framework. In addition to the PRI annual reporting, signatories also produce their own quarterly or annual reports for clients, and the two reports have different objectives.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Namita K Shah

**Job Title:** Head of ESG

**Signatory Category:** Investment Manager

**Email Address:** shahn@ecpinvestments.com

**Region:** Africa

**Country:** Kenya

**Organisation:** Emerging Capital Partners

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

## Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Erik Alhoej

**Job Title:** CEO, Owner

**Signatory Category:** Service Provider

**Email Address:** Erik.alhoej@engage-int.com

**Region:** Europe

**Country:** Denmark

**Organisation:** Engagement International

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

PRI should primarily facilitate the development and discussion of best practice methodology, processes and impact measurement.

PRI should not coordinate concrete engagement activities regarding SDGs for its asset owner and investment manager signatories - in competition with engagement service provider signatories

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Esa Saloranra

**Job Title:** Director

**Signatory Category:** Investment Manager

**Email Address:** esa.saloranta@eq.fi

**Region:** Europe

**Country:** Finland

**Organisation:** eQ Asset Management Ltd

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The PRI should consider the organizational costs and relevant scope in promoting SDGs. As a signatory we prefer focused and cost efficient structure for the PRI.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The risk here is a reporting framework that becomes too burdensome and onerous and less relevant for the investment process itself.

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Measurement of improved reporting at the investee company level is a significant goal.

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

## Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Therése Lennehag

**Job Title:** Head of Responsible Investment

**Signatory Category:** Investment Manager

**Email Address:** therese.lennehag@eqt.se

**Region:** Europe

**Country:** Sweden

**Organisation:** EQT

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

An aspect that should also be considered is the relationship of the PRI with the academic world. For example, business schools and institutions such as the CFA Institute, and their impact on the overall financial system.

#### 1c. Should any elements be removed from the scope?

no response given

### 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

We generally agree that the list captures areas that the PRI should address. However, the list is long and contains both general and very specific conditions. To make the list even more crisp and more easy to overview, a suggestion could be to move some of the recurring conditions to an own overarching category (e.g. causes relating to transparency and regulation). Alternatively, or additionally, a value chain approach could be utilized when grouping the conditions, as not all of them are equally applicable/relevant to the whole value chain.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

We generally agree with the categories of drivers identified, albeit believe that there may be more to some of the categories than commented in Appendix 3, e.g. regulation is not only in relation to the global financial crisis, but also in relation to technology and globalization and implications for tax policy etc.

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We recommend that a phased approach is applied. To start with, options 4, 5 and 6 would likely best serve the aim of supporting signatories to align their responsible investment activities with the SDGs. When this work is done, option 1 can be considered as an additional lever (see also our response to question 5 below).

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Please also refer to our response to question 4 and the suggestion of a phased approach. To on a more immediate note better understand signatories' impacts and outcomes in relation to the SDGs, the PRI could conduct a separate, voluntary survey in order to, in a more exploratory manner, understand how signatories have incorporated the SDGs into their work and to uncover best practices. This can then be compiled and shared broadly for everyone's benefit as well as inform the suggested work described in question 4.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

The PRI appropriately and sufficiently includes the broader financial system in its Mission and there is therefore no need to emphasize this further by adding a seventh Principle. Focus and resources need to be devoted to the actual and proper adoption and implementation of the Principles in practice.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Examples of metrics for the PRI could include:

- Wide span in size, type and geography of signatory base to ensure optimal reach and influence
- Impact from PRI lobbying activities and other engagements aimed at regulators, governments and other stakeholders
- Impact from PRI research and specific projects
- PRI signatories' adherence to the Principles and signatories' strive towards higher assessment in the Reporting Framework with focus on increased transparency and quality in responses
- Meaningful gatherings in all geographies that inspire signatories and non-signatories to continually take the next steps towards (even more) long-term responsible investment and ownership
- High quality and quantity in signatories' responses to various consultation feedback to ensure that signatories are active in forming the future of the PRI

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

no response given

### Additional comments

It is important that the PRI does not transform into a reporting organization itself but rather remains a think tank / lobbying organization within the area of responsible investment with a much broader focus than the Reporting Framework.

Reporting already requires a significant amount of time and money for signatories. If there are benefits of scale from partnering with other reporting organizations, this should be considered, as reporting should be as streamlined, effective and low in complexity as possible. To avoid duplicating part of each other's reporting, it would therefore make sense for the PRI to partner with other reporting organizations when defining new guidelines or frameworks. However, it must be kept in mind that not all signatories will also be e.g. GRI signatories.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Hazel Henderson

**Job Title:** CEO, Editor in Chief, Founder

**Signatory Category:** Service Provider

**Email Address:** hhlibry@hazelhenderson.com

**Region:** North America

**Country:** USA

**Organisation:** Ethical Markets Media, LLC

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

Cooperative enterprises employ more people on this planet than all the for-profit corporations combined. They should be included, since the UN Year of Cooperatives , 2012 recognized these facts.

Investing in co-ops is attractive, now that interest rates are so low. I invest personally in co-ops and get a better interest rate than a bank CD !

#### 1c. Should any elements be removed from the scope?

No

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

Greater focus on internal structure of markets , as computerized , algorithmic , high-frequency trading are overtaking most markets globally. This negates ESG concerns and most of the efforts of the responsible investment movement over the past 30 years.

The other risk which needs emphasizing is the neoclassical economics model and all the financial models and algorithm based on this obsolete textbook economics are still driving societies toward social and environmental degradation. The focus on shareholder value is a double-edged sword and opens companies to hedge funds raiders ,etc. Better to focus more on stakeholder models, since many agree with Prof. Lynn Stout in The Myth of Shareholder Value , that economists at the U.of Chicago misunderstood the "ownership " as being ownership of a piece of the company, rather than ownership of a contract !

**2c. Should any risks, challenges or causes be removed from the current list?**

No

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

**3b. Should any drivers be added to the current list?**

Stated " drivers" : as Protectionism, The rise of nationalism are biased , elitist views which ignore the model of globalization imposed on the world after the 1980s Thatcher-Reagan " big bang" i.e. a narrow globalization of GDP-measured growth models, privatization, deregulation , which exacerbated the rise of external costs ( allowed in economic textbooks as " externalities" , now estimated by the IMF at \$5.3 trillion annually! ) See my paper Ending Externalities"www.greentransitionscoreboard.com

Therefore the political feedback from this faulty economic model : "e.g. " Brexit", and all the other uprisings of those left out of globalization should be added to correct this bias.

### 3c. Should any drivers be removed from the current list?

No

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

There does need to be a 7th Principle to explicitly recognize that 195 countries have signed on to the UN's SDGs , as well as the COP21 accords and INDCs . So how can PRI member asset owners, including government pension funds, sovereign wealth funds , etc not fall into line with their own governments' policies ?

This 7th Principle to positively affirm and agree to implement the UN's SDGs is now obligatory.

This will mean adopting the new multi-disciplinary, systems approach to human development and genuine national progress. See my "Mapping the Global Transition to the Solar Age ,ICAEW and Tomrrow's Company, London, 2014 ( downloadable from [www.ethicalmarkets.com](http://www.ethicalmarkets.com)

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

By aligning more fully with NGOs including ShareAction, Carbon Tracker ,CDP , Tax Justice , Global Witness , Ethical Markets and the many other signatory service members of PRI.

We highly commend the approach of Cambridge University's Investment Leaders Group in its paper " In Search of Impact " . At last , they clarify the confusion over the branding attempts of so many " greenwashing" funds using the word " impact" ! I was asked to review the original Rockefeller report using this term "impact". I pointed out and continue to point out that ALL INVESTMENTS HAVE IMPACTS : Some blow the tops off mountains , others pollute our oceans and lands !

This Cambridge University report has finally focused correctly on impacts as OUTCOMES ( both positive and negative ) rather than fuzzy intentions.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

### 6b. additional comments

We are hopeful that adding this 7th more declarative Principle on supporting the UN and the SDGs will clarify PRI' mission and make it much more effective . Some asset owning signatories may drop out , but this is to be expected and will further empower those fully committed to redesigning finance for inclusive, sustainable development models for our common future.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

### 7b. Additional comments

add additional language regarding stakeholders' values. See FINANCIAL MANAGEMENT, May, 2016 [www.cimaglobal.com](http://www.cimaglobal.com)

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

Full adoption of multi-disciplinary systems models beyond economic and GDP-measured "growth".

Ending the accounting scam of "externalities" and moving to full-spectrum accounting.

Supporting pricing of carbon and all pollutants.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

We fully support IIRC's "6 types of capital" approach, as well as SASB, GRI and the new accounting protocols at [www.cimaglobal.com](http://www.cimaglobal.com)

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** RA

**Job Title:** DI

**Signatory Category:** Non-Signatory

**Email Address:** ri@eu.nl

**Region:** Europe

**Country:** Netherlands

**Organisation:** EUM

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

no response given

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Inequality

3c. Should any drivers be removed from the current list?

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Integrating the SDG's into responsible investment activities is primarily the responsibility of the individual signatory. The PRI is, however, very well positioned to provide guidance on how the SDG's can be part of a responsible investment policy.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

no response given

6b. additional comments

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

no response given

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

- 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

no response given

Additional comments

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Outi Helenius

**Job Title:** Responsible Investment Coordinator

**Signatory Category:** Investment Manager

**Email Address:** outi.helenius@evli.com

**Region:** Europe

**Country:** Finland

**Organisation:** Evli Bank Plc

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

PRI can provide tools and share best practices how investment activities can be in line with the SDGs. As stated in the consultation paper, some of the SDGs are already incorporated with the responsible investment activities, but there is still room for improvement and especially room for practices that show how this is done in real life.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

This is hard, since with responsible investment practices it is sometimes hard to quantify which has been certain investor's impact and outcome. At the moment, I would suggest that PRI

would encourage the signatories to take SDGs into account, but would not require any reporting from them.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

Some signatories do not fulfill even the 6 former principles, so I think that it would be more important to focus on those first, before creating a new principle.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

I think that current 6 principles are capturing all the essential aspects.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

PRI has been success as starting first a small group of institutional investors to be now global and extremely well-known organization. I would definen success by the growth in number of signatories and AMU covered.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** David Sneyd

**Job Title:** ESG Specialist

**Signatory Category:** Investment Manager

**Email Address:** david.sneyd@fil.com

**Region:** Europe

**Country:** UK

**Organisation:** Fidelity International

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

No

1c. Should any elements be removed from the scope?

No

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

No

2c. Should any risks, challenges or causes be removed from the current list?

No

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

No

3c. Should any drivers be removed from the current list?

No

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The PRI has been successful in promoting the integration of ESG into understanding investment risk / opportunity; however, an emphasis on the social impact of investments is a substantial step change in direction which does not complement our existing priority of providing the best risk-adjusted return for our clients. Accordingly we think that there should be an emphasis on defining how impact can be measured and training for signatories in doing so, rather than requiring that signatories report on this more immediately creating an unnecessary burden to them at this time.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

As stated in Q4, we consider that the PRI should conduct more work in accessing the existing methods used to record and report the social impact of portfolios before requiring additional disclosure from its signatories.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

This is already an implicit consequence of the improved sustainable contribution made to the financial system by signatories pursuing the existing principles and does not need to be achieved through a seventh principle.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The PRI should continue to assist investors in integrated ESG into their mainstream investment process as its core function. The number of signatories will continue to be an important metric but alongside a focus on the number that regularly report their efforts and the scores that they achieve.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

**Additional comments**

As demonstrated by the recent responses to Task Force on Climate-related Financial Disclosures, there has been a call for different reporting organisations to partner together in order to synchronise their disclosure requirements required by these different reporting standards. We would encourage the PRI to make similar partnerships with a goal of harmonising existing requirements rather than creating a new standard that would add an additional burden to investors.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Philipp Good

**Job Title:** Portfolio Manager

**Signatory Category:** Investment Manager

**Email Address:** philipp.good@fam.ch

**Region:** Europe

**Country:** Switzerland

**Organisation:** Fisch Asset Management AG

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

I would rather focus on the accountability rather than adding/dropping new criterias.

One criteria I find could get more focus is the organisation (Asset owner/Asset manager). The sustainability of it's own organisation gives in our opinion a good sense on how asset are being allocated.

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We think if the accountability improves this will directly impact on how sustainable investments are being executed.

From an asset management perspective we have to deal with all kind of clients with very different sustainable definitions.

A "best practice" might be of a good support

5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

## UPDATING THE PRINCIPLES

6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

no response given

6b. additional comments

7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?

No

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

I think some hard rules definitions might be useful.



The word sustainability is widely used and as an asset manager we deal with very different interpretations by our clients. This tells us that in some way the range of sustainability is still huge.

A further indicator can be to focus more in the sustainability of the asset manager / owner. We believe a sustainable organisation ensures sustainable investments.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Hellier Mickaël

**Job Title:** SRI Policy Director

**Signatory Category:** Asset Owner

**Email Address:** mickael.hellier@fondsdereserve.fr

**Region:** Europe

**Country:** France

**Organisation:** Fonds de réserve pour les retraites - FRR

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

PRI could provide guidance as to how responsible investment and ESG integration can contribute to SDGs.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

PRI could provide indicators for each of the 17 Sustainable Development Goals (SDGs).

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success metrics could be:

- The evolution of the signatories' satisfaction survey.
- A quantitative assessment of the evolution of the PRI annual report delivered by signatories.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Pierre Blaising

**Job Title:** Directeur

**Signatory Category:** Asset Owner

**Email Address:** pblaising@fondsftq.com

**Region:** North America

**Country:** Canada

**Organisation:** Fonds de solidarit? FTQ

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Tom Lambert

**Job Title:** Consultant

**Signatory Category:** Service Provider

**Email Address:** tlambert@frontieradvisors.com.au

**Region:** Oceania

**Country:** Australia

**Organisation:** Frontier Advisors

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Essentially the metrics should cover (but not necessarily limited to) the following:

- broader representation across geographies and signatory type (this could of course, be defined in many ways but the pivotal metric will be assets under management for retirement incomes to be aligned with long term objectives)

- clear enhancements of signatory practice against what are agreed by the signatory base as widely applicable and relatively objective benchmarks
- articulation of performance impact methodology (with respect to economic, social and environmental impacts outside the realm of the investor base for which asset owners have direct fiduciary responsibility).

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Patrick Nyamangunda

**Job Title:** Compliance Manager

**Signatory Category:** Investment Manager

**Email Address:** patrick.nyamangunda@fulcrumasset.com

**Region:** Europe

**Country:** UK

**Organisation:** Fulcrum Asset Management LLP

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

No, the PRI has conducted extensive research on its primary and secondary focuses to date given its signatory base which consists of mainly asset managers, investment banks and consultants. The Brexit verdict on 24th June 2016 where the UK has decided to leave the European Union will play a big part in the primary and secondary focuses of the PRI. Many changes may occur to businesses and in doing so their social principles may change. The PRI should focus on this new predicament with the existing scope.

#### 1c. Should any elements be removed from the scope?

No see above response.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

Yes, regarding the relationship between investors and companies there needs to be more ESG engagement between companies and investors. Companies should be promoting the spirit of ESG and teaching investors where possible and appropriate about the development in this area.

**2c. Should any risks, challenges or causes be removed from the current list?**

N/A

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

No the PRI have covered most suitable areas.

**3c. Should any drivers be removed from the current list?**

No

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

It is evident that the sustainable development goals are enshrined through the work of the PRI. The principles of the PRI are more central to the financial industry whereas the SDG encompasses a broader societal impact and by achieving and implementing its objectives this equates to greater productivity and ultimately stronger growth. The end product could be PRI

implementing a system whereby members receive “brownie points” and extra public recognition for implementing some if not all SDG activities within its investment activities. However due to the fact this area is broad and is not as focused as the main principles. The first step is to obtain support and engagement in this area by holding seminars for awareness by educating signatories. Once enough engagement has been achieved this should then be implemented into the existing PRI principles.

**5. How can the PRI better capture the impacts and outcomes of signatories’ responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Please see question 4.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

Although the idea of introducing a seventh principle is a good idea for the future in reality many firms are still getting to grips with the original six principles where the PRI’s main focus lies. As the PRI has stated many times before acting to improve the financial system as a whole is likely to be a new approach for many signatories. The right approach as explained previously in other questions would be to first engage and educate the members so that they have a clear understanding of such outside responsibilities only then can the PRI really engage on such topical matters.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

[7b. Additional comments](#)

Please see question 6

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The PRI should maintain its monitoring of KPI's and continue to monitor its success from the amount of signatories it has ascertained including focusing on the reporting framework. This continued effort will allow the PRI to achieve its overall aim of making responsible investment mainstream. Further in achieving that goal this will then allow further scope and development such as SDGs into responsible investment activities.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

no response given

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Angelique Kalam

**Job Title:** Manager: Sustainable Investment Practices

**Signatory Category:** Investment Manager

**Email Address:** angeliquek@futuregrowth.co.za

**Region:** Africa

**Country:** South Africa

**Organisation:** Futuregrowth Asset Management

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

no response given

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

But "trust" should also be included as a risk relating to the area below. Financial services is one of the industries that have a high level of distrust from investors.

2. The relationship between investors and managers, owners, beneficiaries and advisers in the investment chain

2c. Should any risks, challenges or causes be removed from the current list?

No

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

No

3c. Should any drivers be removed from the current list?

No

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

One option would be to 5) Focus our Investment Practices work on providing guidance as to how responsible investment and ESG integration can contribute to SDGs.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The reporting framework is already quite onerous and changes to the principles would add to this.

Provide guidance as above and allow signatories to integrate this according to relevance to the industry/sector and allow signatories to address this on their own terms.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

Refer to response in question 5.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

- 1) An increase in signatory base
- 2) Develop clear methods/measures to determine progress with more quantitative measures

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

**Additional comments**

Yes if it is able to incorporate more quantitative measure but at the same time not incurring unnecessary reporting requirements.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Michelle Auger

**Job Title:** PRI manager

**Signatory Category:** Investment Manager

**Email Address:** michelle.auger@gam.com

**Region:** Europe

**Country:** UK

**Organisation:** GAM Holding AG

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

It is still not clearly defined how the PRI proposes to focus on the stated investment value chain. Further, we feel it is essential to recognise that no endeavour to address the functioning of our financial systems can succeed without engaging the regulators and governing entities of each country where PRI signatories carry out their business.

#### 1c. Should any elements be removed from the scope?

Please see our response above.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

Notwithstanding our response of 'YES' above, our view is that risks and challenges to the financial system will continue to evolve over time. The PRI should allow for changes and additions to the list.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

As with our response to question 2, The PRI should allow for changes and additions to the list.

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We would prefer the PRI to focus on options 4 and 5.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

We are of the opinion that the PRI's mission statement itself clearly sets out the need for a sustainable financial system wherever PRI signatories operate. We believe the current set of Principles are sufficient to help further the objective of this mission statement.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

It is proposed that Principles 4 and 5 could be merged into one Principle. This has already been discussed among working groups, eg at the London workshop.

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

We believe that the PRI should seek to continue to be the leading proponent of responsible investment, and help to define what responsible investment essentially means. From the perspective of an asset manager, responsible investment matters to us because we believe this will help us to fulfil our fiduciary duties to our clients. Ultimately, we will measure the success of the PRI by its ability to help us to carry out this duty.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

We have no prima facie objection to the PRI partnering with other reporting organisations, but would reserve the right to review future actual proposals to do so.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Nina MAJSTOROVIC-LAGRON

**Job Title:** Senior PM

**Signatory Category:** Investment Manager

**Email Address:** nina.majstorovic@gemway.com

**Region:** Europe

**Country:** France

**Organisation:** Gemway

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

## Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Iratxe

**Job Title:** Investor analyst

**Signatory Category:** Asset Owner

**Email Address:** iratxe@geroa.eus

**Region:** Europe

**Country:** Spain

**Organisation:** Geroa Pentsioak EPSV

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

We consider that the current environment of high leveraged economy (countries, companies ... ) should be added to the list.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Investors need standardized and measurable data regarding the implications of the company in society (SGD implementation) in order to compare and select the best companies.

PRI should continue collaborating with signatories doing engagements to influence on companies in the implementation of the ESG criteria which would help to achieve SGD and enforcing companies to disclosure standardized and measurable data.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Reporting Framework should show the evolution of some pre-established and standardized KPI for each goal.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The society, which is more and more aware of ESG issues, is increasingly requiring institutional investors, and especially pension funds, to incorporate ESG criteria into their investment policies.

Part of the success of PRI, consist on the force that the union of investors provides to promote a progressive change in the financial system. PRI has encouraged and supported investors to be part of the change.

We agree that success should be measured, both individually and as a whole, distinguishing between inputs, outputs and impacts. Publishing all actions taken by PRI as well as the results and impacts is essential.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Susan Burns

**Job Title:** Director

**Signatory Category:** Service Provider

**Email Address:** susan@footprintnetwork.org

**Region:** North America

**Country:** USA

**Organisation:** Global Footprint Network

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

Just make sure that in the ' companies/issuers section, you include governments, both national and regional, since they issue bonds.

Also, you should add Credit Rating Agencies.

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

no response given

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

no response given

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

no response given

6b. additional comments

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

no response given

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**
- 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

no response given

Additional comments

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Belaina Negash

**Job Title:** Research Analyst

**Signatory Category:** Asset Owner

**Email Address:** Belaina.negash@gepf.co.za

**Region:** Africa

**Country:** South Africa

**Organisation:** Government Employees Pension Fund of South Africa

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

The focus given on the investment value chain including securities exchanges and regulators would influence how the retail banking services, financial advisors and regulators operate. Macro prudential authorities would set 'the tone' which would then cascade towards other parts of the financial system and eliminate weaknesses in oversight of the financial system by regulators and market authorities and short-term focus by agents.

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

- Delegated investment chain: Lack of integration between investment and ESG research in investment decisions.

-Structure and function of markets: Assumption that any kind of ESG reporting is good when no meaningful and better defined ESG metrics has been

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

Financial education: Whilst access to financial services is a key driver, financial literacy is also needed as growing sophistication of financial markets means consumers are being offered a variety of complex financial instruments for borrowing and saving, with a large range of options. The consequence will have a major impact on an individual's life.

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Whilst the UNDP already provides support to governments to reflect the new global agenda in national development plans and policies, to accelerate progress on SDG targets and by making the UN's policy expertise on sustainable development and governance available to governments at all stages of implementation, we need to ensure integration and collaboration between the World Bank, IMF and UN when providing sustainable development programme training and issuing of principles. As an investor, we would prefer a standardization of reporting guidelines in which signatories could report against in order for meaningful information to be reported on. Furthermore, integration of the SDGs into the possible 6 /7 principles and/or separate guidelines on how SDGs could be integrated into investment activities and how investors should measure and track against progress would also be beneficial.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The PRI could develop a database where signatories are asked to input actual data of e.g. water usage/ savings in litres, number of fatalities etc. so that over time we can track the progress of signatories. PRI could also identify which ESG risks are material to different industries and make mandatory reporting against certain risks e.g. water usage in mines.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

The six Principles focus largely on investment policies and processes. Several principles should be included in order to specifically focus on financial system risks. As an additional option, the existing Principles could be reworded to combine some of the Principles to include focus on sustainable financial system risks. These risks cannot all be addressed in one additional principle as this would be too broad and impractical to implement.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

It may be better to revise the existing principles to incorporate financial system risks and SDGs

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

An increase in the number of signatories and the type of signatories across the investment value chain. Reduction in ESG risks of signatories would also constitute as success. For example, signatories who are water intensive should report a decreasing trend in water usage over a period of time. The PRI should be able to say that signatories are better governed, have a low environmental footprint and have made a positive social impact. These type of statements should be supported with actual data.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

Investors are forced to endorse a specific reporting framework as companies seem to be confused which guidelines to follow. Standardisation would help greatly.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** HAMMER Jurgen

**Job Title:** CIO and Head of Social Performance Management

**Signatory Category:** Asset Owner

**Email Address:** jurgen.hammer@credit-agricole-sa.fr

**Region:** Europe

**Country:** France

**Organisation:** Grameen Credit Agricole Microfinance Foundation

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

No

**1b. Should any elements be added to the scope?**

Banks could be added. As the intermediaries and organisations asset owners and investors evaluate, any evaluation and indicators should also "make sens" to them, and ideally provide value at their level too

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We need to work, in sector coordination, to define precise evaluation metrics. The term of "aligning" is often mis-used and describes only very high level share of view.

We need to measure what matters - it will be a process to develop this, but it should be included into the objectives and steps.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Financial Service industry has already achieved, in a years long sector coordination, to agree on methodologies and metrics for measurement.

This could become an example for a sector, and others to inspire in terms of organisation and output of this work

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

It is necessary to have a clear and transparent process of updates - timing, technical review commitments etc. Good idea to propose a specific Principle to enlargen the scope

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

As mentioned above: the Financial Inclusions sector is among the impact sectors that have already realized a joint, universal methodology and metrics for extra financial, or responsible practice, with the SPTF - Social Performance Task Force.

PRI could take this work and promote it. And support other sectors - energy, housing, education or ??? to see if this path is applicable and can be repeated for them

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

and GIIN and other initiatives in impact: EVPA ...

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** M Ryland

**Job Title:** Director

**Signatory Category:** Investment Manager

**Email Address:** mryland@greencapecapital.com

**Region:** Oceania

**Country:** Australia

**Organisation:** Greencape Capital

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

keep the work load and cost of reporting to a bare minimum. Small boutique managers should be encouraged to get involved . Adding various reporting requirements and cost will act to discourage such fund managers.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

make reporting voluntary. Fund managers who make an impact will only be too willing to highlight these. The PRI should amplify the publicity around such achievements. On the flip side, fund managers should not be made to spend time reporting on less relevant actions.

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

awareness

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Sebastian Ressin

**Job Title:** Associate Partner

**Signatory Category:** Investment Manager

**Email Address:** sebastian.ressin@hqtrust.de

**Region:** Europe

**Country:** Germany

**Organisation:** HQ Trust GmbH

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

no response given

## Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Lisa Beauvilain

**Job Title:** Head of ESG & Sustainability

**Signatory Category:** Investment Manager

**Email Address:** l.beauvilain@impaxam.com

**Region:** Europe

**Country:** UK

**Organisation:** Impax Asset Management

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

The following might be further highlighted:

- The increased use of passive investment strategies, may lead to a lower degree of shareholder activism, required to help to maintain effectiveness of markets and in assisting to keep companies accountable and transparent.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

It is important for the PRI to focus on positive impact and solutions to environmental and social challenges through investments - the opportunities, i.e. recognising that responsible investing is more than "doing no harm" and focusing on risks.

The SDGs could stand as an indicative framework for this, however many of the specific development goals are not easily implementable through investment. While it is important to



focus on outcomes and impact in investments in general, as well as in the Reporting Framework, being too focused on measuring and reporting on impact/SDGs, might actually risk undermining "impact". Measuring impact is complex and there is still a general lack of recognised methodologies to this, which may lead to a race to reporting on impact/SDGs, without the necessary strong methodological underpinnings.

#### **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The SDGs could stand as an indicative framework for this, however many of the specific development goals are not easily implementable through investment. While it is important to focus on outcomes and impact in investments in general, as well as in the Reporting Framework, being too focused on measuring and reporting on impact/SDGs, might actually risk undermining "impact". Measuring impact is complex and there is still a general lack of recognised methodologies to this, which may lead to a race to reporting on impact/SDGs, without the necessary strong methodological underpinnings.

Therefore, descriptions of principles, approaches and processes to achieve positive impact, should be the starting point. Actual measurement of impact and outcomes should come only if and when methodologies for measurement are well-established.

## UPDATING THE PRINCIPLES

#### **6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

[6b. additional comments](#)

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

- Less focus on expanding member-base and instead more clearly requiring more sustainable and responsible approaches (and ultimately impacts and outcomes) by its members.
- Increasing its voice in general about the benefits and importance of sustainable,

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Dr Shann Turnbull

**Job Title:** Principal

**Signatory Category:** Non-Signatory

**Email Address:** shann.turnbull@gmail.com

**Region:** Oceania

**Country:** Australia

**Organisation:** International Institute for Self-governance

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

I disagree with the scope because it does not recognise that a sustainable financial system will not use the current form of official money. The main reason is that it does not create pricing signals to efficiently allocate resources to reduce climate change.

Lord Stern noted in 2006 that Climate change arose from: “the greatest market failure the world has seen”. A basic reason is outlined in my 2010 article: “Money, Renewable Energy and Climate Change” posted at <http://ssrn.com/abstract=1304083>.

Official currencies are also not fit to be an efficient medium of exchange because money is used as store of value. This makes money an asset class, reducing demand for real resources that can make nature yield her resources more abundantly. I identified 16 reasons why official currencies are not fit for purpose in my 2015 submission to the Australian Senate Inquiry into digital currency located at: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Economics/Digital\\_currency/Submissions](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Digital_currency/Submissions)

My analysis supports the observation of Lord King when he was Governor of the Bank of England in 2010. He stated that: “Of all the many ways of organising banking, the worst is the one we have today”

The emergence of digital currencies creates the opportunity to design a financial system that is fit for purpose. The design Principles for Financial Stability (PFS) are to create a currency that:

1. Provides a more efficient means than current official money to facilitate the production and exchange of assets, goods or services or using barter;
2. Is created transparently in a democratic and self-regulating manner for the common good by non-profit processes;
3. Evaporates over time to avoid:
  - a. Competing with real assets for the allocation of real resources when no one or more real resources can be used to define the value of official currency.
  - b. Facilitating wealth inequality from money earning interest when money is not contributing to nurturing the environment or the wellbeing of humanity.
4. Whose value is tethered, but not convertible, to an independently determined unit of account in each host bioregion of the planet whose value is determined by a local sustainable service of nature (Eg. \$Z described in Turnbull 2016 posted at: <http://www.athensjournals.gr/social/2016-3-3-3-Turnbull.pdf>). The nature of money and its institutions being designed to allow market forces to allocate real resources to minimise:
  - a. Climate change;
  - b. Exploitation of non renewable resources
  - c. Pollution;

- d. Unstable pricing;
- e. Un-predicable price changes;
- f. Financial instability from “Doom Loops”

#### 1c. Should any elements be removed from the scope?

All elements could be removed except the segment on Regulators and Regulations for reasons described in my papers:

“Could regulation of alternative types of e-money reduce systemic risks and costs?” Australian Working Group on Financialisation (AWGF), University of Sydney, Friday May 17, 2013 <http://awgf.econ.usyd.edu.au/workshops.html> <http://ssrn.com/abstract=2261519>. Power points at <http://awgf.econ.usyd.edu.au/Shann%20Turnbull%20May17AWGF.pdf>.

‘The Theory and Practice of Government De-regulation’, in International Finance Review: Institutional approach to global corporate governance, eds., J. Choi and S. Dow-Anvari, Volume 9, pp. 117–39, Emerald Publishing, 2008, <http://ssrn.com/abstract=1008453>. First presented in 2007 to the staff of the UK Financial Reporting Council, Thursday, August 13th, London.

#### 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?

No

#### 2b. Should any risks, challenges or causes be added to the current list?

The issues in the third and fourth points lack focus on the root causes of market failure arising from official money not being fit for purpose. In Turnbull (2016) cited in my response to Question 1, I identified 25 ways official money is not fit for purpose.

The “risks, challenges or cause” that should be added to the analysis is how to design and introduce, a type of money that best meets the four design principles suggested in Question 1 for achieving a sustainable financial system. Only then would relationships between PRI stakeholders become operationally relevant for achieving meaningful outcomes. This

provides a reason for not removing them as participants in furthering the mission of PRI. Their intellectual, operational and political support could be most welcome.

### 2c. Should any risks, challenges or causes be removed from the current list?

The first two points raised in this section could be removed as they are concerned with the relationship of current PRI stakeholders. These are of little operational consequence to achieving a sustainable financial system. They represent a distraction fro

### 3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?

No

### 3b. Should any drivers be added to the current list?

While none of the drivers for change should be removed, they are not the most important and represent a distraction from noticing the elephant in the room, which is a global financial system not fit for purpose. However, it is a concern that Central Bankers and a number of commentators are now recognising. Discussion on the introduction of helicopter money has allowed some to at least smell the elephant.

It is inevitable that in the future no money will remain in the form of notes and coins – except in museums. All money will become digital but not necessarily a crypto currency. Bitcoin is even less fit for purpose than official money for reasons I have discuss in Turnbull (2016).

Authorities in both Russia and China have announced that they will replace all notes and coins with digital money so they can trace every monetary transaction in their economies. This will allow every transaction of every citizen or firm to be traced to identify bribery, fraud, corruption, money laundering and the funding of terrorists. This could reduce the need for accountants as their government could provide every citizen a personalised cash statement of every source of their income and every source of their expenditure.

Both privacy and sustainable stability is best established and maintained by a decentralised, democratic financial system as envisioned in Turnbull (2016). A number of financial experts

have raised the question in a 1999 paper presented by Lord King at Jackson Hole paper - "Will future historians look back on central banks as a phenomenon largely of the twentieth century?" Central banking is after all just a specialised system of central planning. A decentralised resilient financial system will require local standard units of value to be established like exist for weights and measures. To create a sustainable local system its unit of value will need to be determined by the endowments of nature in the host bioregion that can sustain in perpetuity the well being of humanity and their home environment. This is one of the benefits for establishing the fourth PFS identified in my answer to Question 1.

### 3c. Should any drivers be removed from the current list?

None for reasons stated above

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

The PRI can better support signatories to align their responsible investment activities with the SDG by introducing Principles of Responsible Governance (PRG). Four Principles are suggested below for all organisations:

1. The organisation not to impose unacceptable or undisclosed harms or risks on society or the environment with harms including the cost of society monitoring and regulating the organisation;
2. Managers and/or stakeholders to act ethically and to avoid systemic conflicts of interest by the power to manage being separated from the power to govern;
3. Establish a governance board that is independently appointed from the management board so that no individual with the power to manage an organisation also obtains the power to:

- a. Nominate, appoint, retire, and/or remunerate managers, Governors, or an external auditor and/or,
  - b. Manage and/or mediate conflicts of interests of managers;
  - c. Establishing Key Performance Indicators (KPIs) for evaluating managers;
  - d. Chair or control any process under which managers or Governors are being held to account;
4. Provide the right of any stakeholder (identified as being individuals affected by an organisation or who represent environmental interests) to further the purpose, economy, efficiency and effectiveness of the organisation and advise on minimising the cost of monitoring or regulating the organisation by the charter and/or its by-laws providing stakeholders the right:
- a. To establish independently of management, as many advisory forums to represent competing stakeholder interests by activities or region so as to identify and advise on minimising issues arising from the previous three Principles;
  - b. For each stakeholder advisory forums to establish KPIs for guiding management on improving economy, efficiency and effectiveness of the organization in achieving its purpose while protecting and furthering their own interests, society and the environment;
  - c. For competing stakeholder forums to establish a Stakeholder Congress to negotiate and/or mediate their competing stakeholder interests in formulating a consensus on the KPIs recommended to the board of governors;
  - d. To control, without a vote, any meeting or process holding governors of the organisation to account or determining their appointment or remuneration;
  - e. To recommend changes in the charter of the organisation and/or its bylaws and represent the interests of society and the environment on the need for the organisation to continue its existence.

Refer to my 2017 book chapter: 'Defining and achieving good governance', in Güler Aras & Coral Ingle (eds.), *Corporate Behavior and Sustainability: Doing Well by Being Good*, at: <http://ssrn.com/abstract=2571724>.

## 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

The PRI “can better capture the impacts and outcomes of signatories' responsible investment activities via its Reporting Framework” by inviting the OECD to establish statistics on how well all types of organisations, including signatories and their investee firms adopt PRG. I developed metrics for such a framework as part of the process for evaluating the reputation of the 100 largest organisations in Australia by turnover whether they were publicly traded or not.

My metrics were developed from my PhD research as posted at <http://ssrn.com/abstract=858244> It grounded self-regulation and self-governance in the natural science of cybernetics. Cybernetics is defined as “The science of control of communication in the animal and the machine”. My PhD extended the remit of cybernetics to social organizations of any specie to create the science of governance. Refer to my articles ‘The science of corporate governance’, *Corporate Governance: An International Review*, 10:4, 256–72, October, 2002 [http://ssrn.com/abstract\\_id=316939](http://ssrn.com/abstract_id=316939) and ‘The science of governance: A blind spot of risk managers and corporate governance reform’, *Journal of Risk Management in Financial Institutions*, Volume 1, No. 4. 360–368, July-September, 2008, <http://ssrn.com/abstract=1742584>.

My PhD Thesis identified the conditions for reliable self-regulation and self-governance in Table 3.7, “Evaluation of hierarchies to control, regulate and self-govern”. I used these conditions for my book chapter on “Defining and achieving good governance” and for establishing PRG as referred to in my response to Question 3. To reflect the outcomes of my PhD research it was republished with a new title: *Designing resilient organisations with operating advantages for Public, private, non-profit and government entities and their stakeholders*, posted at <http://ssrn.com/abstract=2473393>

The need for US firms to involve stakeholders and society in their governance architecture to obtain competitive advantages was identified by Professor Michael Porter in his 1992 report for The Council on Competitiveness.

Self-governance reduces the need for laws, regulations, regulators, courts or codes of so called best practices to improve wellbeing and the common good for all. My 1996 article on ‘Stakeholder Governance: A cybernetic and property rights analysis’ was republished by Ashgate in 2000 with the seminal contributions of leading scholars in the Corporate Governance volume of The History of Management Thought. Supported by my co-author, Professor Michael Pearson from Fordham University we have since developed a literature that describes how stakeholder governance can be designed to further the wellbeing of citizens, firms, society and the environment.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

It becomes crucial to augment and complement PRI with PFS and PRG as detailed in my earlier responses than “updating” PRI.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

No other revisions of PRI can be more important than augmentation and complementation as suggested above.

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

Success in 10 years time could be evaluated by the metrics I developed for evaluating good governance. Ideally, the OECD statisticians involved in defining and measuring wellbeing should undertake the role of evaluation. This would require them to extend their definition of well being to include the ability of citizens to engage with entities to protect and further their interests. This would enrich democracy and the quality of life from the bottom up while also providing operating advantages to entities and improve their social license to exist.

The metrics I developed for evaluating the governance and operations of entities had three components: (i) Depth and breadth of information disclosed to protect stakeholders; (ii) The breadth and creditability of processes in place for stakeholders to hold the entity into account for any harms or risks for which it is responsible and (iii) The scope and integrity of the processes established by the entity to make correction.

My definition of good governance in my forthcoming book chapter is based on furthering self-governance. It means that good governance depends upon the ability of organisations in the private, public and non-profit sectors to achieve their purpose in the most efficacious and ethical manner while minimising the needs for laws, regulations, regulators, courts or codes of so called "best" practices to protect and further the interests of stakeholders and society. In this way self-governance furthers the public good and citizen wellbeing by reducing the scope, role, size, intrusiveness and alienation of government as well as its cost. Self-governance can reduce alienation and invent win-win solutions for citizens, firms and other institutions to further citizen well-being and the common good. My vision of an ecological sustainable society with a basic universal living income is set out in my article 'Sustaining society with ecological capitalism', *Human Systems Management*, 34 (2015), 17-32, [http://www.researchgate.net/publication/228320236\\_Sustaining\\_Society\\_with\\_Ecological\\_Capitalism](http://www.researchgate.net/publication/228320236_Sustaining_Society_with_Ecological_Capitalism).

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

**Additional comments**

The Global Reporting Initiative (GRI) and the International Integrated Reporting Council (IIRC) are concerned with spreading the scope of reporting entities on Environmental, Social and Governance issues. Any entity reporting on itself is fundamentally conflicted.

In any event, as Professor Pirson and myself have stated in our articles on network governance, possessing the information to act may be of little use if there are not also connected persons with the incentive, power and capability to act. In addition, it is not third party reporting standard setters that should be determining the content of ESG reporting but the stakeholders concerned. Determining reporting standards has developed into an industry. It is as likely as auditing standards to improve the integrity of reporting. Refer to my articles:

‘Its time to fix toxic governance’ INFINANCE, Journal of the Financial Services Institute of Australasia, 14 November 2014, posted at: <https://www.finsia.com/news/news-article/2014/11/13/it-s-time-to-fix-toxic-governance>.

‘How US and UK Auditing Practices Became Muddled to Muddle Corporate Governance Principles’, The ICAI Journal of Audit Practice, Volume II, No. 3, pp. 49-68, (July 2005), The Institute of Chartered Financial Analysts of India, Hyderabad, <http://ssrn.com/abstract=608241>

The focus of PRI should be kept on introducing PRG that introduce stakeholders into the governance architecture of all entities. In this way entity reporting can be substantially reduced, as it would be taken over by the affected stakeholders and only made public when needed by exception. Stakeholder ESG reporting removes the intrinsic conflict of interest of any sort of entity reporting and accountability. Stakeholder involvement in governance would allow many issues to be resolved to avoid the need for any public disclosure and facilitate internally negotiated and invented win-win outcomes for all concerned. Costs, harms and risks can also be reduced as part of good governance. Entities become exposed to competing

stakeholder viewpoints to cross check their knowledge of their known known, and their known unknown's while obtaining access to unknown unknowns.

The author has 120 academic articles archived in the Social Science Research Network at <http://ssrn.com/author=26239>. The titles of the most relevant are:

A proposal for self-governing corporations

Discovering the natural laws of governance

Adopting the Laws of nature to protect nature?

Sustaining society with ecological capitalism

The case for introducing stakeholder corporations

Self-regulation

Could the 2008 US financial crisis be avoided with Network Governance?

Could regulation of alternative types of E-Money reduce systemic risks and costs?

Might sustainable energy cost carrying money have a future?

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** IRCANTEC

**Job Title:** Conseiller du Président

**Signatory Category:** Asset Owner

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**Region:** Europe

**Country:** France

**Organisation:** Ircantec

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

It may be appropriate to classify the data used by their "relative importance" for the PRI in the coming years, for example using a simple question: if there should be an element of the financial system on which focus, which should we remember? If it were possible to add a second, which would -it? And so on until the list is exhausted.

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

This list of challenges is already provided, but the PRI should give priority to issues at the high leverage on the sustainability of the financial system. This implies to consult the signatories but also external stakeholders (unions, NGOs, etc.) internationally. This list could give more importance to the issue of the link between research and financial performance ESG performance. A long-term research of the maximization of the first takes place most often at the expense of seconds. This is why it is important to change by seeking a kind of "triple bottom line" financial, social and environmental, in which financial performance can only be moderate in order to make possible the other two. There is a shift in the trajectory in search of yield. This will have a positive impact if it affects all players.

This is somehow the same idea as that expressed Laurence D. Fink, CEO of BlackRock, when he wrote to the CEOs of large public companies in North America and Europe to ask them to moderate their proposal payment of dividends to shareholders to preserve their capacity for investment and development.

This problem is reflected in our SRI Charter and our voting policy. It is also consistent with the long-term orientation for the management of our reserves. This is the same long-term horizon that are intended number of asset owners in the world. Like them and like Laurence D. Fink, we denounce the "diktat of the short term". We hope that the PRI work on limiting excess profits redistribution mechanisms to shareholders to preserve the ability to create value in the long term.

The issue of share buybacks and the dividend increases could be the subject of specific work of PRI to build the most possible position shared between signatories on the key issues of responsible finance the coming years.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

### 3b. Should any drivers be added to the current list?

As the CWC, the IRCANTEC believes that the time is ripe to elevate the profile of the S(ocial) dimension of ESG issues within the work of the UNPRI. In particular, we would like to highlight the importance of labor standards, quality jobs, and worker's rights in the context of worrying trends in economic inequality that threaten both economic growth and social equity at the global level.

The ILO estimates that 453 million jobs are generated by global supply chains in 40 countries representing 85 per cent of world GDP. Most of the lead companies that sit at the top of these supply chains are in the investment portfolios of retirement savings funds, but they provide little to no information on the vast majority of workers involved in their businesses. As a convening body for investors – many of whom invest the retirement savings of unionized workers – the PRI has an important role to play in helping improve disclosure about the conditions of pervasive precarious working arrangements in which many of these 453 million workers find themselves. Given that the current consultation highlights the importance of seeking greater “real world” impact, we encourage the UNPRI to take note of the vast employment footprint of lead companies in the global economy along with the systemic ramification of their employment practices.

We encourage the UNPRI to make social and labour issues cross-cutting and integral components of its work. Furthermore, we encourage the organization to consider and embed these issues in the development of its 10 year strategic plan.

This list could give more importance, as the CWC suggested in his letter to the President of the PRI in social issues:

- decent Work
- respect for fundamental labor rights
- accountability of the supply chain, from this point of view investors might support the work in this direction involve
  - o within the ILO
  - o in sectoral initiatives such as the international agreement on building safety and fire prevention in Bangladesh that it will sustain beyond the next deadline
- development of social protection floors in the countries that are now poor, particularly through the action of the lead companies.

### 3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

Investors' interest and capacity to contribute and to measure their large-scale societal impact is at an early stage.

Most investors are still in need of technical assistance in order to define relevant processes for integrating and monitoring impact (options 5 and 6). Being a prerequisite to the production and reporting of relevant information, PRI should prioritise this objective over signatories' external reporting, which could come at a later stage.

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

The UNPRI could elevate the S in ESG by means of more active engagement and research across asset classes with investors, and the companies they invest in, to ensure that investors:

- Have the information they need to evaluate how companies – directly and in their business relationships – provide a) decent work opportunities, b) a space for social dialogue and c) adhere to internationally recognized labor standards;
- Can engage collectively on core issues of disclosure, worker's rights, and the long-term value of good social performance at the systemic level;
- Better understand how their investments may affect the lives of investment beneficiaries (e.g.: pension beneficiaries) and society more generally.

The S in ESG is often managed through internationally determined frameworks that help define private sector responsibilities and delineate potential risks that have long-term implications for investment performance. In particular, the CWC would like to see the UNPRI

more fully tie in the following international norms, standards and frameworks to the engagement and research practices of the organization:

- United Nations Guiding Principles on Business and Human Rights
- ILO Fundamental Conventions
- ILO Declaration on Fundamental Principles and Rights at Work
- ILO Tripartite declaration of principles concerning multinational enterprises and social policy
- OECD Guidelines for Multinational Enterprises

Similarly, we would urge the UNPRI to integrate these norms and standards into its work linking responsible investment to the SDGs. Of particular concern to the CWC are the global goals of promoting sustainable economic growth and productive employment (Goal 8), building inclusive and sustainable industries (Goal 9), reducing inequalities (Goal 10), ensuring sustainable production and consumption (Goal 12), and strengthening partnerships for sustainable development (Goal 17). These Goals lay out a compelling vision of a world where investors' decisions can lead to a more healthy and productive economy by reducing inequality, supporting decent work and fostering sustainable growth.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

### 6b. additional comments

We support the proposal to create a new principle in addition to the six existing principles. This seventh principle would draw positive lessons from the limitations encountered during the first 10 years of PRI of activity in the service of a more sustainable global financial system. It would

be a clear reference to the need for signatories to take measures to address all the risks of the financial system and promote sustainable financial system which benefits society as a whole. It would lead to complete reporting of the signatories on their way to implement all 7 principles. Finally the seventh principle allow the inclusion of ODD in signing investment strategies by broadening their conception and practice of fiduciary responsibility.

## **7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

### **7b. Additional comments**

A major revision would be to generalize the impact measurement and communication. No impact measurement, the promise of more responsible investment is likely to remain an empty formula. The SRI label proposed in France by the public authorities includes s

## **MEASURING THE PRI'S PROGRESS AND IMPACT**

## **8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success metrics should focus on the impact, effectiveness and quality of outputs (vs growth of the organization).

Therefore, success metrics should :

- integrate a signatory satisfaction survey. It would need to cover different dimensions of the initiative's intended value-added to signatories (eg usefulness and availability of resources, tools and support, working group production quality and outreach, signatory access to peers and stakeholders...).
- include a quantitative indicator on the average assessment evolution achieved by its signatories over 10 years.

\_If indicators are created on signatory membership, it is imperative they are designed to include a qualitative dimension (eg : number and % of signatories in band A, not raw signatories. AUM with demonstrable ESG integration, not a sum of signatory global AUMs).

- include specific targets related to each principle and to the organization's mission.
- integrate where possible an assesment of the PRI's ability to innovate or stimulate innovation (new processes, new tools, new research)
- integrate an organisational efficiency assessment

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

The UNPRI should partner with other organizations to develop a common frame of reference than the current accounting standards which take into account ESG no challenge, no climate issue and any issue related to ODD.

In the future a unified reporting framework needs to change the look of "performance" and meet the global expectations of all stakeholders towards the triple bottom line (people, profit, planet).

The role of the PRI is to is to move towards common standards new, integrated.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Emma Jane Joyce

**Job Title:** Senior Manager, RI & Strategy

**Signatory Category:** Asset Owner

**Email Address:** ejjoyce@ntma.ie

**Region:** Europe

**Country:** Ireland

**Organisation:** Ireland Strategic Investment Fund (ISIF)

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

We think this list is appropriate and catches the scope of the financial system, but would have some caution about whether the PRI should be focusing on all of these areas, which we capture in answers 6 and 8.

Retail is excluded from the list but we feel it is important to capture Defined Contribution pension schemes, which are growing rapidly and while in many ways a pooled financial retail product are becoming the mainstay of society savings for retirement. There is an untapped potential collective investment power in these schemes which may be worth examining –

#### 1c. Should any elements be removed from the scope?



We think this list is appropriate and catches the scope of the financial system, but would have some caution about whether the PRI should be focusing on all of these areas, which we capture in answers 6 and 8.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

We think the list is very comprehensive but that prioritisation of risks is important. Leverage and bubbles are two core sources of risk/externality to the financial system and other issues here flow from them. Most other risks can be seen as subsets of these two issues and can be eliminated or lessened by renewed focus and awareness of threats to the financial system and its resilience.

Other important issues are principal-agent problem, as demonstrated between employers/employees, board/shareholders, management/board etc.

**2c. Should any risks, challenges or causes be removed from the current list?**

no

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

- Make climate risk an explicit feature (it is already there implicitly but no reason not to surface it)
- Worth examining features of the 'millennial' market such as individualism (social media, tailored and customisable products) and short-termism will affect the financial system, in terms of changing long-established norms and creating new products and opportunities.

**3c. Should any drivers be removed from the current list?**

- Tighten the list somewhat - for example what does 'erosion of multilateralism' mean?

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

PRI can support signatories by keeping a very focused Investor perspective on the SDGs. RI/ESG is already very well aligned with many of the SDG's, the challenge is keeping the goals investor focused.

As a Sovereign Fund we are sensitive to not straying into the policy area and the investment focus is very important for our mandate. Is it more appropriate for the sovereign (rather than Sovereign fund) to sign up to the SDG's and apply top-down? Certainly there is scope for corporates to do so on an individual basis.

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

- Are SDGs beyond the scope of the PRI mission?
- PRI's should stay focused first on capturing impact and outcomes of ESG issues and integration and the gaps within – more quantitative data for research, more portfolio level analysis and then feed this into SDG measurement.
- Need to more specific about how and if PRI would feed into the SDGs – which goals, which targets, to what degree and how it would be measured.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

### 6b. additional comments

Given both the PRI Mission and the Preamble to the six principles we see this as an inevitable progression of the PRI and it makes sense to formalise it in a principle.

However, It can be argued that this is already understood and included on the both the Mission and preamble and therefore, while we agree, we do so cautiously and note a potential danger of 'principle creep'? What exactly should be the rationale for adding (or indeed removing) a principle?

Also, we caution against the PRI losing sight of the fact that it is an Investors' organisation and that the mission, actions and benefits of the PRI should be primarily focused on the investment outcomes and benefits over the longer term.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

### 7b. Additional comments

As the PRI has grown and expanded its remit and as 7th principle is considered we feel it is worth emphasizing Principles 1 and 2 as the core investment principles and the others (including a possible 7th) as supporting principles to effectively achieve o

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

Success should mean that it is clearly understood what it means to be a PRI signatory, that every Asset Owner, Investment Manager and Service Provider can succinctly (200-300 words) define what the PRI means to them and how they uphold the principles. There should be tightening up of what it means to be a PRI signatory.

Ideally success should be defined in terms of investment portfolio outcomes for PRI signatories and perhaps this should be a focus of the PRI academic network over the next 5-10 years. Do PRI Signatories and their investment portfolios outperform or better survive financial shocks as a result of the integration of ESG into investment decision making?

Rather than focussing on AUM and Signatories represented, the PRI should look specifically at Asset Owner portfolio trends and metrics to show Carbon emissions per \$bn, # labour issues or # Governance failures all ideally reducing over time together with AO & IM integrated reporting increasing over time.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

The more consolidation and alignment that these frameworks and initiatives have with each other the more credible they become. This also avoids unnecessary duplication but should still provide for differences as appropriate.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Kirsten Temple

**Job Title:** Head of SRI & ESG & Manager of Research

**Signatory Category:** Service Provider

**Email Address:** kirsten.temple@jana.com.au

**Region:** Oceania

**Country:** Australia

**Organisation:** JANA

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

I think the primary focus should be on the forces that directly impact the financial system. Under the geopolitical/other, I personally feel some of the "other" issues, like systemic corruption, have the potential to have a greater/more direct impact on t

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

While I'm supportive of the SDGs more broadly, we have to be mindful that they were not designed with investors in mind. Signatories all operate within a broader framework of responsibilities and regulations and it may not be appropriate for them to give weight to some of the 17 goals - and even where they do, it may be with a different motivation to the UN. For example, asset owners should consider the impacts of climate change in managing their portfolio, but it may not make sense to invest in assets that closely aligned to the SDG, such as renewable energy, if they are not also a sound investment opportunity - i.e. there are instances where actions that would support the SDGs would be in conflict with their principle/fiduciary duties.

In that context, I oppose the idea of trying to measure "impact" in the reporting framework, unless it is a sideline component for completion by investors that self select it as being relevant (e.g. foundations with broader missions).

Where I think the PRI could assist is:

- \* helping to interpret the SDGs from an investment perspective and provide guidance as to what investors can do (or avoid doing) to help meet the goals
- \* focus research on the elements of the SDGs that are most aligned with investors, and where investors can have influence. In doing so, we should acknowledge that the investor's objective on a topic may not perfectly align with the UN's - such as in the climate change example above

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

As stated in Q4, I don't believe that we should measure impacts in the reporting framework beyond measuring for those that feel it is relevant to their broader mission.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

I think this is implicit in the existing principles to some extent - my interpretation being that signatories commit to this broader goal to the extent that they are able to (up to where it may conflict with their fiduciary duty). I also think that the existing principles tread a careful line that

allows them to be applied to the broadest range of asset owners and investment managers. I think there is a risk that a 7th principle of this nature would be in conflict with many investors primary responsibilities and could result in some signatories feeling less well aligned with the PRI.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

I think it's very hard to set goals that are based on what signatories achieve in aggregate. I'd rather focus on softer measures of how the PRI has assisted signatories over time, contributed to research etc.

For what it's worth, I think the reporting framework focuses on process for good reason - we believe that integration of ESG considerations at all levels of the investment process and investment chain should result in an industry that does a better job of being a responsible investor, both in terms of acting appropriately on behalf of beneficiaries/clients and in terms of considering ESG in how investment decisions are made (and ultimately in the way companies do business etc). The players in the investment industry are fragmented and the impact this has is not easily measured - but ultimately, the conversation has lifted to a completely new level relative to 10 years ago. That is the best impact I think the investment industry can have, because we must ultimately balance ESG considerations with other factors, lest we neglect the first principle of being a responsible investor on behalf of our beneficiaries.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Coralie De Maesschalck

**Job Title:** Head of portfolio & ESG

**Signatory Category:** Investment Manager

**Email Address:** coralie.demaesschalck@kartesia.com

**Region:** Europe

**Country:** Belgium

**Organisation:** Kartesia Advisor LLP

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

- round tables about SDG (per type of signatory, i.e. debt investment managers together as quite specific, etc.)

- additional module in PRI Academy on the subject

- networking

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

- number of signatories

- types of signatories (banks, etc.)

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Marieke de Leede

**Job Title:** Director Responsible Investment

**Signatory Category:** Investment Manager

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**Region:** Europe

**Country:** Netherlands

**Organisation:** Kempen Capital Management NV

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

KCM agrees with PRI that the primary focus of the program should be placed on the investment value chain, where both the program and the signatories are able to exert positive influence. We do not recommend any additions/deletions from the scope of interest.

#### 1c. Should any elements be removed from the scope?

KCM agrees with PRI that the primary focus of the program should be placed on the investment value chain, where both the program and the signatories are able to exert positive influence. We do not recommend any additions/deletions from the scope of interest.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

KCM agrees with PRI, and believes the list was very thorough in capturing the issues. The categorization of risks and challenges in the financial system into four areas is very well designed and align with KCM's participation in the FCLT initiative, where among other things, the relationship between asset owners, managers, firm, and regulatory bodies is analyzed. It helps to narrow the contributing factors down and emphasize how the entirety of the investment chain needs to be tackled from various angles in order for change to occur. When PRI undertakes the next step to determine which projects to progress, KCM recommends tackling the short-termism culture within the industry, as there is a consistent theme of focusing on short-term returns throughout this area of the report.

Furthermore, KCM recommends PRI to join forces with the FCLT-partners. The goals of the not-for-profit FCLT company are very much aligned with the PRI.

An additional challenge that we recommend PRI to address is the complexity and inefficiency of the voting chain, which inhibits the ability of stewardship by voters to function.

**2c. Should any risks, challenges or causes be removed from the current list?**

No.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

The drivers all identified in the paper are relevant and important to KCM, and we only wish to suggest that the trend of increasing transparency be reflected in this section.

We place particular emphasis on the environmental degradation and natural resource depletion drivers, as these are very important aspects to KCM given our investment exposure to resource sectors. These drivers are still not widely accepted as potential risks of a business, and thus the need for a push in regulation is required.

### 3c. Should any drivers be removed from the current list?

No, no need to remove drivers.

we only have one comment in regards to the formal consultation paper: the process to determine PRI's process, as seen per the funnel diagram on page 14, remains rather vague in describing how projects are selected. We rec

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

KCM supports the available options listed in the report, as integrating the SDG's into our investment activities is what we strive to do. KCM recommends the PRI specifically undertake the action to conduct policy and research activities from an investment materiality perspective. This could be supported by the PRI working groups, and aligns with the need for knowledge on the material impacts of topics such as the aging population. Further, a more efficient process to distribute the resulting information to the signatories needs to be established, along with more concrete tools of support.

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

In terms of revisions to the Reporting Framework, it is advised that mandatory, long-term focused, reporting be implemented. This would ensure consistent updates on actions undertaken by the signatories, and set forth a standard. The Reporting Framework gives the opportunity for signatories to display their intentions and track outcomes. As KCM is an

engaged shareholder, we believe that reporting on progress made, for instance with companies, gives the opportunity to showcase the different approaches of the signatories and better promote active change in regards to the SDGs.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

### 6b. additional comments

KCM's approach is heavily aligned with the PRI Mission to promote a sustainable global financial system that supports long-term value creation and benefits the environment and society as a whole. KCM supports actions geared to improve the financial system as a whole, specifically towards understanding the consequences, both from a societal and business aspect, of focusing on near-term results instead of on the long-term. There should be a clear indication of the long-term strategy that needs to go into changing the direction of the financial system, and therefore we believe that it would benefit activities for signatories if PRI places clear reference points on how to establish and support a sustainable financial system.

A seventh principle would help to materialize actions and embed a method to measure developments with consistency. This principle could be similar to the sixth, in that each signatory reports on activities undertaken to improve the financial system in accordance to the other principles.

In line with this seventh principle, KCM recently launched an online newsroom to foster discussion and best practices on long term value creation. We would like to assess the possibilities of cooperating with PRI in this respect. Please see [www.shiftto.org](http://www.shiftto.org)

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

KCM continues to strongly support all six Principles, as engaged shareholdership and ESG integration are key strategies in our operations. Revisions that may reflect the activities and priorities could involve the aforementioned mandatory disclosure idea,

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

KCM would first like to congratulate PRI on its 10th anniversary, and reiterate its support in its mission of a sustainable global financial system.

KCM suggests that in terms of metrics, PRI should work to capture the actual progress made by signatories in order to measure its success. The actions of the signatories are a strong indicator of the progress made by the initiative, and therefore tabulating such actions can help showcase both positive actions, as well as reveal the laggards and the obstacles inhibiting them from future progress.

A point of success for PRI would be in stimulating the shift in discussion away from the short term financial impacts of ESG integration and towards its long term value added aspect.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

#### Additional comments

From a synergies perspective, it is recommended that PRI partner with other organizations in order to develop supplements, such as governmental bodies. KCM recommends PRI to join forces with integrated reporting and accounting firms. Additionally, regulatory groups that establish mandatory reporting should be established, as harmonization is necessary to establish worldwide standards.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Anne-Sophie Maurel

**Job Title:** Manager

**Signatory Category:** Asset Owner

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**Region:** Europe

**Country:** Germany

**Organisation:** KfW Bankengruppe

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

In our view, environmental degradation (e.g. climate change) in particular will have significant implications for the financial system. We are a little bit more reserved regarding the relevance of financial inclusion for the PRI's work.

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Provide guidance on how responsible investment and ESG integration can contribute to the SDGs. SDGs are rather qualitative and are not easy to translate into investment strategies. It might be helpful to translate SDGs into more quantitative indicators. PRI could for instance propose metrics/ standards to measure the impact and contribution of the investments in terms of, for instance, environmental and social outcomes.

Not all projects related to the SDGs are appropriate for private capital. PRI could perform an analysis in order to identify the possible areas which could offer private investors an adequate risk-return.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Please refer to answer to question 4.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

The promotion of a sustainable financial system that benefits society as a whole is an important objective. However, the possible contribution of each individual PRI signatory to the promotion of such a sustainable financial system is limited. Aligning financial markets with society's needs goes beyond the sphere of their influence; hence, one should be careful when phrasing a potential commitment of the signatories to the promotion of a sustainable financial system.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

Principle 2 refers to ownership policies and hence, it is rather directed to equity investors. It might be interesting to expand Principle 2 to fixed income.

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

Success for the PRI could be measured in terms of implementation level of ESG strategies within the signatories and the impact of such strategies on their investment portfolios and the external environment.

One metric to measure the level of implementation could be the development of the average score of the PRI signatories in the different assets classes. Another metric to assess the impact on the external environment could be the proportion of assets under management which are aligned with at least one of the SDGs.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

This would also help contributing to the harmonization of the reporting practices.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Frances Deakin

**Job Title:** Responsible Investment Officer

**Signatory Category:** Asset Owner

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**Region:** Europe

**Country:** UK

**Organisation:** Lancashire County Pension Fund

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

No

1c. Should any elements be removed from the scope?

No

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

No

2c. Should any risks, challenges or causes be removed from the current list?

No

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

No

3c. Should any drivers be removed from the current list?

No

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The key role for PRI is providing insight, information, thought leadership and co-ordination for collective action.

Important to recognise that the signatory base includes a range of organisations (Size, resource base, RI experience and expertise all differ widely). In the case of each signatory, their focus/objectives begin with local circumstances and it is through these that the importance of different factors (including the global financial system and their role and priorities for influencing it) are interpreted.

Catering for those in the early stages of the RI journey is vital as is recognising that different signatories will respond to different drivers according to where they are within the investment chain and their specific corporate objectives and policy stance.

RI encompasses a broad continuum, for some it is grounded in risk identification/ mitigation for others it involves the achievement of specific social/ethical/belief- based impacts and objectives. The role that each signatory will be able and willing to play will depend where they sit on this continuum and how initiatives and campaigns resonate with their investment beliefs, policy stance and capabilities. Differences between RI and more explicitly targeted Socially Responsible Investment need to be acknowledged and accommodated within any new expectations on signatories.

#### **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The first step is to support signatories to turn their attention to the impacts/outcomes of their RI activities by adopting sound approaches for capturing/measuring these. Having a policy and taking action under it are not the same as being able to capture and report activity and assess outcomes achieved. Practical support, guidance, and best practice examples will all help.

Not all signatories will see it as a priority to contribute to and measure success against the 17 SDGs – these are headline social goals. Though obviously desirable they need to be made relevant to the investment outcomes of each signatory in order to be interpreted as part of their stewardship role. In the case of public sector pension funds this means they need to usefully inform the process of investing retirement savings in ways which maximise long term returns at an acceptable level of risk.

In developing any new reporting requirements which seek to encompass the SDGs, PRI needs to consider how it is going to support broad themes being translated into concrete targets for practical action by investors (as part of the core process of identifying and managing risks and/or recognising investment opportunities).

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

### 6b. additional comments

The PRI's Mission calls for it to promote a sustainable global financial system that supports long-term value creation and benefits the environment and society as a whole by "encouraging adoption of the Principles and addressing obstacles [...] that lie within market practices, structures and regulation." PRI's role is to promote and facilitate this objective which it can achieve through providing a framework for thinking about and recording actions, representing signatories as a group (collective voice and influence) and co-ordinating collaborative initiatives targeted at achieving specific outcomes.

The role of signatories is to learn, act, make progress, and be willing to participate in collaborative initiatives. The current principles sufficiently encompass all these responsibilities (work together, promote within investment industry, report).

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

### 7b. Additional comments

Headline the 6 principles with an explanatory definition of ESG and what it encompasses. Referenced in isolation the principles refer to ESG without clarity about what is meant and the span of the commitment. ESG is shorthand which is worthy of up to date

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

Membership stable or increased

AUM increased

Quality of signatory reporting increased

Participation rate in collaborative initiatives increased

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

Where partnering will assist signatories and help to join up reporting regimes in a helpful way which reduces bureaucracy and adds value it would appear to be a positive avenue. Adding further cost or complexity is to be avoided.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Meryam Omi

**Job Title:** Head of Sustainability

**Signatory Category:** Investment Manager

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**Region:** Europe

**Country:** UK

**Organisation:** Legal & General Investment Management (Holdings)

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

No

**1b. Should any elements be added to the scope?**

-Retail financial regulators should be included in the scope

-Retail financial advisors should be included in the scope

These are particularly important in a time of transition to DC pensions. Retail banking services on the other hand should already b

**1c. Should any elements be removed from the scope?**

No

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

-Problems/contradictions of investors asking for different things/different views and expectations expressed by investors. Certain governance concerns for example might be short-term in nature and might contradict Certain sustainability concerns, of a lon

**2c. Should any risks, challenges or causes be removed from the current list?**

n/a

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

-Income inequality:

-The linkages between post financial crisis regulation, the impact on liquidity requirements and the affect on asset allocation decisions. A drive for less risky asset classes prevents asset allocation to some areas necessary in the

**3c. Should any drivers be removed from the current list?**

n/a

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

We agree with the following suggestions outlined in pages 15/16:

- 1) Further develop the reporting framework...
- 3) Link the PRI's work on a Sustainable Financial System...
- 5) Focus our Investment Practices work...
- 6) Carry out further work to elaborate how Principle 2...

We do not agree with the following suggestions outlined in pages 15/16

- 2) Define and measure the impact of the PRI and investors' current activities....

-This will be difficult to achieve given data availability

-It could discourage signatories from developing their own thinking/work in this area. The risk could be that results are used for no more than marketing collateral while limiting encouragement for concerted effort around the SDGs

- 4) Conduct policy and research activities in support of specific SDGs of concern to signatories from an investment materiality perspective:

-We need to distinguish between the SDGs and ESG. For companies the SDGs relate to 'what they do'; and ESG refers to 'how companies do what they do'

-So we're talking about operational impact of companies vs. product impact

-The SDG focus on impact does not translate directly into the ESG focus on materiality

-In setting an agenda for the SDGs, the distinction needs to be clear - albeit the two can be complementary

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Formulate questions for the annual reporting framework:

-Depending on investment strategy/asset class exposure of different signatories, scope for such reporting will vary and this needs to be taking into consideration when formulating the assessment

-Questions should find a way of differentiating between 'business as usual' and targeted efforts around the SDGs

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

-If Responsible Investment as a movement, and PRI as an entity is to move forward and build upon the significant achievements already made, then this issue needs to be broached

-This should be done through collaborative means, and it requires PRI signato

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

-We would suggest replacing Principle 4 with the new Principle

-Principle 4 has delivered strong results, illustrating the momentum that has been built around Responsible Investing

-This now needs to be built upon, and a forward looking approach needs t

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

-Clients/consumers have a real sense of what impact their money is having on the world, and have an option to increase or decrease that impact

-Capital is going towards things that we need in society, which in turn result in a stronger marketplace and be

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

No

#### Additional comments

What will be valuable is that investors provide information on what their funds are actually doing. Clients/retail customers can take a view at the FUND level, rather than just at the institutional level whereby the investor institution is assessed for practices.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Lisa Meger

**Job Title:** Portfolio Manager

**Signatory Category:** Investment Manager

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**Region:** North America

**Country:** Canada

**Organisation:** Leith Wheeler Investment Counsel Ltd.

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

No

**1b. Should any elements be added to the scope?**

What was the reason for excluding the retail channel from the scope of this? If you are thinking about the next 10 years, are there any plans to include widen the scope of the PRI to include retail investors?

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

The externalities are going to be the biggest challenge for the PRI to address. In particular, the “growth paradigm” that has been identified is an important challenge being a Canadian investor. With Canada’s reliance on resource sectors for growth, how does the PRI see this challenge being addressed? As identified in the consultation, supporting divestment has implications for unemployment.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI’s work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

no response given

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The PRI could support education on the Sustainable Development Goals (SDGs) in terms of how they connect with responsible investing. Namely, Option 5 from the consultation – Focus our Investment Practices on providing guidance as to how responsible investment and ESG integration can contribute to SDGs – would help in this regard. Option 6: Carry out further work to elaborate how Principle 2 (ESG integration in active ownership) could operate as a delivery mechanism for SDG activities by investors (by partnering to prepare analysis on investee

company contribution to the SDGs and provide guidance on company engagement in relation to the SDGs) would also be helpful. Since the SDGs were only introduced last year, it would seem more appropriate to provide signatories with examples of how we can support the goals going forward, before incorporating them in the Framework and assessment of signatories (as suggested in option 1).

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

To capture impacts and outcomes of signatories responsible investment activities, the PRI could make providing examples of RI activities a mandatory part of the reporting processing. As it stands now, they are only voluntary to provide. If a signatory chooses not to provide examples, it would be hard for the PRI to evaluate how a signatory's policy on RI would translate into real-world actions.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

If the PRI can create awareness of ESG issues among all investors, not just institutional investors. Institutional investors have made strides and continue to recognize these as issues, but, what we are seeing with our client base, is that individual investors do not pay the same attention to these matters as institutional. At the end of the day, if we believe responsible investing is for the ultimate benefit of society, shouldn't all investors be thinking about these issues?

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Jim Kusters

**Job Title:** Executive Director

**Signatory Category:** Investment Manager

**Email Address:** jim.kusters@lgt.com

**Region:** Europe

**Country:** Switzerland

**Organisation:** LGT Capital Partners

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

We think that the current mission statement is unclear, as "working toward a sustainable financial system" is very academic language, which is open to interpretation and not actionable. By contrast, we find the six Principles clear and actionable. Furthermore, they have been manifestly successful in raising awareness of and helping to embed responsible investment principles in the investment processes of hundreds of organizations, representing many billions of dollars of assets under management. We think PRI should remain focused on the six Principles and work towards linking them to broad outcomes, such as some of those captured in the SDGs. We would be happy to discuss our views in detail in a teleconference with PRI.

#### 1c. Should any elements be removed from the scope?



no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

As per our answer to question 1, we think PRI should stay focused on the six Principles, rather than concerning itself with the challenges associated with creating a "sustainable financial system."

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

**3b. Should any drivers be added to the current list?**

As per our answer to question 1, we think PRI should stay focused on the six Principles. Its efforts would be better spent on re-crafting its mission statement to reflect the clear and actionable six Principles.

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We think this is a worthy mission for PRI. An obvious starting point would be to form a Working Group comprised of representatives of all asset classes, who would look at the SDGs in detail to see how they might be integrated into an investment strategy. This would most likely entail making a shortlist of SDGs in scope, which are relevant to investors and can be linked to KPIs that investors could actually influence. The Working Group might then publish a white paper on the topic, suggesting different ways that investors can adopt one or more of the SDGs as a target outcome. The key would be to allow for flexible adoption of targets, as investors in different asset classes and geographies will have very different priorities.

#### **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

PRI would need to recommend different options for integrating aspects of the SDGs into their investment strategies. It would then need to define relevant KPIs that could be tracked and reported. Again, the key to the success would be a flexible framework, and corresponding KPIs, which would allow investors to adopt them according to their preferences and constraints.

## UPDATING THE PRINCIPLES

#### **6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

##### **6b. additional comments**

We would caution against making fundamental changes to the Principles, as they have been very effective in raising awareness of and helping to embed responsible investment principles in the investment processes of hundreds of organizations representing many billions of dollars of assets under management. We believe they are fundamental to PRI's "brand", and changing them would serve only to dilute the brand and make it less clear what PRI stands for.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

As per our response to questions 1 and 6, we would not change the six Principles, for all the reasons we have outlined. However, we support the idea that the current six Principles could be linked to outcomes based on the SDGs. In our view, Principles 5 a

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

We would measure success in two ways: based on (1) growth of the PRI signatory base and assets under management and (2) on measureable progress in meeting the SDGs that have been defined as achievable by PRI signatories. We would expect that the signatory base and assets under management would continue to grow and at some point will represent the overwhelming majority of institutional assets under management. We would also expect to see measureable progress on achieving some of the SDGs, as evident in indicators such as falling carbon footprints of portfolios, improving social indicators and so forth.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Bill Hartnett

**Job Title:** Head of Sustainability

**Signatory Category:** Asset Owner

**Email Address:** bhartnett@lgsuper.com.au

**Region:** Oceania

**Country:** Australia

**Organisation:** Local Government Superannuation Scheme

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

LGS agree that the conduct of the financial services sector is a key ESG risk for long term investors with fiduciary obligations such as LGS. We would therefore support a 7th principle being introduced. The endemic features of the financial services industry such as individual agents with a culture of short-term profit maximisation achieved via high bonus-based remuneration incentives are not always well-aligned to the optimising the long term savings of our members. LGS sees shareholder value being eroded at individual financial services company level (fines being levied); industry level (increasingly legislation imposed and lack of trust making the sector susceptible to new 'fintech' entrants) and systemically (such as the cause of the GFC).

#### 1c. Should any elements be removed from the scope?



I would keep it as a broad principle and not get too prescriptive

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

LGS agree that the conduct of the financial services sector is a key ESG risk for long term investors with fiduciary obligations such as LGS. We would therefore support a 7th principle being introduced. The endemic features of the financial services industry such as individual agents with a culture of short-term profit maximisation achieved via high bonus-based remuneration incentives are not always well-aligned to the optimising the long term savings of our members. LGS sees shareholder value being eroded at individual financial services company level (fines being levied); industry level (increasingly legislation imposed and lack of trust making the sector susceptible to new 'fintech' entrants) and systemically (such as the cause of the GFC).

**2c. Should any risks, challenges or causes be removed from the current list?**

No - keep it broad

Make sure there is something about short term profit maximisation and remuneration

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

no response given

**3b. Should any drivers be added to the current list?**

no response given

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

Not sure. the SDG are a long list - maybe try group them more

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

no response given

## UPDATING THE PRINCIPLES

### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

Yes

#### 6b. additional comments

LGS agree that the conduct of the financial services sector is a key ESG risk for long term investors with fiduciary obligations such as LGS. We would therefore support a 7th principle being introduced. The endemic features of the financial services industry such as individual agents with a culture of short-term profit maximisation achieved via high bonus-based remuneration incentives are not always well-aligned to the optimising the long term savings of our members. LGS sees shareholder value being eroded at individual financial services company level (fines being levied); industry level (increasingly legislation imposed and lack of trust making the sector susceptible to new 'fintech' entrants) and systemically (such as the cause of the GFC).

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Better investment outcomes for society

Fewer stranded assets and negative externalities

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

no response given

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Frances Deakin

**Job Title:** Responsible Investment Officer

**Signatory Category:** Asset Owner

**Email Address:** frances.deakin@localpensionspartnership.org.uk

**Region:** Europe

**Country:** UK

**Organisation:** London Pensions Fund Authority (LPFA)

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

No

1c. Should any elements be removed from the scope?

No

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

No

2c. Should any risks, challenges or causes be removed from the current list?

No

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

No

3c. Should any drivers be removed from the current list?

No

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The key role for PRI is providing insight, information, thought leadership and co-ordination for collective action.

Important to recognise that the signatory base includes a range of organisations (Size, resource base, RI experience and expertise all differ widely). In the case of each signatory, their focus/objectives begin with local circumstances and it is through these that the importance of different factors (including the global financial system and their role and priorities for influencing it) are interpreted.

Catering for those in the early stages of the RI journey is vital as is recognising that different signatories will respond to different drivers according to where they are within the investment chain and their specific corporate objectives and policy stance.

RI encompasses a broad continuum, for some it is grounded in risk identification/ mitigation for others it involves the achievement of specific social/ethical/belief- based impacts and objectives. The role that each signatory will be able and willing to play will depend where they sit on this continuum and how initiatives and campaigns resonate with their investment beliefs, policy stance and capabilities. Differences between RI and more explicitly targeted Socially Responsible Investment need to be acknowledged and accommodated within any new expectations on signatories.

## **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The first step is to support signatories to turn their attention to the impacts/outcomes of their RI activities by adopting sound approaches for capturing/measuring these. Having a policy and taking action under it are not the same as being able to capture and report activity and assess outcomes achieved. Practical support, guidance, and best practice examples will all help.

Not all signatories will see it as a priority to contribute to and measure success against the 17 SDGs – these are headline social goals. Though obviously desirable they need to be made relevant to the investment outcomes of each signatory in order to be interpreted as part of their stewardship role. In the case of public sector pension funds this means they need to usefully inform the process of investing retirement savings in ways which maximise long term returns at an acceptable level of risk. In developing any new reporting requirements which seek to encompass the SDGs, PRI needs to consider how it is going to support broad themes being translated into targets for practical action by investors (as part of the core process of identifying and managing risks and/or recognising investment opportunities).

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

### 6b. additional comments

The PRI's Mission calls for it to promote a sustainable global financial system that supports long-term value creation and benefits the environment and society as a whole by "encouraging adoption of the Principles and addressing obstacles [...] that lie within market practices, structures and regulation." PRI's role is to promote and facilitate which it can achieve through providing a framework for thinking about and recording actions, representing signatories as a group (collective voice and influence) and co-ordinating collaborative initiatives targeted at achieving specific outcomes.

The role of signatories is to learn, act, make progress, and be willing to participate in collaborative initiatives. The current principles sufficiently encompass all these responsibilities (work together, promote within investment industry, report).

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

### 7b. Additional comments

Headline the 6 principles with an explanatory definition of ESG and what it encompasses. Referenced in isolation the principles refer to ESG without clarity about what is meant and the span of the commitment. ESG is shorthand which is worthy of up to date

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

Membership stable or increased

AUM increased

Quality of signatory reporting increased

Participation rate in collaborative initiatives increased

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

Where partnering will assist signatories and help to join up reporting regimes in a helpful way which reduces bureaucracy and adds value it would appear to be a positive avenue. Adding further cost or complexity is to be avoided.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Helene Winch

**Job Title:** helene winch

**Signatory Category:** Non-Signatory

**Email Address:** helene.winch@lowcarbon.com

**Region:** Europe

**Country:** UK

**Organisation:** Low Carbon

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

2b. Should any risks, challenges or causes be added to the current list?

Impact of tax regulation

2c. Should any risks, challenges or causes be removed from the current list?

Condensing this list to a key number of the most material causes would be very useful.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

inequality

large government deficits

3c. Should any drivers be removed from the current list?

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a**

**sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

no response given

6b. additional comments

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

no response given

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

no response given

Additional comments

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Ben Constable Maxwell

**Job Title:** Corporate Finance & Stewardship

**Signatory Category:** Investment Manager

**Email Address:** ben.constable-maxwell@mandg.co.uk

**Region:** Europe

**Country:** UK

**Organisation:** M&G Investments

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

We agree in principle with the scope as set out in the consultation document. However, given the number and variety of the entities highlighted, we are wary that it may be problematic for the PRI to properly and effectively address such a large 'constituent' base. We would encourage the PRI to remain focused on its core objectives of promoting responsible investment at the asset owner / asset manager level, as there remains much progress to be achieved at this level. One development, however, that we would strongly support is the PRI's

intention to increase its focus on issuers/companies, as we consider improved corporate ESG disclosure to be one of the crucial factors in enhancing Responsible Investment going forward.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

2c. Should any risks, challenges or causes be removed from the current list?

We agree that most of the listed causes are relevant but would highlight the abstract / hard-to-assess nature of some of them.

We query what "insufficient attention to "do no harm"" specifically means? This needs context/explanation.

The phrase "Dis

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Urbanisation

3c. Should any drivers be removed from the current list?

While we agree in principle with the list, we would stress that a number of the issues, in particular some of the geopolitical ones such as 'protectionism', 'the erosion of multilateralism' and 'conflict', are somewhat intangible and arguably beyond the s

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

We are supportive of the SDGs and recognise that investors share responsibility with other societal actors in working towards the successful realisation of the goals.

Given the nascent nature of the SDGs, we believe that the PRI should aim for the following chronology in addressing them: i) initial awareness-building among investor signatories, ii) supporting behavioural change at investors and investee companies and iii) improving monitoring & measurement.

In terms of how PRI could support the achievement of the goals, we believe that PRI should provide a toolkit for investors summarising the SDGs, the issues they cover, and how investors can address these issues through their responsible investment activities.

PRI could provide suggestions for how investors and their clients/beneficiaries can measure the impact of their RI activities on addressing the goals.

PRI could also provide engagement support for investors who would like to use SDGs as a framework for their responsible investment activities, but we recognise that this will not be an appropriate approach for all investors.

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

We consider measuring the impact of RI activities to be an aspirational goal of which we would be supportive; however, it should be noted that investors across different asset classes have varying abilities to measure the impacts/outcomes of their responsible investment activities. While we consider Real Estate to be relatively well positioned in this regard, investors in other asset classes such as Equities and Fixed Income face numerous and complex challenges in

responding to such expectations, due to the lack of quality and consistent data from corporates on ESG issues/performance.

As such we feel that the PRI should focus on identifying and enacting ways to ensure better data availability/measurability from investee corporates before pushing signatories to measure their impacts on this particular basis. If the data are not there (especially for the certain areas of investment), how can investors accurately and consistently measure and report on them? We consider it too early for most investors to be able to accurately and meaningfully measure their impacts.

While we support the Sustainable Development Goals, we would suggest that any reporting requirement is structured in a flexible manner and not tied to one particular framework (e.g. the SDGs), as different investors will naturally utilise different frameworks to enact and measure their activities across different areas of RI/ESG.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

### 6b. additional comments

We recognise the importance of a sustainable financial system that works for the broader good of society and believe that it is one of the central responsibilities of investors to promote such an outcome via their responsible and broader investment activities. We also agree that investors – alongside other actors such as regulators – are responsible for monitoring and addressing risks to the sustainability of this system.

We believe that ‘good’ long-term investors naturally work towards this end through their stewardship and active ownership practices (e.g. company engagement and voting). As such we feel the existing principles are – directly and indirectly - focused on improving the sustainability of the financial system and therefore suffice for the time being.

We also consider it would be difficult to devise an appropriate ‘systemic’ principle that balances the required breadth of scope vs sufficient specificity to enable investors to practically address/implement the principle.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

We consider the existing six principles to be broadly fit for purpose.

## MEASURING THE PRI’S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years’ time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success in 10 years’ time would be determined by positive changes in behaviour and mindset – at both investor and corporate level. This would be characterised by Responsible Investment being more fully integrated into the investment approach/process throughout the investment chain; also, encouraged by pressure from the PRI and investor signatories, there would be greater transparency from corporates on material ESG factors/metrics to their business/company; with regards to corporate reporting on ESG issues/risks, simplicity and effectiveness should be the determinants of success, rather than growth in quantum of RI reporting.

Growth in signatories in under-represented regions/areas would be a determinant of ongoing success.

Another measure of success would be the increase in sustainability reporting (integrated or standalone) by corporates, thereby enabling investors to more effectively analyse and assess their ESG risks and performance.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

**Additional comments**

We would again reiterate that investors’ ESG reporting is only as good as the data/disclosure from companies. As such we feel that the PRI should aim to facilitate improved corporate ESG disclosure/reporting. GRI, or similar initiatives focused on improving the provision and standardisation of corporate ESG data, would be worth considering. Again, we would caution against the PRI becoming overly prescriptive and or directive in this regard.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Sam Churchill

**Job Title:** Head of Macro Research

**Signatory Category:** Investment Manager

**Email Address:** sam.churchill@magellangroup.com.au

**Region:** Oceania

**Country:** Australia

**Organisation:** Magellan Asset Management

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

If the sustainability of the financial system is to be considered by the PRI, it would be best done in reference to the whole financial system. Linkages between different parts of the financial system are key to its overall function, and an unduly narrow approach could lead to conflicting perspectives that undermine the sustainability and objectives of the system as a whole.

For example, excluding retail banking and its linkages to other parts of the system, would be excluding a key part of the system. The role of market makers and disruptive innovators could

also be explicitly considered. While the PRI's signatory base is concentrated in particular parts of the financial system, investee companies operate across the system.

1c. Should any elements be removed from the scope?

The PRI may take the view that directly addressing financial system stability across the entire system would be too complex an undertaking and outside the PRI's core skillset. In this case, the PRI should consider maintaining its focus on ESG factors as levers for promoting financial system sustainability rather than broadening the scope of its Principles.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Cybersecurity threats could be explicitly considered

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

The PRI could include reference to the SDGs in its description of ‘what is responsible investment’ on the PRI website, and/or in the PRI mission statement. The PRI could also map SDGs against the ESG factors that underpin PRI principles.

### 5. How can the PRI better capture the impacts and outcomes of signatories’ responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

The PRI could include a section in the Reporting Framework on how the Sustainable Development Goals (SDGs) are incorporated into signatories’ investment processes. As noted in the PRI Consultation Paper there is already substantial alignment between the SDGs and PRI principles. However, attempting to measure the impact of PRI signatories’ investment activities towards achieving SDGs would be misleading, as the SDGs are influenced by a vast array of global factors and attribution to PRI signatories would be impossible to accurately identify. Accordingly, PRI signatories should not be held accountable for SDG outcomes.

## UPDATING THE PRINCIPLES

### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.

Yes

#### 6b. additional comments

Financial system sustainability is part of the PRI’s mission statement, is aligned with the PRI’s responsible investment approach, and is an important contributor to socio-economic development in the long run.

The PRI Consultation Paper suggests targeting parts of the financial system where the PRI is active and influential. However, financial system sustainability would be better approached holistically rather than in a targeted fashion, as an unduly narrow approach can lead to conflicting approaches that undermine the system as a whole. In promoting a sustainable financial system, care should also be taken not to unnecessarily dis-incentivise risk-taking behaviour, which can be critical to innovation, entrepreneurship and socio-economic development in the long run. Accordingly, a more comprehensive definition of what is meant by financial system sustainability should be explored.

The PRI may take the view that directly addressing financial system stability across the entire system would be too complex an undertaking and outside the PRI's core skillset. In this case, the PRI should consider maintaining its focus on ESG factors as levers for promoting financial system sustainability.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

Principles 4 and 5 are very similar and could be combined.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success for the PRI could be indicated via the investment performance of signatories and growth in signatories' share of global AUM. Metrics that indicate whether global investment practices have become more responsible and sustainable over time could also be considered.

However, it should be acknowledged that while the PRI is an influential voice, the PRI and its signatories should not be held accountable for responsible investment practices globally as these forces are beyond the control of the PRI and its signatories.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

**Additional comments**

If there are issues with the reporting framework then these should be discussed and addressed by the PRI, preferably in consultation with PRI signatories. While advice from external consultants could be sought as part of this process, outsourcing the PRI’s reporting framework to a body with potentially differing objectives from the PRI and that is not accountable to PRI signatories may be misguided. Any duplication of reporting processes should also be avoided.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Bradley F. Hanson

**Job Title:** Managing Director, Business Development

**Signatory Category:** Investment Manager

**Email Address:** bhanson@magniglobal.com

**Region:** North America

**Country:** USA

**Organisation:** Magni Global Asset Management

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

It appears the proposed focus is more bottoms-up, with the goal being to influence good behavior. While it is important to demonstrate that users are good corporate citizens, a focus on the top-down is also needed. Specifically, regulators and the governments should enforce the existing rules and enact new legislation to have an open, honest and fair regulatory system in every country.

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

A sustainable financial system is impaired by opacity. When actions and products are not visible to all, the risk of corruption and crony capitalism grows exponentially. Transparency allows people and organizations to understand what is happening and to make decisions. Transparency as part of good governance helps everyone know what is sustainable and what is not sustainable. The result are markets that are inherently more stable and sustainable.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

**3b. Should any drivers be added to the current list?**

There are many factors that we cannot control: demographic changes, technological parity, growth of the emerging markets, global conflict, people's trust, or waves of nationalism or protectionism that exist within many countries. Consequently, it is important to focus on the factors that can be most influenced or controlled.

The quality of corporate governance varies more by country than by company. It is crucial to understand the legal and regulatory requirements related to corporate governance which are imposed by each country. The policies, laws and regulations of every country – and their adherence to them – will be the drivers of change. It is about an open, honest and transparent financial system that is well regulated for all stakeholders.

In 1998, the International Organization of Securities Commissions (IOSCO) adopted a comprehensive set of Objectives and Principles of Securities Regulation (IOSCO Principles)

and further updated them in May 2003. The Principles are recognized by the international financial community as benchmarks for all markets and have been identified as one of the "12 Key Standards for a Sound Financial System." As the principles are intended to be applicable to countries in various stages of development and with different regulatory backgrounds, IOSCO identified three key objectives as a basis for an effective system of securities regulation instead of presenting a single, unified regulatory framework. Those objectives are: (a) protecting investors; (b) ensuring that markets are fair, efficient, and transparent; and (c) reducing systemic risk. The 30 IOSCO Principles are intended to give "practical effect" to these three objectives.

### 3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

By proactively and broadly sharing the actions that any individual signatory is taking to support the SDGs and by active participation of PRI in the UN ECOSOC efforts to define an agenda related to SDGs.

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

Host an interactive blog on each SDG where signatories are encouraged to comment on best practices, ask for ideas, and seek comments from other signatories on their own ideas. Encourage signatories to reveal any first-hand experiences in which governing bodies within a country exhibit malfeasance, or potential or perceived corruption related to companies listed on its exchanges. These could be related to accounting, non-adherence to reporting and policy standards, or preferential treatment.

Also update the annual assessment tool. The current questions are framed from the perspective of a large financial services company that is adapting to PRI. For some signatories, particularly newer and smaller companies, their entire company is part of Responsible Investing. They may also specialize in one or two Responsible Investing topics. The assessment tool should have questions that are accommodative to these signatories.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

### 6b. additional comments

The impact of good governance on financial markets cannot be overstated. The PRI should become a vocal advocate of good corporate governance in all the countries by leading and working with governments to adopt policies that are fair for all market participants. PRI should also encourage signatories to participate in advocacy.

### EXAMPLE OF 7TH PRINCIPLE-

We will work with governments and regulators to establish and enforce regulations that are honest and transparent, and that promote financial sustainability and inclusiveness.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

### 7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

### **8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

In an effort to better monitor progress on “real-world impact,” instill accountability and clear data that measures progress and successes, along with qualitative analytics for understanding reasons behind any failures.

### **9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

#### Additional comments

It will create more transparency and less confusion for investors to see a connection between PRI and its signatories' reporting, and the reporting by these other organizations. It may also help reveal issues, failures, or successes more broadly to institutional investors and their clients.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Natasha McKean

**Job Title:** Environmental, Social and Governance Investment Analyst

**Signatory Category:** Investment Manager

**Email Address:** nmckean@maple-brownabbott.com.au

**Region:** Oceania

**Country:** Australia

**Organisation:** Maple-Brown Abbott Limited

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

4) Conduct policy and research activities in support of specific SDGs

5) Focus investment practices work on providing guidance on how RI and ESG integration can contribute to SDGs

6) Carry out further work to elaborate how Principle 2 could operate as a delivery mechanism for SDG activities

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Measure and report on how signatories incorporate the 17 SDGs into their investment process and engagement initiatives.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Participation rate of entities incorporating ESG into investment process and engagement

Quality of entities incorporation of ESG into investment process and engagement

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Yasuhiro Yoshino

**Job Title:** General Manager

**Signatory Category:** Investment Manager

**Email Address:** yasuhiko.yoshino@myam.co.jp

**Region:** Asia

**Country:** Japan

**Organisation:** Meiji Yasuda Asset Management Company Ltd.

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no

1c. Should any elements be removed from the scope?

no

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no

2c. Should any risks, challenges or causes be removed from the current list?

no

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no

3c. Should any drivers be removed from the current list?

no

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

I think the SDGs covers extensive area. So PRI support should be case by case.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Honestly I have no idea for now.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Honestly we have just started study the ESG, SDGs, SBT recently. However I think the PRI's success is big and the PRI will lead the global movement regarding ESG, SDGs.

- 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Lyndsay Bogdan

**Job Title:** Senior RFP Writer

**Signatory Category:** Investment Manager

**Email Address:** lyndsayb@mcm.com

**Region:** North America

**Country:** USA

**Organisation:** Mellon Capital Management Corporation

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Focus the Investment Practices work on providing guidance as to how responsible investment and ESG integration can contribute to SDGs.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

We would suggest that the principles are incorporated "when possible", with consideration given to the scope of each signatory's business.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

Additional comments

We believe that if the PRI wants to further develop reporting requirements based around SDIs, it should seek guidance from other entities that are already formally attempting to address this.

For example, since this consultation is centered around the missing link of the mission statement " to work to address...obstacles to a sustainable financial system".....perhaps the PRI should engage with the Financial Sustainability Board (FSB).

<http://www.fsb.org/>

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Jay Youngdahl

**Job Title:** Chairman

**Signatory Category:** Asset Owner

**Email Address:** jyoungdahl@youngdahl.com

**Region:** North America

**Country:** USA

**Organisation:** Middletown Works Hourly and Salaried Union Retirees Health Care Fund

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

Fees are not mentioned prominently which they should be. The greed of the financial sector is the largest impediment to a secure financial system. The success or failure of the PRI will ride on whether this issue is addressed.

Secondly, I applaud the PRI for admitting that asset owners are only a small part of the PRI, as reflected in the chart on Page 9. While I believe the nature of PRI has changed and this is unfortunate, I am glad to see that PRI is honestly stating this.

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

2b. Should any risks, challenges or causes be added to the current list?

See Answer to Question 1.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

See Answer to Question 1.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

See Answer to Question 1. See also, the attached letter.

- 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

No comment.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

no response given

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

The importance of investment fees should be made a Principle.

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

no response given

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Guez Herve

**Job Title:** Director of Research

**Signatory Category:** Investment Manager

**Email Address:** herve.guez@mirova.com

**Region:** Europe

**Country:** France

**Organisation:** Mirova

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

- The primary focus should be on parts of the financial system that are responsible for capital allocation and investment decisions, namely asset owners and asset managers;

- the secondary focus should be on the other players, who are the stakeholders

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

The four areas of risk and challenges identified do not seem relevant to Mirova's experience of the challenges and risks associated with the development of a sustainable investment approach. In order to foster the advent of a sustainable financial system dedicated to provide social and environmental added value, we identify the following challenges:

1) Research: understanding the sustainable needs and associated risks and opportunities for investment:

- where and what are the needs for investment into sustainability? what types of technologies, what type of infrastructures, of social innovations are most appropriate to have a positive impact? How to ensure international and national public bodies provide this information to investors?

- what are the most appropriate investments products to combine social, environmental and financial added value?

- what information should companies and project managers disclose to enable asset owners and asset managers to assess the social and environmental contribution of a product or a service, of a project?

- how to enlarge investor's scope of investment into sustainability? How to provide investors with more investment opportunities that have a positive environmental and social impact?

- etc.

2) Alleviating the barriers to sustainable investment and strengthening the quality of the market:

- definition of fiduciary duty compatible with long term investment

- developing investors' accountability and disclosure of sustainable investment strategies (cf: article 173 French Energy and Ecological Transition Law)
- creation of high-quality standards and labels to prevent liability and greenwashing risks
- etc.

3) How to render sustainable financing mainstream and scale up the market:

- Reflexion on prudential rules and the integration of long-term extra-financial risks
- Realignment of interests between the financial system and sustainability goals, reflexion on fiscal incentives to make high-quality sustainable products more interesting for issuers and investors - role of labels to identify what investments should be supported

Etc.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

We do not understand how were these drivers for change identified and prioritised and what is the academic analysis behind: what do they correspond to? How were they chosen? Their organisation is not relevant to us and major issues like social inequalities do not explicitly appear.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

The PRI would support their signatories to align their responsible investment activities with the SDGs in:

- defining answers and implementing solutions to the 3 key challenges previously identified (research/ understanding the needs and developing appropriate analysis methodologies, alleviating barriers to sustainable investment, scaling up and making sustainable investment mainstream);
- making it mandatory for signatories to report on the coherence with and impact of their investment strategy on the implementation of the SDGs.

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

The PRI should define appropriate reporting tools to assess how their signatories' investment strategies are coherent and contribute to the implementation of the SDGs.

Regulations such as the French law on energy transition and innovative reporting tools that measure for instance the contribution of portfolios to the implementation of international climate objectives could be inspiring.

See for instance:

[http://www.mirova.com/Content/Documents/Mirova/publications/va/studies/MIROVA\\_Study\\_Measure\\_Carbon\\_Impact\\_Methodology\\_EN.pdf](http://www.mirova.com/Content/Documents/Mirova/publications/va/studies/MIROVA_Study_Measure_Carbon_Impact_Methodology_EN.pdf)

The Reporting framework should be primarily focused on the analysis of the coherence of signatories' strategies with the implementation of the SDGs.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

This inclusion should even replace Principle one and state clearly that a sustainable financial system should benefit society as a whole.

"Incorporate ESG issues into investment analysis and decision making-processes" is only a way to implement this overall objective, it is not as such the objective of responsible investment.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

The principles should state an ambition and not reflect the lowest common denominator among thousands of signatories.

They should not only request that ESG processes are taken into account but also support that the impact of projects, products and servi

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

The PRI will be successful in 10 years' time if they have contributed to address the key challenges we mentioned and if they have strongly contributed to drive finance to better support the transition to a sustainable society.

Once defined robust assessment tools for signatories' contribution to implement the SDGs, they should be reported upon every year. The overall performance of signatories across the years would then assess the PRI's general performance and success.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

The PRI should work with the industry overall and partner also with other players, such as extra-financial / CSR rating agencies. The PRI should help develop research and methodologies, not only on reporting frameworks (although this is important) but also on products standards, adapted incentives and regulations to help develop the market, etc.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Anna-Sterre Nette

**Job Title:** Senior Responsible Investment Consultant

**Signatory Category:** Investment Manager

**Email Address:** ntt@mn.nl

**Region:** Europe

**Country:** Netherlands

**Organisation:** MN

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

Should the PRI consider including retail institutions?

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

These drivers of change are overly focused on risks, perhaps also additional drivers of change that present opportunities should be included.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

First of all, we would like to emphasize that we think it is of crucial importance that signatories align responsible investment activities with internationally recognized codes and standards, however they should always remain free to choose these standards themselves. Signatories may choose the SDGs, or any other standard that they think is most suitable to promote one or more responsible investment activities.

With respect to the SDGs, or any other relevant standard, the PRI could launch an investigation into possible alignment to help signatories decide how to best develop responsible investment activities that promote one (or more) of the SDGs. Aspects that could be explored are the following: how to best assess how current responsible investment activities match the SDGs, how to best tie investment activities to the specified targets of the

SDGs, how to decide on the level of desired impact and how does this best match the possibilities in asset class and ESG-incorporation strategy (such as Best-in-class, Exclusions, ESG integration, Impact investing, Themed investing, etc).

## **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

It is time for the PRI to shift its focus from the incorporation of ESG issues into investment towards achieving a responsible return on investment. The current focus of the PRI survey on ESG-incorporation assumes that increased ESG-incorporation delivers better ESG-impacts, which might not always be the case. In order to create responsible impacts you need to smartly utilize the incorporation of ESG factors.

Ideally, signatories decide in advance on the targeted return per investment activity (high financial return, high ESG return; high financial return, low ESG return; or any other possible balance between the two) and show accountability to the PRI on achieved outcomes and employed metrics and measurement tools. In addition, the PRI should continue to promote and develop responsible investment best practices, from now on especially focused on accountability and measurement methodologies.

Meaningful responsible investment strategies should not be measured by their level of ESG incorporation but by their capacity to promote a sustainable financial system that benefits society as a whole. As such, the Reporting Framework could focus less on how signatories' incorporate ESG-issues into investment strategies, but instead make insightful how signatories best prioritize the impacts they want to achieve, how they can best measure these impacts, and whether it was possible for them to achieve these impacts (and whether adverse impacts were sufficiently avoided).

## UPDATING THE PRINCIPLES

### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

Yes

#### 6b. additional comments

Yes, we think this would be a good time to update the Six Principles. We offer a few suggestions below:

- Principles 1-3 should merge together and address all PRI primary stakeholders: These three principles still address a limited set of PRI stakeholders (asset managers and owners). The primary stakeholder base of the PRI is proposed to be extended (as explained in the first question of this consultation) to beneficiaries, stock exchanges, companies, etc. Therefore, we think it is reasonable to address all of them in one and the same principle.
- Principles 1-3 should change focus from incorporating ESG issues to targeting a responsible return on investment.

As already explained in the earlier questions, it is time for the PRI to shift its focus from the incorporation of ESG issues into investment towards achieving a responsible return on investment. The current focus of the PRI on ESG-incorporation assumes that increased ESG-incorporation delivers better ESG-impacts, which might not always be the case. In order to create responsible impacts you need to smartly utilize the incorporation of ESG factors.

- Principles 4-5 should be merged because they say the same thing, they both promote cooperation in the industry.
- We propose that two new principles are added:

- 1) Signatories aim for responsible investment because they believe that they should promote a sustainable financial system that benefits society as a whole;
- 2) Fiduciary duty requires investors to incorporate ESG-factors into investment practices.

Why do signatories find it so important that ESG factors are adopted in the investment process: not only because they think these factors have an material impact on an investment return (bottom line) but also because they think it contributes to a better society: a sustainable financial system that benefits society as a whole (moral threshold).

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

It would be useful if the PRI could develop a responsible investment matrix or taxonomy that clearly indicates the different possibilities between responsible investment owners, managers and activities. The differences could be clarified in terms of respo

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The success of the signatories to consciously manage the impact of their investments directly translate into the success of the PRI. For that reason we think the PRI should adopt clear KPIs on signatory accountability and achieved results by investment impacts. In other words, if we expect signatories to promote a sustainable financial system that benefits society as a whole then it should be defined what we reasonably want to see improved in ten years (this is perhaps where the SDGs or any other standard comes in handy).

There is also another issue that we would like to highlight. We think that the "E", "S" and "G" in ESG are all of equal importance for achieving a sustainable and responsible economy but it is our observation that when incorporating ESG factors into investment decisions, the E and G have experienced most attention and work from investors over the last ten years. For that

reason we suspect that the impacts and improvements in sustainability also have been the biggest for E (energy transition) and G (corporate governance codes).

Therefore we ask the PRI to launch a program specifically focused on leveraging the “S” in ESG and help investors in this area by for instance exploring best practices in social investment strategies, quantifying materials S risks and steering for sustainable impacts that include E, G AND S.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

**Additional comments**

We would strongly encourage the PRI to leverage its links with all other organisations working on a sustainable economy. The reporting burden for investors and companies is quickly getting above all reasonable available capacity and resources. It would be good if still this year an initiative is launched that gathers board representatives from all relevant reporting bodies and that aims at one single system combining all possible data sets and that offers the technology to unlock data from all available pdfs, excels, platforms etc. We think this would also be a good time to revisit the relationship between the PRI and the UN, as strengthening this relationship might help the development of one single global reporting standard relevant for all possible stakeholders (we need a push to merge the GRI, PRI, Integrated Reporting, EITI and all the other corporate disclosure metrics out there).

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Jan Hasselman

**Job Title:** Chief Investment Committee

**Signatory Category:** Asset Owner

**Email Address:** jan.hasselmann@interfaceflor.eu

**Region:** Europe

**Country:** Netherlands

**Organisation:** Mode Interieur Tapijt & Textiel (MITT)

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

Should the PRI consider including retail institutions?

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

These drivers of change are overly focused on risks, perhaps also additional drivers of change that present opportunities should be included.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

First of all, we would like to emphasize that we think it is of crucial importance that signatories align responsible investment activities with internationally recognized codes and standards, however they should always remain free to choose these standards themselves. Signatories may choose the SDGs, or any other standard that they think is most suitable to promote one or more responsible investment activities.

With respect to the SDGs, or any other relevant standard, the PRI could launch an investigation into possible alignment to help signatories decide how to best develop responsible investment activities that promote one (or more) of the SDGs. Aspects that could be explored are the following: how to best assess how current responsible investment activities match the SDGs, how to best tie investment activities to the specified targets of the

SDGs, how to decide on the level of desired impact and how does this best match the possibilities in asset class and ESG-incorporation strategy (such as Best-in-class, Exclusions, ESG integration, Impact investing, Themed investing, etc).

## **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

It is time for the PRI to shift its focus from the incorporation of ESG issues into investment towards achieving a responsible return on investment. The current focus of the PRI survey on ESG-incorporation assumes that increased ESG-incorporation delivers better ESG-impacts, which might not always be the case. In order to create responsible impacts you need to smartly utilize the incorporation of ESG factors.

Ideally, signatories decide in advance on the targeted return per investment activity (high financial return, high ESG return; high financial return, low ESG return; or any other possible balance between the two) and show accountability to the PRI on achieved outcomes and employed metrics and measurement tools. In addition, the PRI should continue to promote and develop responsible investment best practices, from now on especially focused on accountability and measurement methodologies.

Meaningful responsible investment strategies should not be measured by their level of ESG incorporation but by their capacity to promote a sustainable financial system that benefits society as a whole. As such, the Reporting Framework could focus less on how signatories' incorporate ESG-issues into investment strategies, but instead make insightful how signatories best prioritize the impacts they want to achieve, how they can best measure these impacts, and whether it was possible for them to achieve these impacts (and whether adverse impacts were sufficiently avoided).

## UPDATING THE PRINCIPLES

### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

Yes

#### 6b. additional comments

Yes, we think this would be a good time to update the Six Principles. We offer a few suggestions below:

- Principles 1-3 should merge together and address all PRI primary stakeholders: These three principles still address a limited set of PRI stakeholders (asset managers and owners). The primary stakeholder base of the PRI is proposed to be extended (as explained in the first question of this consultation) to beneficiaries, stock exchanges, companies, etc. Therefore, we think it is reasonable to address all of them in one and the same principle.
- Principles 1-3 should change focus from incorporating ESG issues to targeting a responsible return on investment.

As already explained in the earlier questions, it is time for the PRI to shift its focus from the incorporation of ESG issues into investment towards achieving a responsible return on investment. The current focus of the PRI on ESG-incorporation assumes that increased ESG-incorporation delivers better ESG-impacts, which might not always be the case. In order to create responsible impacts you need to smartly utilize the incorporation of ESG factors.

- Principles 4-5 should be merged because they say the same thing, they both promote cooperation in the industry.
- We propose that two new principles are added:

- 1) Signatories aim for responsible investment because they believe that they should promote a sustainable financial system that benefits society as a whole;
- 2) Fiduciary duty requires investors to incorporate ESG-factors into investment practices.

Why do signatories find it so important that ESG factors are adopted in the investment process: not only because they think these factors have an material impact on an investment return (bottom line) but also because they think it contributes to a better society: a sustainable financial system that benefits society as a whole (moral threshold).

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

It would be useful if the PRI could develop a responsible investment matrix or taxonomy that clearly indicates the different possibilities between responsible investment owners, managers and activities. The differences could be clarified in terms of respo

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The success of the signatories to consciously manage the impact of their investments directly translate into the success of the PRI. For that reason we think the PRI should adopt clear KPIs on signatory accountability and achieved results by investment impacts. In other words, if we expect signatories to promote a sustainable financial system that benefits society as a whole then it should be defined what we reasonably want to see improved in ten years (this is perhaps where the SDGs or any other standard comes in handy).

There is also another issue that we would like to highlight. We think that the "E", "S" and "G" in ESG are all of equal importance for achieving a sustainable and responsible economy but it is our observation that when incorporating ESG factors into investment decisions, the E and G have experienced most attention and work from investors over the last ten years. For that

reason we suspect that the impacts and improvements in sustainability also have been the biggest for E (energy transition) and G (corporate governance codes).

Therefore we ask the PRI to launch a program specifically focused on leveraging the “S” in ESG and help investors in this area by for instance exploring best practices in social investment strategies, quantifying materials S risks and steering for sustainable impacts that include E, G AND S.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

**Additional comments**

We would strongly encourage the PRI to leverage its links with all other organisations working on a sustainable economy. The reporting burden for investors and companies is quickly getting above all reasonable available capacity and resources. It would be good if still this year an initiative is launched that gathers board representatives from all relevant reporting bodies and that aims at one single system combining all possible data sets and that offers the technology to unlock data from all available pdfs, excels, platforms etc. We think this would also be a good time to revisit the relationship between the PRI and the UN, as strengthening this relationship might help the development of one single global reporting standard relevant for all possible stakeholders (we need a push to merge the GRI, PRI, Integrated Reporting, EITI and all the other corporate disclosure metrics out there).

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Alfred Wasserle

**Job Title:** Portfolio Manager

**Signatory Category:** Asset Owner

**Email Address:** awasserle@meag.com

**Region:** Europe

**Country:** Germany

**Organisation:** Munich Re

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

Challenge to avoid "regulatory overkill"

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Zero interest policy of central banks as a threat for the sustainability of the financial system if environment of negative rates persists for a longer time/period which would also affect all other drivers of change.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

PRI should focus on guidelines as to how responsible investment can contribute to SDGs. It clearly makes sense to concentrate on specific SDGs of concern from an investment materiality perspective. To include all SDGs could prove as too complex as some goals may be conflicting. E.g. PRI could focus its research activities on the field of "Climate Action".

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Given that the impact of each single signatory with respect to responsible investment activities (and SDGs in particular) may be limited, PRI should concentrate on defining a framework for a Sustainable Financial System rather than concentrating on the Reporting Framework/Assessment.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

We would rather change the wording of the principles than add a seventh principle.

It could make sense to adjust the wording of principle number 2 or number 4 and to amend the goal “improvement of the financial system” to the respective principle.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

The success of the “Principles for Responsible Investment (PRI)” in the next decade will heavily depend on the ability to increase transparency and quality to differentiate between members that enforce its code and those that fail to do so.

The focus during the first ten years was on attracting signatories and promoting ESG investing. The next step is to amend the reporting framework to better “differentiate” signatories. Minimum standards for the survey have to be introduced. Freeloaders have to be identified and put under pressure and ultimately, if there is no improvement, to leave the initiative.

All those measures would significantly improve the credibility of the PRI initiative and are necessary to be taken serious when trying to step up efforts in negotiating with regulators and governments.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

To partner up with an established reporting organization might be the premise to introduce (global) minimum standards and to improve the complex and time-consuming process.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Kagiso Motepe

**Job Title:** ESG Analyst

**Signatory Category:** Investment Manager

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**Region:** Africa

**Country:** South Africa

**Organisation:** Mvunonala Asset Managers

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Draft a guideline document highlighting the minimum activities that can be conducted in order to ensure alignment with SDGs.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The reporting framework should include a section discussing the progress on the signatory's contribution.

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The success can be defined by the number of signatories to date in the various regions.

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

## Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Michelle de Cordova

**Job Title:** Director, Corporate Engagement & Public Policy

**Signatory Category:** Investment Manager

**Email Address:** mdecordova@neiinvestments.com

**Region:** North America

**Country:** Canada

**Organisation:** NEI Investments

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

no response given

#### 1c. Should any elements be removed from the scope?

We preface these remarks by noting that we agree there is a need to explore both systemic risks to the health of the financial system, and systemic risks to wider society and the environment that can be created or addressed by investment practices. We raised some of these issues in our response to an earlier PRI consultation in 2013, and have begun exploring these topics in other venues, including the TIIP.

As noted by PRI, it is important that systemic risk work by different entities should be complementary and not duplicative. We would prefer not to have to participate in similar

discussions and consultations in multiple settings. PRI should take into account that even where activities are important and complementary, investors have a limited amount of time to devote to consultations. Consultation is vital, but even a well-designed consultation will fail if those consulted lack the time and resources to devote full attention to the questions that are being posed because of numerous other projects running simultaneously.

How many PRI signatories are on the same page regarding the premise that their responsible investment obligations extend to systemic risk? If this premise is not yet widely accepted, it does not mean that systemic risk work should not be pursued, but more time might be needed to build consensus on its relevance for all signatories. We also wonder how many PRI signatories are already on the same page regarding the vision of a sustainable financial system set out on page 10 of the Supplementary Report, which is not addressed in the consultation questions.

Turning to the specific question, before determining the scope of the financial system to be covered by systemic risk work, it would seem logical to identify the specific systemic issues that signatories experience most strongly as standing in the way of improving their responsible investment practice, taking into account the differing experiences of signatories of different types in different market.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

no response given

**2c. Should any risks, challenges or causes be removed from the current list?**

The causes and consequences list is difficult to assimilate, conflating systemic risks to the health of the financial system, and systemic risks to wider society and the environment created by current investment practices. We have many more comments about

### 3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?

No

#### 3b. Should any drivers be added to the current list?

We note that inequality is not mentioned. Based on current "real world" events, this seems a critical driver underlying some of the other factors that are presented as drivers.

#### 3c. Should any drivers be removed from the current list?

We would need more time to respond to this question fully.

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

This seems to assume that all signatories are ready to positively align with the SDGs. We note that a number of signatories responded to the SDGs survey but it is unclear if this was a representative group. We ourselves were unable to respond because of other priorities, although in fact we have reviewed the SDGs and adjusted some of our engagement priorities to reflect where our activities could play a small part in their achievement. Individual signatories have varying ability to positively align investment activity with the SDGs – not every signatory is an impact investor. We feel the first priority is to explore how all investors can undertake due diligence to avoid "real world" harm to rights holders as a result of their investment activities. The SDGs cannot be achieved by investors making relatively small impact investments, while failing to ensure that the bulk of their investments are not implicated in "real world" harm. In this context we are following the ongoing exploration of responsible business conduct of financial institutions undertaken under the auspices of the OECD. At the most recent Global Forum session addressing this topic, it was noted that many investors are still challenged by the basic alignment of ESG risk to fiduciary duty (see <https://mneguidelines.oecd.org/globalforumonresponsiblebusinessconduct/GFRBC-2016-Summary.pdf> (p7)). In particular, we caution that a premature focus on pressing all signatories to align their work to the SDGs may be contrary to the objectives of building PRI support in North America.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

We do not think this is practicable or advisable at this stage. Most investors are not in a position to make anything but a small individual contribution to achieving the SDGs, and there are major attribution problems because of the other stakeholders (both investors and others) that will have played a part in any change. Also, we do not think it is advisable to make further immediate changes to the reporting framework. In particular, we caution that this may be contrary to the objectives of building PRI support in North America. We would prefer not to allocate significant policy time to consultations on investor reporting frameworks at a time when we are highly engaged on numerous "real world" policy priorities, such as climate policy.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

We feel this is premature, as it is not clear to us that all signatories are on the same page yet with regard to systemic issues. We see no real obstacle to facilitating activity by signatories that are ready to explore systemic issues work without investing time in wordsmithing and obtaining approval for new/changed principles. In particular, we caution that this may be contrary to the objectives of building PRI support in North America.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

## 7b. Additional comments

We do not see this as an immediate priority. We see no real obstacle to facilitating activity by signatories that are ready to explore systemic issues work without investing time in wordsmithing and obtaining approval for new/changed principles. In partic

# MEASURING THE PRI'S PROGRESS AND IMPACT

## 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

In the document, it is sometimes unclear who is meant by "we". From a signatory perspective, it would be desirable that a strong majority of signatories across different markets should feel that PRI signatory status helps them to enhance their responsible investment practice, allows issues to be addressed that individual institutions and smaller groups could not address alone, and represents "good value for money". Signatories should feel ownership of the organization and that they have a strong voice in setting the agenda.

## 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

No

### Additional comments

Although enhancing investor disclosure is desirable, once again this seems premature. From our perspective, the disclosure priority continues to be ensuring adequate ESG disclosure from all issuers. We would prefer not to allocate significant policy time to consultations on voluntary investor reporting frameworks in the near term, at a time when we are highly engaged on numerous "real world" policy priorities, such as climate policy. There is a risk that flawed investor reporting frameworks developed with inadequate consultation could actually undermine responsible investment good practice and innovation, resulting in "real world" harm.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Joe Herlihy

**Job Title:** Managing Director

**Signatory Category:** Investment Manager

**Email Address:** joseph.herlihy@nb.com

**Region:** North America

**Country:** USA

**Organisation:** Neuberger Berman Group LLC

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

One question is whether retail banks in their advisory role to retail clients should be made part of this. This would be logical in the chain in itself, as banks direct a lot of the retail flow in our markets.

#### 1c. Should any elements be removed from the scope?

no response given

### 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?

No

2b. Should any risks, challenges or causes be added to the current list?

Crucially the 'companies' should be replaced by 'issuers' or - alternatively - the sovereigns as issuers should be added explicitly.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Should we consider adding "democracy" to this list, which can be viewed as a precursor to a strong financial system

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The current 6 principles should not be aligned explicitly by the SDG's (Sustainable Development Goals). We feel they are too broad to add a lot to an already ambitious field of work. The existing scope is already concerned with a 'sustainable financial system' which implies alignment with some broader perspectives. If broadened, the discussions could also become more political and less measurable in nature, a reason for many signatories to abandon the effort.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

By sponsoring/supporting empirical research showing the relevance of ESG issues as driving markets.

Regarding a potential move from process- and policies-oriented reporting framework to a more outcome- and impact-oriented framework- in our opinion that might make sense but we would need to tread very carefully and slowly on this to avoid window-dressing and signatories gaming the system to make them look better. There are a myriad number of ways to supposedly encourage companies or issuers like sovereigns to adhere to ESG policies and claim ownership of certain improvements; on top of that, certain efforts might be very substantial but not yield results.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

The existing scope is already concerned with a 'sustainable financial system' which implies alignment with some broader perspectives. The existing principles speak to elements that support a sustainable financial system

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success is that we as an industry stay engaged in PRI, reporting improves and we collectively make the case its investment merits.

Targets can be defined as showing ESG issues as relevant market-movers; this would help issuers focus on it as it will affect their cost of capital

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

Additional comments

Yes, if only to identify best practices and team up where possible.

The PRI should actively engage other established reporting organizations, but we warned of survey and reporting fatigue.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Peter Neumeier

**Job Title:** President

**Signatory Category:** Investment Manager

**Email Address:** darcy@npsmallvalue.com

**Region:** North America

**Country:** USA

**Organisation:** Neumeier Poma Investment Counsel, LLC

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

No, this is a good summary.

1c. Should any elements be removed from the scope?

No, this looks good at this point in time.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

No, this seems sufficient.

2c. Should any risks, challenges or causes be removed from the current list?

No.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

No. Identifying the drivers of change that influence the financial system is a helpful tool for PRI and its signatories but we believe the emphasis and focus for PRI should remain on the disclosure and transparency of ESG data by companies.

3c. Should any drivers be removed from the current list?

No.

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Encourage companies of any market cap size to report their ESG data annually (or more often if possible), and to develop an ESG reporting model for each industry so that investors can more easily compare ESG data between companies.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

We think the framework is working well at this time in terms of signatories reporting their responsible investment activity.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

Before we can measure the impact of responsible investment and how that effects the "broader financial system" we feel PRI should focus on getting companies to report their ESG data regularly so investors can more easily compare companies against their competitors in terms of ESG factors.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

No response.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

If working with other organizations can help supplement or clarify the sustainability data that an investor is reporting then it may be helpful.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Kenji Fuma

**Job Title:** CEO

**Signatory Category:** Service Provider

**Email Address:** kenji@neural.co.jp

**Region:** Asia

**Country:** Japan

**Organisation:** Neural Inc.

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

Widening income gap among people

negative perception toward globalization and capitalism among people

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

By clarifying how financial sectors activities make influence, both good and bad, in each items of SDGs

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

Too quick revision of principles would be so risky that signatory institutions could lose motivation to support PRI.

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Define "real" principle investing action first, then measure how much it has increased.

- 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Craig Young

**Job Title:** Senior Analyst

**Signatory Category:** Investment Manager

**Email Address:** craig.young@nikkoam.com

**Region:** Oceania

**Country:** Australia

**Organisation:** Nikko AM Australian Equities

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

No

1c. Should any elements be removed from the scope?

I don't see how service providers can be influenced by the PRI and suggest they be removed. Similarly Beneficiaries would seem to be beyond the sphere of influence.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

2b. Should any risks, challenges or causes be added to the current list?

No, every possible risk/challenge seems to have been listed.

2c. Should any risks, challenges or causes be removed from the current list?

No its a very comprehensive list

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Trust in government, or lack of trust to be more accurate

3c. Should any drivers be removed from the current list?

No

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Responsible investing is somewhat aligned with the SDG, but responsible investing cannot drive outcomes without government or popular support.

I believe it is beyond the scope of the PRI and its signatories to drive towards the SDG's, as this could be in conflict with fiduciary duties and economic outcomes.

Financial markets need to possess or be exposed to incentives. Financial markets and actors within them cannot create their own incentives in the absence of government or popular incentives.

## 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

Responsible investing drives positive ESG outcomes by removing behaviour where ESG factors are overlooked. Driving towards the SDG's is much more difficult - this seems to be more the province of ethical investing. Responsible investment markets can only respond to pre-existing demand or drivers.

So I think efforts by the PRI to drive SDG outcomes by directing signatories is going from the wrong direction - responsible investment markets shouldn't ignore ESG factors but equally they have a responsibility not to exaggerate their effects.

In short the PRI should not be focused on the SDG's, and equally should not be focusing on this in the reporting framework. The emphasis of the PRI should be in promoting wider acceptance of responsible investing, as it currently is NOT widely incorporated despite what the reporting framework might suggest.

## UPDATING THE PRINCIPLES

### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

Yes

#### 6b. additional comments

Acting in a manner which contributes to the stability of the financial system and reduces risks should be addressed by signatories, but the way to incentivise this is to pressure regulators and government bodies to make this a priority.

We are not opposed to adding another principle, but it needs to go hand in hand with an economic incentive.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The behaviour of financial markets, and the successful broad acceptance of responsible investing.

We think the most market participants are aware of non-responsible investing, and there may be ways of calculating a metric for it, though this will not be easy.

Setting hard targets is not the way though, it is too difficult to determine what the targets should be. Responsible investing could lead to outcomes that are not expected, but economically rational.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

No strong view on this, but any investor reporting needs to be efficient and not overly taxing

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Caroline Mann

**Job Title:** Senior Pension Officer

**Signatory Category:** Asset Owner

**Email Address:** camann@nespf.org.uk

**Region:** Europe

**Country:** UK

**Organisation:** North East Scotland Pension Fund

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The PRI is a central point which we as an asset owner rely on for obtaining information regarding all ESG initiatives through out the world.

The support that's offered currently is excellent, though more webinars on the SDGs topics would be helpful.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

This is a difficult question as impacts and outcomes are difficult to quantify. Our Pension Fund conducts most of its engagement through the LAPFF so we could get the stats on activity

regarding the SDG's, but outcomes can take many years to come through, so I think it would be difficult to report on through the Reporting Framework but not impossible. The more active we are the better chance we have of making a difference.

Saying that the Reporting Framework is demanding enough at present to complete so we would not like to the Framework questions to get out of hand and become onerous to complete.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

no response given

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

no response given

Additional comments

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Mari Schwartzter

**Job Title:** Coordinator of Shareholder Advocacy

**Signatory Category:** Investment Manager

**Email Address:** mschwartzter@northstarasset.com

**Region:** North America

**Country:** USA

**Organisation:** NorthStar Asset Management, Inc.

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Focusing on the SDG in the reporting framework could help active shareholders focus their work in a creative way. To us, as active SRI investors, the reporting framework is challenging to complete and frustrating. Everything we do as a firm (from human resources management to investing and activism to office management) supports the PRI, but it was difficult to report our efforts effectively.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

- 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

#### Additional comments

The Croatan Institute (USA) is attempting to create a reporting application to track impact specifically. PRI should consider partnering with Croatan to create an impact assessment tool.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Wilhelm Mohn

**Job Title:** Senior Analyst

**Signatory Category:** Asset Owner

**Email Address:** whm@nbim.no

**Region:** Europe

**Country:** Norway

**Organisation:** Norwegian Government Pension Fund Global (Norwegian Ministry of Finance and Norges Bank Investment Management)

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

See some comments later in the questionnaire. We think the scope is explained well in the consultation document and supporting documents. We nevertheless believe that there are important questions of both principle and practice which need to be assessed further before the PRI takes steps to define a role for itself independent of supporting its signatories' efforts under the Principles, or to redirect its focus to potential signatory or PRI contributions to, or responsibility for, sustainable development impacts.

We welcome the PRI's ambition to support research into the sustainability of financial markets. We think a relevant context for such research is the functioning of markets (including governance or principal-agent type challenges). We understand the objective of the PRI's research ambition to be supporting the development of theoretical and empirical analysis to uncover, investigate and assess potential obstacles to achieving a sustainable financial system. Such a research ambition may over time provide a basis for new insights on financial dynamics and implications and thereby provide signatories with knowledge that can inform their own decisions and priorities. The research should not be premised on an assumption that investors can or should necessarily address all obstacles or inefficiencies. Nor that they have a responsibility to do so.

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

We would recommend that the PRI prioritises academic research into the functioning of markets and contributions to financial theory. A literature review carried out on our behalf by the University of Oslo earlier in 2016 (see <http://www.sv.uio.no/econ/english/research/unpublished-works/working-papers/pdf-files/2016/memo-01-2016.pdf>) in the context of climate change indicates a need for further analysis in many areas. Such research could focus on the key premises upon which priorities and strategies for responsible investors and other market actors, including regulators, rest.

2c. Should any risks, challenges or causes be removed from the current list?

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

The indicated geopolitical and other forces are all interesting. The challenge may be to assess the dynamics between these and the financial system. This is nevertheless an area where the development of new theory to complement existing understanding may be required. NBIM has initiated a programme through the Norwegian Finance Initiative on the ‘financial economics of climate change’ (see <https://www.nbim.no/en/investments/research/the-norwegian-finance-initiative-nfi/nfi-research-programme/>).

### 3c. Should any drivers be removed from the current list?

As written above, we would suggest that the objective for looking at these drivers should be to assess their potential implications in the context of the functioning of markets and any implications thereof. In the design of research questions, this could

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

By outlining the implications of the SDGs to investors. We would recommend a focus on 4) on p. 16. Investors can promote sustainable development through their responsible investment management. We believe it is out of scope to expect all signatories to align their activities to the SDGs other than perhaps at the very high level. We believe it will be very complex to prescribe meaningful, general, definitive, consistent and practical measures for how such alignment could be achieved that are also suitable for reporting and ranking.

The SDGs give a useful indication of the direction of international efforts to address global challenges. Action taken by governments and companies to promote the SDGs may result in potential investment opportunities and changes to investment risk. However, the solutions to many sustainability-related questions depend on adequate policies and regulation across markets, and face global policy coordination challenges. Investors are not responsible for the SDGs and cannot credibly be made accountable for achieving them. Even in coalitions, investors’ ability to directly affect fundamental change – as opposed to incremental or marginal improvements in practices or standards over time – is probably very limited in the absence of supportive policies. Other than at a very high level, it is unclear what consistent or meaningful

contributions could be expected from investors, let alone how they would be delivered in practice.

With that said, we do see that as a signatory-led initiative, it could be appropriate for the PRI to dedicate resources to supporting the work of interested signatories in relation to the SDGs. One should nevertheless not assume that alignment of investment activities with the SDGs is equally relevant or feasible for all PRI signatories given differences in size, mandates, asset classes, geographic exposures and investment horizons, among other factors.

#### **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

We do not believe the PRI should attempt to do this. Our objections concern questions of both principle and practice.

It is useful and appropriate for investors to set goals, communicate priorities, and as relevant, report on passed milestones or results from their responsible investment management. Activities related to integration of ESG-issues in risk management, investment decisions and ownership activities, as outlined in the Principles, are examples of activities investors may be expected to report on at a given level of detail.

We understand the PRI sees a need for greater accountability from signatories and clearer demonstration of their strategies and activities as responsible investors. However, we question whether assessing and rating 'positive impacts', in the form of signatory contributions to the SDGs or other metrics, is an appropriate role for the PRI/PRI reporting.

The objective of most responsible financial investors is to maximise returns according to their investment mandates. Conceptually, it should be possible to be a responsible investor without linking outcomes of activities to SDGs or other policy goals. All 'SDG-related activities' will not be financially relevant to all investors. Accordingly, using 'SDG-impacts' as a benchmark for measuring responsible investment achievements may give rise to unclear or multiple management objectives.

Steward Redqueen points out that ‘the reports and their underlying questions seem to be too detailed and technical.’ Attempts to capture impact will add further complexity. We believe it would be challenging to define relevant and consistent reporting metrics across strategies, asset classes and investor types. Investors also engage in other activities not directly linked to the actual investment process. For example, how should one assess the impact of standard setting activities or broader ownership initiatives?

The nature of the financial markets make it difficult to attribute outcomes to individual investors’ specific activities. How does one, for example, account for the impact of a listed equity investment? Should the underlying rationale for an investment be taken into account in an impact assessment? Upon making the investment, the investor provides liquidity by accepting the terms of an exchange; also marginally affecting the issuer’s cost of capital. If the aim is to measure the impact of an investor’s active choices, this could involve a number of assumptions and variables – the appropriate baseline for the investor’s choice; the size of the holding relative to other holdings; a deviation vis-a-vis a benchmark.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.**

No

### 6b. additional comments

We understand the PRI’s reasons for considering such a principle. We nevertheless believe that the argument for amending the Principles works better as a rationale for acting as a responsible investor, in line with the original six Principles to which signatories have committed their support.

It is in our view relevant that long-term investors have a clear interest in well-functioning markets and market outcomes, which over time contribute to sustainable economic, social and environmental development. Many investors may seek ways to address relevant obstacles, and where they deem suitable, promote sustainability more broadly. Investors do not – and are not supposed to – assume responsibility or account for the functioning of markets or market outcomes in a broad sense.

Should the PRI nevertheless conclude that the further consideration of such an additional principle is appropriate, we recommend a thorough process of asset owner consultation, in line with the process preceding the agreement on the original Principles.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

As noted in the Steward Redqueen report, '[...] it is difficult to be effective and efficient and deliver high quality across so many areas, and concerns were expressed about the breadth of the PRI's activities and the negative impact this can have on quality'. The PRI should maintain its role as a signatory-based and asset owner led initiative promoting the Principles and supporting investors and other relevant actors in their responsible investment activities.

Given this role, the PRI's success should not be viewed or measured on a stand-alone basis independent from the signatories' own work to integrating ESG and other tenets of responsible and sustainable investment in their investment management.

The PRI should be measured on how it fulfils its support, knowledge-sharing and educational tasks, not in terms of any direct or indirect potential impact the PRI organisation itself may have on sustainability issues. In this context, success for the PRI in 10 years could mean maintaining its signatory base and making sure that the organisation provides a platform for signatories to gain access to knowledge, resources and tools to help facilitate the achievement of their own responsible investment goals. Such a primary focus seems aligned with the signatory survey results presented in the Steward Redqueen report.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

**Additional comments**

We think the relevant organisations should develop these frameworks themselves, in consultation with the industry and relevant stakeholders and other partners of their choice. The PRI is one such stakeholder, but we believe the PRI should maintain its present role and focus on promoting the Principles and supporting signatories. As established reporting organisations develop reporting supplements targeted at investors, the PRI reporting framework may, as appropriate, be updated and over time harmonised with, prevailing standards.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Tine Fossland

**Job Title:** Analyst - Responsible Investment

**Signatory Category:** Asset Owner

**Email Address:** tine.fossland@ftf.no

**Region:** Europe

**Country:** Norway

**Organisation:** Norwegian Government Pension Fund Norway (Norwegian Ministry of Finance and Folketrygdfondet)

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

no response given

### 1b. Should any elements be added to the scope?

no response given

### 1c. Should any elements be removed from the scope?

Our management mandate presupposes that good returns in the long term not only depend on well-functioning, legitimate and effective markets, but also on a sustainable development in economic, environmental and social terms. We therefore devote considerable time and resources to developing standards aimed at facilitating a more sustainable development in the markets within which we invest. We prioritise our projects and initiatives based on a materiality assessment. Different investors are likely to prioritise projects differently according to their

particular mandate, size and geographical exposure. As a result, we believe that questions related to well-functioning markets are best addressed by each signatory.

We strongly encourage the PRI to maintain its current role and focus on supporting signatories in their responsible investment activities. We find it less expedient that promoting a sustainable financial system should be a priority for the PRI. Should the PRI nonetheless decide to adopt this as a focus area, we encourage the PRI to focus on the facilitation of co-operation and knowledge sharing among signatories rather than engaging in public policy matters on behalf of signatories, or develop its own views related to developing a sustainable financial system.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

no response given

**2b. Should any risks, challenges or causes be added to the current list?**

no response given

**2c. Should any risks, challenges or causes be removed from the current list?**

Please refer to our comment related to question 1.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

no response given

**3b. Should any drivers be added to the current list?**

**3c. Should any drivers be removed from the current list?**

Please refer to our comment related to question 1.

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

#### **4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The Sustainable Development Goals (SDGs) are likely to shape the sustainable development agenda for the years to come. The SDGs could lead to the development of new policies, as well as a change in both corporate behaviour and consumer preferences. It is important for investors to follow these developments closely, as they could lead to investment risks and opportunities. However, the division of roles and responsibilities between investors and investee companies implies that the investee companies are responsible for implementing change and working towards achieving the SDGs. Investors, on the other hand, should challenge and encourage investee companies to align its activities with the SDGs through active ownership and standard-setting activities. Therefore, it is not appropriate for investors to measure, or be recognised for, progress that investee companies make towards achieving the SDGs.

Nevertheless, we recognise that some investors aim to align their responsible investment activities with the SDGs. If the PRI were to support these signatories, we encourage the PRI to limit its activities to facilitating knowledge sharing, coordinating and supporting signatory-led initiatives for investors with similar interests. The focus of these efforts should reflect investor interest and only be prioritised by the PRI if a significant number of signatories would like the PRI to take on such a role. The extent to which the SDGs are relevant to investors is likely to depend on key characteristics of each signatory, such as size, mandate and geographical exposure.

#### **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Reporting on ESG should be an integral part of investors' responsible investment activities. The reporting should focus on material aspects of responsible investment to be as useful as possible for key stakeholders and the investor. The material aspects are likely to vary from one investor to the next because of differences in size, mandate, geographical exposure, asset classes and stakeholder expectations. Regardless of which aspects that are deemed material to the individual investor, the reporting should be relevant, consistent and enable the reader to track and compare performance. Based on these reporting principles, the suggestion to capture the impacts and outcomes of signatories' investment activities raises two concerns.

Firstly, identifying impacts and outcomes that are perceived as material by all signatories and their key stakeholders may prove challenging. The primary goal of the majority of current and future PRI signatories is maximizing returns in accordance with their mandate. Positive impacts and contributions to sustainability metrics, such as the SDGs, is not necessarily material with such an investment mandate. Being a responsible investor should be possible without having impact-related goals in addition to financial returns.

Secondly, it could prove challenging to measure the impact in a relevant, consistent and comparable manner. Differences in characteristics such as asset classes and investment strategies would contribute to this. Further, differences in responsible investment activities could pose another challenge. For instance, it seems difficult to clear how one would distinguish between impact from activities directly linked to investment decisions and efforts to develop and promote good standards.

In addition, capturing outcomes and impacts among signatories could propel a more normative focus within the PRI, and risk changing its role to resemble that of a responsible investment service provider. We encourage the PRI to maintain its current role and focus on supporting signatories in their investment activities. Given this focus, we believe that capturing signatories' impact and outcomes of signatories' responsible investment activities should not be a priority for the PRI.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

We believe that good returns in the long term depend on a sustainable development in economic, environmental and social terms, as well as well-functioning, legitimate and effective markets, and therefore understand why PRI is considering amending the principles. Our management mandate presupposes that good returns in the long term not only depend on well-functioning, legitimate and effective markets, but also on a sustainable development in economic, environmental and social terms. We therefore devote considerable time and resources to developing standards aimed at facilitating a more sustainable development in the markets within which we invest. We prioritise our projects and initiatives based on a materiality assessment. Different investors are likely to prioritise projects differently according to their particular mandate, size and geographical exposure. As a result, we believe that questions related to well-functioning markets are best addressed by each signatory.

We therefore encourage the PRI to maintain its focus on the existing principles to which the signatories have committed their support.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

We encourage the PRI to maintain its focus on the existing principles to which signatories have committed their support.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

For the past ten years, the PRI has played an important role as a facilitator enabling its signatories to better achieve their goals related to responsible investment. We encourage the PRI to maintain its current role and focus on supporting signatories in their responsible

investment activities, facilitating knowledge sharing, co-operation and project coordination. The success of the PRI in ten years' time should therefore be measured by the degree to which the before mentioned tasks are fulfilled. In this context, relevant metrics could be whether the signatories perceive the PRI as a good platform to:

- Share and gain knowledge
- Co-operate and discuss with other investors
- Discover and develop tools to facilitate the implementation of own responsible investment strategy

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

**Additional comments**

We recognise that integrated RI/ ESG reporting should be a target for financial institutions and understand why the PRI considers partnering with other reporting organisations to further develop this matter. As discussed in the comment related to question 5, it is our opinion that investors' reporting on RI/ESG should be focused on material aspects. The material aspects are likely to vary from investor to investor because of differences in size, mandate, geographical exposure, asset classes and stakeholder expectations. Regardless of which aspects that are deemed material to the individual investor, the reporting should be relevant, transparent and enable the reader to track and compare performance from year to year.

Guidance on how to define material aspects, and reporting principles, are available through reporting organizations such as the Global Reporting Initiative (GRI). These tools are relevant to investors as well as investee companies. It is our view that defining material aspects is the starting point on the journey towards integrated reporting and meaningful reporting on RI/ESG. Therefore, we encourage the PRI to prioritise knowledge sharing regarding elements in existing reporting frameworks that could be relevant to investors.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Ivo Knoepfel

**Job Title:** MD

**Signatory Category:** Service Provider

**Email Address:** info@onvalues.ch

**Region:** Europe

**Country:** Switzerland

**Organisation:** onValues Ltd.

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

no response given

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

focus on options 3, 5 and 6 on page 16

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

This is almost impossible because impact is very situative and cannot be captured through a standardised reporting framework. As a minimum I would allow signatories to map relevant active ownership activities against the SDGs (the same could be allowed for thematic investments). These linkages should not be called "impact" (not even output or outcome) but "contributions to.."

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

Principle 6 should be expanded to include an element of public disclosure

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

That it has contributed (in a measurable and additional way) to speeding up the implementation of the SDGs. And this at the financial benefit of society and asset owners.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Mika Leskinen

**Job Title:** Head of ESG

**Signatory Category:** Investment Manager

**Email Address:** mika.leskinen@op.fi

**Region:** Europe

**Country:** Finland

**Organisation:** OP Wealth Management (OP Asset Management Ltd, OP Fund Management Ltd and OP Property Management Ltd)

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

no response given

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

PRI can actively raise signatories' knowledge on SDGs and possibly give some more room for SDG related activities in the annual PRI reporting.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

There should be room for descriptive answers in the annual reporting. Of course comparison between responders becomes more difficult in case of more descriptive answers.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

Current six principles reflect broader financial system consideration.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

PRI's mission can be defined successful when the inclusion of ESG in investment decision making and active ownership is self evident on a large scale and there is no need for separating responsibility related issues from other investment related activities.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

The lack of synergy between PRI reporting and GRI is currently frustrating.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Katharine Preston

**Job Title:** Director, Responsible Investing

**Signatory Category:** Asset Owner

**Email Address:** kpreston@optrust.com

**Region:** North America

**Country:** Canada

**Organisation:** OPSEU Pension Trust

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

We believe that another driver that should be explicitly referenced (and in our minds is related to the last three bullets under Drivers of Change) is the link between social factors and financial stability. Please refer to the Committee on Workers' Capital letter to the UN PRI Board dated June 29, 2016, which we support.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We believe the PRI should remain focused on building awareness of RI, ESG integration and active ownership. We also support the PRI's efforts to advocate for the removal of barriers to sustainable capital markets.

We do believe that the SDGs can be a good indication of how our activities could align with the broader interests of society. For those signatories that are interested in aligning their activities with the SDGs, it would be helpful for the PRI to map its activities to the appropriate SDG(s). Signatories can then report to their beneficiaries on impact in the manner most relevant to them.

We believe it is important for the PRI to continue to recognize the different mandates and interests of its broad signatory base and to ensure the focus is on overall progress rather than differentiation between signatories.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

We believe it is important for the PRI to communicate progress on the SFS and SDG alignment at a high level. The strength of the PRI is in its strong collective influence on market participants. We believe the PRI could measure their progress by reporting on the changes they are able to affect through the Policy work stream and advocacy with governments, regulators and securities exchanges. This critical work done on behalf of signatories has broad reach and potential greater impact than what individual signatories can accomplish on their own. We believe impact can be better measured by the PRI at a macro level, leaving signatories to report on their impact to their beneficiaries in the most appropriate manner.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

We believe the work plan for SFS that comes out of this consultation process will be a very positive step in the PRI better realizing its Mission. We are supportive of the PRI updating its mission and Principles, if required, to capture the scope of work related to SFS, in line with the commitment to continuous improvement inherent in the Principles. We also appreciate, as stated in the consultation that changes to the Principles would need to be formally approved by vote of PRI signatories and the PRI Board, and with agreement of the UN.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

no response given

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** BLAISE

**Job Title:** Legal manager

**Signatory Category:** Investment Manager

**Email Address:** rachel.blaise@orionmaster.eu

**Region:** Europe

**Country:** Luxembourg

**Organisation:** Orion Capital Managers LLP

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

terrorism - disorders in institutions and international organisations(eg Brexit)

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

By providing guidance as to how responsible investment and ESG considerations implemented by a signatory can support SDG

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

By further developing the Reporting Framework in a way that can support the SDGs

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

no response given

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

Take into account the size/importance of each signatory when assessing the progress made on the RI implementation

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

- 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

[Additional comments](#)

It is important in our view that the PRI remains an independent organisation

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Ruth Mhlanga

**Job Title:** Private Sector Policy Advisor

**Signatory Category:** Asset Owner

**Email Address:** rmhlanga1@oxfam.org.uk

**Region:** Europe

**Country:** UK

**Organisation:** Oxfam Novib

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

However, it would be good to understand how PRI intends to tackle the issue of, transparency and accountability to the public, as well as improving the relationship between investors, managers, advisers and the end beneficiaries.

#### 1c. Should any elements be removed from the scope?

### 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

The list is widespread however their articulation does not convey the full potential impact.

**2c. Should any risks, challenges or causes be removed from the current list?**

We believe that the articulation of the risks here distances the finance sector from the impacts of their decisions. The supplement list talks of “perceived risks to the financial system” and does not fully articulate how negative action from actors withi

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI’s work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

The list is widespread however their articulation does not convey the full potential impact.

**3c. Should any drivers be removed from the current list?**

There is an over emphasis on risks rather than opportunities that could be drivers for behaviour.

The categorising of factors on [pg 25 of the supplementary report] as being external to the core of financial system activities underestimates the impac

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

a) Commitment to ESG integration will remain merely symbolic unless signatories change their investment and capital allocation processes – which will need to include stress testing of portfolios for ESG risk factors to become mandatory these needs to be evidenced and verified by PRI.

- b) Require standardised material ESG reporting by investee companies
- c) Build a shared ESG-rating system for external managers
- d) Collaboration amongst peers that fosters systemic change on intransigent issues should be encouraged in order to raise the bar on industry standards. Agreeing on non competitive factors will spur innovation reduce duplication these include
  - I. Signatories should work together to engage with investee companies since engagement is resource intensive and most investors have small engagement teams
  - II. Signatories should collaborate to identify long-term ESG investment opportunities (e.g. creation of the Long-Term Value Creation Global Index by 6 US investors)
  - III. Signatories to dispel the scepticism and myths surrounding ESG (such as that financial performance needs to be compromised) and change culture from the top (at the CIO level) and integrate ESG into the investment committees' risk/return discussions
  - IV. Facilitating dialogue between different stakeholders such as civil society, investors and companies will help to share learning and best practice.
- e) UNPRI to facilitate a consolidation of ESG qualifications AND ensure that courses offered e.g. at CFA are integrated into mainstream Finance courses
- f) Investors need to treat tax not as a cost to be minimised but a necessary investment to sustainable growth and communicate to investee companies.

g) Investors to encourage investee companies to forego quarterly earnings guidance [as has recently been done in the US]

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

PRI can ensure global, national regional cohesion of data that is standardised, comparable, reliable, and clear and can be used efficiently. As above this could involve pooling of resources available to signatories. Methods could include the formation of a ranking /benchmarking standards for example like the methodology used by Oxfam in our Behind Brands Campaign . The Behind the Brands scorecard is the core tool of the Behind the Brands campaign. The themes crossed a wide range of ESG factors; transparency, farmers, workers, women, climate change, land, and water. The scorecard and its underlying spreadsheet are valuable tools for internal and external stakeholders, including investors, consumers and citizens wishing to identify both examples of best practice and gaps needing improvement. The scorecard is the core of the Behind the Brands campaign, and promotes public transparency and accountability. Another example of similar work is the Fair Finance guide. Using the principles of Behind the Brands methodology UNPRI and other similar initiatives could enhance transparency and public accountability.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

Oxfam sees policies and principles as important indicators of commitment, which can usefully guide practice in the field. However, it is important to keep in mind that policies have little meaning if they are not effectively implemented.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

We believe the Principles could be strengthened to make signatories more accountable. For example one signatory had indicated on its PRI reporting that it had a policy on X but we could not find this policy on their website or via other publicly available

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success for the PRI in 10 years' time would include

- Signatories actually practising responsible investment, rather than merely having policies and this is evidenced/verified by PRI
- Awareness of Responsible Investment spreads to individual beneficiaries who will be empowered to engage with the people who manage their money
- Layers of unnecessary intermediaries and associated leaky chains are eliminated and it will be easy for individual beneficiaries to find out how their money is invested and communicate their preferences to the people who manage their money
- Having positive impacts on how investees are conducting their businesses

- All actors within the investment chain acting for the long-term

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Stephen Campbell

**Job Title:** Partner

**Signatory Category:** Investment Manager

**Email Address:** stephen@pgequity.com

**Region:** Europe

**Country:** UK

**Organisation:** Panoramic Growth Equity

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

## Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Pierre Decre

**Job Title:** Directeur Associe

**Signatory Category:** Investment Manager

**Email Address:** Pierre.decre@parquest.fr

**Region:** Europe

**Country:** France

**Organisation:** Parquest Capital

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

The increasing gap between the poorest and the richest

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Provide investors with inspiring examples of investors decisions contributing to each of the SDGs

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Guy Beaulieu

**Job Title:** Conseiller principal

**Signatory Category:** Service Provider

**Email Address:** guy.beaulieu@pbiactuariat.ca

**Region:** North America

**Country:** Canada

**Organisation:** PBI Actuarial Consultants Ltd.

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI’s mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

no response given

7b. Additional comments

no response given

## MEASURING THE PRI’S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years’ time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

## Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Inge van den Doel

**Job Title:** Chief Investment Officer

**Signatory Category:** Asset Owner

**Email Address:** inge.van.den.doel@pfmetaalentechniek.nl

**Region:** Europe

**Country:** Netherlands

**Organisation:** Pensioenfonds Metaal en Techniek

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

Should retail institutions perhaps also be considered?

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

These drivers of change are overly focussed on risks, perhaps also additional drivers of change that present opportunities should be included.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

First of all, we would like to emphasize that we think it is of crucial importance that signatories align responsible investment activities with internationally recognized codes and standards, however they should always remain free to choose these standards themselves. Signatories may choose the SDGs, or any other standard that they think is most suitable to promote one or more responsible investment activities.

With respect to the SDGs, or any other relevant standard, the PRI could launch an investigation into possible alignment to help signatories decide how to best develop responsible investment activities that promote one (or more) of the SDGs. Aspects that could be explored are the following: how to best assess how current responsible investment

activities match the SDGs, how to best tie investment activities to the specified targets of the SDGs, how to decide on the level of desired impact and how does this best match the possibilities in asset class and ESG-incorporation strategy (such as Best-in-class, Exclusions, ESG integration, Impact investing, Themed investing, etc).

## **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

It is time for the PRI to shift its focus from the incorporation of ESG issues into investment towards achieving a responsible return on investment. The current focus of the PRI survey on ESG-incorporation assumes that increased ESG-incorporation delivers better ESG-impacts, which might not always be the case. In order to create responsible impacts you need to smartly utilize the incorporation of ESG factors.

Ideally, signatories decide in advance on the targeted return per investment activity (high financial return, high ESG return; high financial return, low ESG return; or any other possible balance between the two) and show accountability to the PRI on achieved outcomes and employed metrics and measurement tools. In addition, the PRI should continue to promote and develop responsible investment best practices, from now on especially focused on accountability and measurement methodologies.

Meaningful responsible investment strategies should not be measured by their level of ESG incorporation but by their capacity to promote a sustainable financial system that benefits society as a whole. As such, the Reporting Framework could focus less on how signatories' incorporate ESG-issues into investment strategies, but instead make insightful how signatories best prioritize the impacts they want to achieve, how they can best measure these impacts, and whether it was possible for them to achieve these impacts (and whether adverse impacts were sufficiently avoided).

## UPDATING THE PRINCIPLES

### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

Yes

#### 6b. additional comments

Yes, we think this would be a good time to update the Six Principles. We offer a few suggestions below:

- Principles 1-3 should merge together and address all PRI primary stakeholders: These three principles still address a limited set of PRI stakeholders (asset managers and owners). The primary stakeholder base of the PRI is proposed to be extended (as explained in the first question of this consultation) to beneficiaries, stock exchanges, companies, etc. Therefore, we think it should be reasonable to address all of them in one and the same principle.
- Principles 1-3 should change focus from incorporating ESG issues to targeting a responsible return on investment.

As already explained in the earlier questions, it is time for the PRI to shift its focus from the incorporation of ESG issues into investment towards achieving a responsible return on investment. The current focus of the PRI on ESG-incorporation assumes that increased ESG-incorporation delivers better ESG-impacts, which might not always be the case. In order to create responsible impacts you need to smartly utilize the incorporation of ESG factors.

- Principles 4-5 should be merged because they say the same thing, they both promote cooperation in the industry.
- We propose that two new principles are added:
  - 1) Signatories aim for responsible investment because they believe that they should promote a sustainable financial system that benefits society as a whole;
  - 2) Fiduciary duty requires investors to incorporate ESG-factors into investment practices.

Why do signatories find it so important that ESG factors are adopted in the investment process: not only because they think these factors have an material impact on an investment return (bottom line) but also because they think it contributes to a better society: a sustainable financial system that benefits society as a whole (moral threshold).

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

It would be useful if the PRI could develop a responsible investment matrix or taxonomy that clearly indicates the different possibilities between responsible investment owners, managers and activities in terms of responsible investment beliefs by differe

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The success of the signatories to consciously manage the impact of their investments directly translate into the success of the PRI. For that reason we think the PRI should adopt clear KPIs on signatory accountability and achieved results by investment impacts. In other words, if we expect signatories to promote a sustainable financial system that benefits society as a whole then it should be defined what we reasonably want to see improved in ten years (this is perhaps where the SDGs or any other standard comes in handy).

There is also another issue that we would like to highlight. We think that the "E", "S" and "G" in ESG are all of equal importance for achieving a sustainable and responsible economy but it is our observation that when incorporating ESG factors into investment decisions, the E and G have experienced most attention and work from investors over the last ten years. For that

reason we suspect that the impacts and improvements in sustainability also have been the biggest for E (energy transition) and G (corporate governance codes).

Therefore we ask the PRI to launch a program specifically focused on leveraging the S in ESG and help investors in this area by for instance exploring best practices in social investment strategies, quantifying materials S risks and steering for sustainable impacts that include E, G AND S.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

**Additional comments**

We would strongly encourage the PRI to leverage its links with all other organisations working on a sustainable economy. The reporting burden for investors and companies is quickly getting above all reasonable available capacity and resources. It would be good if still this year an initiative is launched that gathers board representatives from all relevant reporting bodies and that aims at one single system combining all possible data sets and that offers the technology to unlock data from all available pdfs, excels, platforms etc. We think this would also be a good time to revisit the relationship between the PRI and the UN, as strengthening this relationship might help the development of one single global reporting standard relevant for all possible stakeholders (we need a push to merge the GRI, PRI, Integrated Reporting, EITI and all the other corporate disclosure metrics out there).

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Ken Hokugo

**Job Title:** Director of Corporate Governance

**Signatory Category:** Asset Owner

**Email Address:** hokugo@pfa.or.jp

**Region:** Asia

**Country:** Japan

**Organisation:** Pension Fund Association

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

Government level commitment, i.e. trade/ economic sanctions imposed on those countries whose business activities are hugely against PRI Principles. Investor level activities helped and organized by PRI is good, but it has very little effect and meaning when the governments lead the trade and investment activities in those rogue countries in terms of E and S including especially basic human rights.

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

More emphasis on "Lack of policy maker understanding of the best levers to drive or motivate investor behavior" because it seems sometimes totally opposite while the investors are required to pay attention to ESG for its investment process, the government/ policy makers encourage investment in the countries where ESG means almost nothing.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

The biggest driver has been and will be always the government leadership - firm commitment at the country level, and as a group UN level.

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

PRI should work more closely with the UN and each country to implement PRI principles and in order to enforce, use economic or trade sanctions on those countries who are not making efforts or not at the level required by PRI principles and investors do in their standard.

We keep saying this because right now it seems quite wasteful of the effort by the investors when the government encourage to trade with those countries who totally or mostly ignore ESG and PRI principles.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Define the metric/ KPI so that it would be clear how to measure the signatories' performance. What is important are the results in practice, not in the form or written policy or appearance.

And more importantly, each signatory should be able to be how PRI's activities are making the earth the better place. Signatories now do not really see how each are actually contributing to the cause. Holistic approach, NOT individual investors' action scrutiny, should deserve more attention.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

Financial system risk is not PRI's jurisdiction, IMHO. ESG is the PRI's area. Do what is assigned to PRI when founded and do not try to expand your jurisdiction. That will be after the first assignment has been done.

Financial system risk has been and will be handled by the central banks, G7, G20, IMF, World Bank, government interaction. Too many players already. UN has never had such initiative or power.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

Require the government level commitment in terms of ESG in the international trade and investment - if the ESG issue is so important for this planet, that is. After all, UN is supposed to have such power and the signatories would be able to focus more on

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

How much better E and S have got. How much those "black list" countries improved in E and S, without being influenced politically - need some clear metric definition: how much human rights issue has improved, how much less CO2 the country emit, how much less pollution such countries let flow, and how much less aggressively building up the military power such countries have.....

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

**Additional comments**

It would be "yes" only if the reporting are to be integrated and get simpler.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Marcel Andringa

**Job Title:** CIO

**Signatory Category:** Asset Owner

**Email Address:** Marcel.Andringa@metalektro.nl

**Region:** Europe

**Country:** Netherlands

**Organisation:** Pensionfund Metalektro (PME)

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

Should the PRI consider including retail institutions?

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

These drivers of change are overly focused on risks, perhaps also additional drivers of change that present opportunities should be included.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

First of all, we would like to emphasize that we think it is of crucial importance that signatories align responsible investment activities with internationally recognized codes and standards, however they should always remain free to choose these standards themselves. Signatories may choose the SDGs, or any other standard that they think is most suitable to promote one or more responsible investment activities.

With respect to the SDGs, or any other relevant standard, the PRI could launch an investigation into possible alignment to help signatories decide how to best develop responsible investment activities that promote one (or more) of the SDGs. Aspects that could be explored are the following: how to best assess how current responsible investment activities match the SDGs, how to best tie investment activities to the specified targets of the

SDGs, how to decide on the level of desired impact and how does this best match the possibilities in asset class and ESG-incorporation strategy (such as Best-in-class, Exclusions, ESG integration, Impact investing, Themed investing, etc).

## **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

It is time for the PRI to shift its focus from the incorporation of ESG issues into investment towards achieving a responsible return on investment. The current focus of the PRI survey on ESG-incorporation assumes that increased ESG-incorporation delivers better ESG-impacts, which might not always be the case. In order to create responsible impacts you need to smartly utilize the incorporation of ESG factors.

Ideally, signatories decide in advance on the targeted return per investment activity (high financial return, high ESG return; high financial return, low ESG return; or any other possible balance between the two) and show accountability to the PRI on achieved outcomes and employed metrics and measurement tools. In addition, the PRI should continue to promote and develop responsible investment best practices, from now on especially focused on accountability and measurement methodologies.

Meaningful responsible investment strategies should not be measured by their level of ESG incorporation but by their capacity to promote a sustainable financial system that benefits society as a whole. As such, the Reporting Framework could focus less on how signatories' incorporate ESG-issues into investment strategies, but instead make insightful how signatories best prioritize the impacts they want to achieve, how they can best measure these impacts, and whether it was possible for them to achieve these impacts (and whether adverse impacts were sufficiently avoided).

## UPDATING THE PRINCIPLES

### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

Yes

#### 6b. additional comments

Yes, we think this would be a good time to update the Six Principles. We offer a few suggestions below:

- Principles 1-3 should merge together and address all PRI primary stakeholders: These three principles still address a limited set of PRI stakeholders (asset managers and owners). The primary stakeholder base of the PRI is proposed to be extended (as explained in the first question of this consultation) to beneficiaries, stock exchanges, companies, etc. Therefore, we think it is reasonable to address all of them in one and the same principle.
- Principles 1-3 should change focus from incorporating ESG issues to targeting a responsible return on investment.

As already explained in the earlier questions, it is time for the PRI to shift its focus from the incorporation of ESG issues into investment towards achieving a responsible return on investment. The current focus of the PRI on ESG-incorporation assumes that increased ESG-incorporation delivers better ESG-impacts, which might not always be the case. In order to create responsible impacts you need to smartly utilize the incorporation of ESG factors.

- Principles 4-5 should be merged because they say the same thing, they both promote cooperation in the industry.
- We propose that two new principles are added:

- 1) Signatories aim for responsible investment because they believe that they should promote a sustainable financial system that benefits society as a whole;
- 2) Fiduciary duty requires investors to incorporate ESG-factors into investment practices.

Why do signatories find it so important that ESG factors are adopted in the investment process: not only because they think these factors have an material impact on an investment return (bottom line) but also because they think it contributes to a better society: a sustainable financial system that benefits society as a whole (moral threshold).

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

It would be useful if the PRI could develop a responsible investment matrix or taxonomy that clearly indicates the different possibilities between responsible investment owners, managers and activities. The differences could be clarified in terms of respo

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The success of the signatories to consciously manage the impact of their investments directly translate into the success of the PRI. For that reason we think the PRI should adopt clear KPIs on signatory accountability and achieved results by investment impacts. In other words, if we expect signatories to promote a sustainable financial system that benefits society as a whole then it should be defined what we reasonably want to see improved in ten years (this is perhaps where the SDGs or any other standard comes in handy).

There is also another issue that we would like to highlight. We think that the "E", "S" and "G" in ESG are all of equal importance for achieving a sustainable and responsible economy but it is our observation that when incorporating ESG factors into investment decisions, the E and G have experienced most attention and work from investors over the last ten years. For that

reason we suspect that the impacts and improvements in sustainability also have been the biggest for E (energy transition) and G (corporate governance codes).

Therefore we ask the PRI to launch a program specifically focused on leveraging the “S” in ESG and help investors in this area by for instance exploring best practices in social investment strategies, quantifying materials S risks and steering for sustainable impacts that include E, G AND S.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

**Additional comments**

We would strongly encourage the PRI to leverage its links with all other organisations working on a sustainable economy. The reporting burden for investors and companies is quickly getting above all reasonable available capacity and resources. It would be good if still this year an initiative is launched that gathers board representatives from all relevant reporting bodies and that aims at one single system combining all possible data sets and that offers the technology to unlock data from all available pdfs, excels, platforms etc. We think this would also be a good time to revisit the relationship between the PRI and the UN, as strengthening this relationship might help the development of one single global reporting standard relevant for all possible stakeholders (we need a push to merge the GRI, PRI, Integrated Reporting, EITI and all the other corporate disclosure metrics out there).

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Jose Alberto Martinez Perez

**Job Title:** Supervisory Board Member

**Signatory Category:** Investment Manager

**Email Address:**

**Region:** Europe

**Country:** Spain

**Organisation:** Pensions Caixa 30

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

This list of challenges is accurate, but the PRI should prioritize addressing issues where it has the most expertise and leverage

2c. Should any risks, challenges or causes be removed from the current list?

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

While the drivers of change are interesting, the nature and purpose of the monitoring action to be performed by PRI and signatories should be further specified.

3c. Should any drivers be removed from the current list?

Current descriptions " monitoring", "address", "inform", "intervene" are unclear.

For clarification purpose: credibility, expertise, capacities, and ability to deliver, should not be automatically taken for granted. They should be assessed for each of

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Investors' interest and capacity to contribute and to measure their large- scale societal impact is at an early stage.

Most investors are still in need of technical assistance in order to define relevant processes for integrating and monitoring impact (options 5 and 6). Being a prerequisite to the production and reporting of relevant information, PRI should prioritise this objective over signatories' external reporting, which could come at a later stage.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

This could be achieved by optional outcome-related questions.

They could enable to identify interesting emerging practices and methodological trends.

However the PRI should be extremely cautious about aggregating responses and presenting a consolidated view of "signatory contribution to SDGs", in particular data-based indicators, when not based on common definitions and methodologies.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

A reference to the organisation's mission should be added for greater visibility, for instance as a preamble to the Principles.

Yet, this reference should not necessarily take the form of a prescriptive 7th Principle "for signatories to take steps to address broader financial system risks", as this could imply that implementing existing principles do not already contribute to this mission.

Rather, the wording should make it clear that by implementing the other 6 principles, signatories already contribute to PRI's mission.

If an additional contribution is expected, then it is this particular action (to be specified) that should constitute a new Principle.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success metrics should focus on the impact, effectiveness and quality of outputs (vs growth of the organization).

Therefore, success metrics should :

- integrate a signatory satisfaction survey. It would need to cover different dimensions of the initiative's intended value-added to signatories (eg usefulness and availability of resources, tools and support, working group production quality and outreach, signatory access to peers and stakeholders...).

- include a quantitative indicator on the average assessment evolution achieved by its signatories over 10 years.

\_If indicators are created on signatory membership, it is imperative they are designed to include a qualitative dimension (eg : number and % of signatories in band A, not raw signatories. AUM with demonstrable ESG integration, not a sum of signatory global AUMs).

- include specific targets related to each principle and to the organization's mission.

- integrate where possible an assessment of the PRI's ability to innovate or stimulate innovation (new processes, new tools, new research)
- integrate an organizational efficiency assessment

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

The PRI should partner with other organisations in order to ensure that common indicators (ie on the same theme) are aligned in wording and format.

The goal should not be to create an additional reporting framework, but to ensure a progressive convergence towards common standards.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** jose alberto martinez perez

**Job Title:** miembro comisión control especializado en esg

**Signatory Category:** Asset Owner

**Email Address:** josealberto.martinez@servicios.ccoo.es

**Region:** Europe

**Country:** Spain

**Organisation:** Pensions Caixa 30 FP

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

Should include labor relations in the financial sector and psychosocial problems of the workers, when assessing the financial system would have to take into account social factors and give them more importance than they currently have. So we send a document attached to the answer to this query. We also believe that should include everything that is excluded because it is essential to assess the sustainability of the financial system, ie, retail financial advisors, banks (as deposit-taking

institutions and credit providers to individuals), retail

financial regulation or regulators (with the exception of

managed investment schemes).

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

2b. Should any risks, challenges or causes be added to the current list?

As indicated in the first response, we agree as indicated but also want to include (from the social part of our Supervisory Board) recommendations CWC regarding the greater emphasis and understanding of social indicators of the financial sector and the rest of sectors. That is, we believe it is important to consider the situation of templates risk financial sector companies and we believe should be included among the fundamental parts of the query and / or action.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

As indicated in the first and second response, we agree as indicated but also want to include (from the social part of our Supervisory Board) recommendations CWC regarding the greater emphasis and understanding of social indicators of the financial sector and the rest of sectors. That is, we believe it is important to consider the situation of templates risk financial sector companies and we believe should be included among the fundamental parts of the query and / or action.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

We believe that the use of the annual report would be essential in this process and hence the need to explore ways to connect the answers to this report with the SDGs. We do not discard the other options, but we think the right choice would be the most plausible, because it would serve to connect our activity ASG with SDGs. Taking into account the need (taking into account the views of the social part of our Supervisory Board) greater focus on (before environmental and governance) social aspects.

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

We believe that a good way is introduced into each module specific to the SDGs references relating the ASG activity of our Plan with the SDGs, for example, for us is not difficult to determine whether our investments have contributed to the SDGs, and if not we ask the market for it. UNPRI is also important that a strong message in this regard, so that from the ASG agencies take into account these contributions and is easier to measure them and for us therefore report them. And finally, we must bear in mind that from the social part of our supervisory committee expressly requested to consider the social aspects in the measurements of the ASG agencies.

## UPDATING THE PRINCIPLES

### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

Yes

6b. additional comments

We fully agree on this statement, but bear in mind what we have indicated in previous sections in relation to additional and fundamental aspects that have to be taken into account when talking about a more sustainable financial system. Social and occupational factors should be fundamental in this analysis and must be also important when trying to assess the financial sector. In this sense the social part of our Supervisory Board as fundamental values the recommendations issued by CWC and contained in document attached to them and pray strongly taken into account.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

We believe UNPRI has been a catalyst and successful initiative, there is more to see the number of signatories has and the number continues to grow. But must continue to grow, increasing the relationship with the signatories and offering more solutions to potential problems related to the development of SRI in each place. In our plan, we use the annual report and verification of UNPRI to evaluate our developments. In this regard a greater involvement would be necessary perhaps UNPRI respect to each signatory, The amount of topics and depth are the same guarantee of future success

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Richard Morris

**Job Title:** Manager, Responsible Investment

**Signatory Category:** Investment Manager

**Email Address:** richard.morris@perpetual.com.au

**Region:** Oceania

**Country:** Australia

**Organisation:** Perpetual Investments

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

2b. Should any risks, challenges or causes be added to the current list?

See below

2c. Should any risks, challenges or causes be removed from the current list?

1. The relationship between investors and companies – for many decades, listed companies have consistently produced amongst the highest long-term investment returns (i.e. equity markets) for investors, proving the sustainability of these markets over and

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Not all signatories will be large enough, influential enough or able (due to competing asset owner or funds management activities) to devote resources to SDGs. So we would probably not support including this in the reporting/assessment process. If it was included, any such recognition should focus on measurable outcomes (not policy or process) and/or perhaps in a separate module/rating. Certainly the PRI could consider supporting/guiding signatories who can get involved in SDGs.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

As above we don't believe this is a good idea at this time. If it was included, any such recognition should focus on measurable outcomes (not policy or process) and/or perhaps in a separate module/rating.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

In principal yes but not to the degree implied by this consultation – we don't agree the financial system is 'broken' to such an extent that its long-term sustainability is seriously threatened at this time. That said we do agree with a number of the risks/issues raised here so may be supportive at a broad principal-level.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

1. Wider adoption of the principles by investment market participants
2. True 'mainstreaming' of ESG issues for example in investment analysis (making the 'ESG industry' itself less important). In fact the PRI should aim for the eventual eradication of the term 'ESG' or even 'Responsible Investment'. These concepts should be the norm rather than the exception.
3. ESG-supportive regulatory and government policy settings

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

No

#### Additional comments

This is 'best-practise' overkill and would unreasonably increase the reporting burden on smaller signatories.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Gert-Jan Sikking

**Job Title:** Senior Advisor Responsible Investment

**Signatory Category:** Investment Manager

**Email Address:** gertjan.sikking@pggm.nl

**Region:** Europe

**Country:** Netherlands

**Organisation:** PGGM Investments

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

Externalities: Access to healthcare & Food security

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Long term investing supporting the Sustainable Development Goals

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Focus on activities 1, 2, 3, 6 as described on page 16 of the consultation document

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Although I would recommend this, it will be a challenge as there is no market standard for reporting yet. Therefore I would recommend PRI to facilitating a market standard for impact reporting. Initiatives like IRIS, B-Analytics, Sinzer could be a starting point.

Define a framework to report output, outcomes and impact.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

I think that we as asset owners have an important role to play here, as we are a heavy user of this system and are also a part of this system and therefore have a responsibility with our own behavior. One of the elements is the focus on long term investing instead of short term behavior following benchmarks.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

I agree with the suggestions of Steward Redgreen to set clear goals and measure progress. This should be focused on reporting outcomes and impacts and less on processes implemented. Determine goals for the different principles of the PRI.

Create a market standard for reporting outcomes and impact of investments

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

Partnering is better than creating new standards yourself. This is also more efficient for the PRI signatories.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Berry van Kollem

**Job Title:** Senior partner

**Signatory Category:** Investment Manager

**Email Address:** bk@pcnv.nl

**Region:** Europe

**Country:** Netherlands

**Organisation:** Providence Capital N.V.

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

No

**1b. Should any elements be added to the scope?**

no response given

**1c. Should any elements be removed from the scope?**

Financial risk mitigation should not be in the scope of the PRI but should be dealt with by other (governmental) institutions etc.

Of course an economically efficient, sustainable global financial system is a necessity.

The mentioned governance issues relating to financial risk, should be dealt with through the "G" in the existing principles.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

"Do you agree that this list, and the more detailed list in the supplementary document, adequately captures" --> YES

"that the PRI should address" --> No.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

**3b. Should any drivers be added to the current list?**

no response given

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

By incorporating SDGs (and future relevant developments) into UN Global Compact.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Please see our answer for the previous question.

Through reporting by signatories on the actual outcome of the screening on SDGs, preferably included in the UN Global Compact.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

Inclusion only if the PRI makes a distinction between different signatories.

Example:

Providence Capital is a relatively small investment manager, "steps to address broader financial system risks" take up too much resources with too little impact.

"Promote a sustainable financial system" can be done through the existing engagement processes.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

[7b. Additional comments](#)

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

We will find the PRI successful if:

- All leading (US) investment managers are PRI signatories and actively incorporate ESG-factors into ALL their investment funds!

[THE US IS FAR BEHIND ON ESG VERSUS EUROPE]

- Index providers like MSCI, ONLY have indices incorporating ESG-factors

[PRI SHOULD ACTIVELY ENGAGE WITH INDEX PROVIDERS. This will make live a lot easier for all investors]

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Takafumi Koizumi

**Job Title:** General Manager

**Signatory Category:** Service Provider

**Email Address:** takafumi.koizumi@quick.jp

**Region:** Asia

**Country:** Japan

**Organisation:** QUICK Corp.

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

It is not necessary to exclude retail financial advisors, banks, retail financial regulators or regulations because we need to take retail matters into our consideration such as an ESG fund for individual investors.

#### 1c. Should any elements be removed from the scope?

no response given

### 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

PRI needs to strive for education and enlightenment for AOs with regards to the SDGs at first.

PRI also is required to draw up a guideline for AOs to incorporate the SDGs issues into investment analysis and decision-making processes.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

PRI will be able to ask signatories to report about their activities including the following three points so that it can better capture the impact and outcomes of them.

Policy on which their activities are based

System for their activities

Performance of their activities (including quantitative performance)

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

From qualitative aspect, the success for the PRI in 10 years' time depends on whether we can achieve an improvement in quality of signatories.

By introducing a metric to rank signatories PRI will be able to measure quality of each signatories and judge whether the improvement in the quality has been achieved or not.

From quantitative aspect, it is necessary to develop a database containing the following data, which can be used as one of metrics.

- The number of AOs who are signatory to PRI
- Asset Under Management

It is necessary to calculate the ratio of AUM of signatories to the entire assets in addition to the absolute value or actual value of AUM.

The entire assets need to be defined clearly based on rational grounds.

It is also necessary to drill down the data by the following attributes.

- Region by region
- Country by country
- The type of AOs such as an insurance company and public pension fund
- Time-series

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Wolfgang Pinner

**Job Title:** Head of Sustainable Investment

**Signatory Category:** Investment Manager

**Email Address:** wolfgang.pinner@rcm.at

**Region:** Europe

**Country:** Austria

**Organisation:** Raiffeisen Capital Management

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Definition and measurement of the impact of the PRI in support of the SDGs, research activities in support of specific SDGs of concern from an investment materiality perspective.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

There should be a further development of the Framework by using the SDGs as an impact framework.

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The PRI have been a good starting point for asset managers in to the worlf of ESG/ SRI. They are important as regards a clear commitment by top maangement.

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Benjamin Li

**Job Title:** Head of Strategic Development

**Signatory Category:** Investment Manager

**Email Address:** bli@ram-ai.com

**Region:** Europe

**Country:** Switzerland

**Organisation:** RAM Active Investments SA

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

no response given

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Offer extra support to smaller-scale managers to help them be as effective as the larger players in achieving SDGs.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Provide a section for signatories to elaborate qualitatively their progress on different fronts and the technical obstacles they face in making certain strides in the various dimensions.

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

It would be prudent to check if the success on the social front has been at the expense of higher costs and reduced returns for investors.

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Judy Cotte

**Job Title:** VP & Head, Corporate Governance & Responsible Investment

**Signatory Category:** Investment Manager

**Email Address:** judy.cotte@rbc.com

**Region:** North America

**Country:** Canada

**Organisation:** RBC Global Asset Management

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

no response given

#### 1c. Should any elements be removed from the scope?

In our view, the scope of the proposed program - to support the development of a sustainable financial system - is too broad for the PRI and appears to blur the lines between government responsibility and what can reasonably be expected of institutional investors. At a minimum, the 'secondary focus' should be eliminated.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

no response given

**2c. Should any risks, challenges or causes be removed from the current list?**

While the list may be an appropriate description of some of the risks and challenges to the development of a sustainable financial system, we do not think they are all appropriate areas for the PRI to address. In general (but with some exceptions) the un

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

**3b. Should any drivers be added to the current list?**

no response given

**3c. Should any drivers be removed from the current list?**

While this list may be an accurate description of key drivers of change, they are areas that institutional investors have limited ability to influence. Many of these areas appear more appropriate areas of focus for government action/policy on an individu

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We do not think it is appropriate for the PRI to expect their signatories to align their investment activities with the SDGs. While a comprehensive ESG integration and engagement strategy will likely contribute to the advancement of several of these goals, as fiduciaries, PRI

signatories must consider the ESG issues material to their individual investments and make investment and engagement decisions that contribute to long term, sustainable value of their investments, irrespective of whether they align with one or more of the SDGs. We believe that an undue focus on the SDGs will inappropriately blur the lines between investor and government responsibility.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

As noted earlier, we do not think the focus on the SDGs is appropriate and may fail to give appropriate weight to signatories' fiduciary duty. The Reporting Framework has just been revised substantially and already requires significant resources to complete in a thoughtful manner. Changing the framework now would impede the ability of users of the Transparency Reports to track a signatory's progress over time. Requiring individual signatories to measure and report of the "impacts" and "outcomes" of their activities would be difficult and more importantly, would fail to capture the tremendous collective impact that results from signatories all working to improve the accountability, transparency and sustainable value of their individual investments.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

We do not believe that it is appropriate to add another Principle at this time. The Principles remain appropriate and sufficiently flexible for signatories to implement them in a way that makes sense for all clients and investment mandates. The existing Principles have not constrained the PRI from undertaking broad policy projects that are relevant and beneficial to its signatories. Adding a seventh Principle would require existing signatories to go back to

their respective boards to obtain approval to continue as a signatory to the new Principles. That approval might not be forthcoming if a new Principle was too broad or general to be implemented within each signatories' national framework.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

As a member driven organization, the PRI should define success as remaining a relevant and useful resource for its members. It should regularly reach out to its signatories to assess member satisfaction and obtain ideas and targets from signatories themselves.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

**Additional comments**

The purpose of these various reporting initiatives is to improve corporate disclosure and provide investors with better ESG-related information to inform their investment decisions and engagement programs. To date, a single global standard has yet to emerge and there should be more consensus around what constitutes good corporate ESG disclosure before additional disclosure obligations for investors are developed. Moreover, we have understood that the

PRI's Transparency Reports are intended to provide readers with globally standardized, comparable reporting of how investors' are integrating ESG and engaging with their investee companies. We believe that readers are increasingly using the Transparency Reports for that information, so we do not believe it is necessary to develop another reporting formal/tool for investors.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Henry Gonzalez

**Job Title:** Head of Research

**Signatory Category:** Investment Manager

**Email Address:** henry.gonzalez@responsability.com

**Region:** Europe

**Country:** Switzerland

**Organisation:** responsAbility Investments AG

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

online training tools, best practice exchanges

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Not so sure, perhaps a focus on outputs is more pragmatic and doable. With impact and outcomes, the issue of baseline as well as attribution is usually a bottleneck

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Becoming the standard for accountability and best practice in responsible investing is already a great milestone.

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

Alignment and avoidance of duplication is key. Making the landscape simpler would allow more mainstreaming of the principles

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** David Riedel

**Job Title:** David Riedel

**Signatory Category:** Service Provider

**Email Address:** driedel@riedelresearch.com

**Region:** North America

**Country:** USA

**Organisation:** Riedel Research Group, Inc

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Impact of algorithmic and high frequency trading

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Education, webinars and documents would be helpful channels to share the information.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Start with reporting what the signatories are doing and then work that into having requirements built in.

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

AUM controlled by signatories and data on signatory achievement of stated goals.

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

## Additional comments

PRI is the leader here - they do not need to partner with others.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Matthias Narr

**Job Title:** Engagement Specialist

**Signatory Category:** Investment Manager

**Email Address:** m.b.narr@robeco.nl

**Region:** Europe

**Country:** Netherlands

**Organisation:** Robeco

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

No

1c. Should any elements be removed from the scope?

No

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

An important risk, which seems only partly covered, is conflicting time horizons. While most investment activities are assessed on quarterly basis, many sustainability issues take decades to play out. The PRI could help asset owner/asset manager to address this conflict.

**2c. Should any risks, challenges or causes be removed from the current list?**

The list seems a bit too detailed and covering a number of issues which we would not expect to be addressed by the PRI, but rather by national platforms such as Eumedion. We do not believe the PRI should become a global asset owner/asset manager watchdog/

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

Likely, the huge sums needed to finance the transition to a low carbon energy system will alter the global financial system. Thus, the exponential growth of Green Finance might become a driver of change in itself.

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Options 4, 5 and 6 outlined above seem suitable to help align investment activities with the SDG's.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Options 1 and 2 outlined above seem suitable to help capture the impacts and outcomes of signatories' responsible investment activities via the Reporting Framework.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

We believe it makes sense to add a principle covering the system as a whole, however this should happen in a pragmatic rather than prescriptive manner.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

Principles 4 and 5 could be combined into a single principle.

## MEASURING THE PRI'S PROGRESS AND IMPACT

### **8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Maybe the PRI can define 'substantial progress on the (most important) principles by all signatories' as a success metric.

Ultimately, credible responsible investment should become standard mainstream practice.

### **9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

#### Additional comments

Standardization in reporting will improve accountability and comparability in relation to investor sustainability reporting and thus reward leading investors.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Narina Mnatsakanian

**Job Title:** Narina Mnatsakanian

**Signatory Category:** Investment Manager

**Email Address:** nmnatsakanian@saronafund.com

**Region:** Europe

**Country:** Netherlands

**Organisation:** Sarona Asset Management

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

No

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

PRI can best support signatories to align their responsible investment activities with SDGs by creating an SDG working group that would be tasked with creating a concrete methodology and framework that would help investors measure and quantify the impact of the investment activities against the 17 SDGs and 169 targets. We would suggest that PRI should team up with other organisations such as the GIIN, UN, GRI and other interested parties to create this framework. Furthermore, we would recommend for this framework should be standalone (i.e. not initially part of the PRI Reporting Framework) and it should also be available to non-signatories. Currently the Principles are process based so before PRI incorporates the new SDG framework into its Reporting Framework the Principles should be changed to include more outcome and impact based criteria.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

As mentioned in our response to the previous question having PRI involved in developing an industry wide framework for investors to report against specific SDGs and targets would be the first helpful step. Once this framework is created the PRI can then include specific indicators per each SDG in its Reporting Framework. This would enable signatories to select SDGs most relevant to their activities and report against them.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

We believe the Principles should be updated to include explicit reference for signatories to take steps to address broader financial system risks and to promote a sustainable financial system.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

If the PRI will embrace the SDGs and seek to incorporate any elements into the PRI Reporting Framework, then the Principles should also be revised to include reference to outputs and impact of signatory responsible investment activities and not only refer

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

To date the success of the PRI has largely been measured by the number of investors signing up to the initiative. There is some disconnect between the number of institutions who committed to the PRI and their actual day to day practices in the financial markets. The challenge for the next 10 years will be to bring the responsible investment practices more at the core of the financial industry. Therefore, the actual outcomes and impact of signatory activities will become increasingly more important. PRI could measure the change in signatories' assets that are invested responsibly and sustainably over time. To this end PRI may want to create targets for itself focusing on percent of signatories' assets under management that incorporate ESG issues per asset class. The ideal target for the next 10 years could be that most signatory assets across asset classes have credibly integrated ESG issues in investment process and are able to show some evidence of positive outcomes of this integration.

Furthermore, it is important for the PRI to improve the signatory accountability mechanism and have a clear target for this.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

Yes, we believe the collaboration would be a very powerful way to achieve a smaller but more effective number of reporting supplements. At the moment there is a proliferation of reporting system which we believe is counterproductive.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Andrew Howard

**Job Title:** Sustainable Research

**Signatory Category:** Investment Manager

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**Region:** Europe

**Country:** UK

**Organisation:** Schroders

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

no response given

#### 1c. Should any elements be removed from the scope?

Of those areas included in your scope, companies, exchanges and regulators represent constituencies not currently closely involved in PRI activities. While we recognise the importance of all groups to the financial system, we believe that the PRI should maintain their current focus on institutional investors.

The PRI is an investor organisation and bringing other groups to a similar level of priority in its focus risks deprioritising our interests relative to those other groups. Insofar as credible and effective organisations – such as the IIRC, GRI or SSI – are working in those areas, we do not

see the merit of the PRI bringing them into its primary scope. Where appropriate, the PRI should partner with existing initiatives and organisations to engage companies, exchanges and regulators in ways that support investor interests.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

The consequences listed are very narrow and in many cases significantly understate the threats facing financial markets and systems if risks materialise. More specificity would be needed to fully understand the intent behind some of the risks or consequences listed. For example references to market failure, weak oversight or poor understanding are too vague to allow meaningful conclusions. Most importantly, we consider the biggest risk – that the long term wealth of our industry’s beneficiaries is impaired – is missing and should be clearly highlighted.

**2c. Should any risks, challenges or causes be removed from the current list?**

Overall the thirty plus underlying conditions are not helpful in framing this debate with a significant amount of repetition in each area. While this cannot be a comprehensive list, amongst the topics described we would particularly highlight several issues

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI’s work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

The list described on page 12 of the document appears sensible and reasonably comprehensive, but should be reviewed periodically. Some items on the geopolitical risk could be combined (eg the erosion of multilateralism, the rise of nationalism and protectionism) and others included (eg inequality, country debt and deficit levels).

However, we are unclear of the purpose of this list. Does the PRI intend to examine their implications in more detail? To require or request investors to consider them? Ultimately, we

consider that different investors should have flexibility and judgement to identify and examine the trends and drivers they consider most important to their investment. This is likely to result in more meaningful and impactful analysis and engagement.

### 3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

While there are references in the document to the Preamble to the Principles such as “Our ultimate objective, enshrined within the Preamble to the Principles...is to improve signatories’ ability to...align their investment activities with the broader interests of society” we believe they misrepresent its intent and wording, which includes a reference only that the Principles “may better align investors with broader objectives of society.”

Responsible Investment encompasses a variety of different approaches. At one end, ethical screens eliminate companies engaged in controversial activities reflecting asset owners’ values and have little expectation of a positive impact on development. Sustainability analysis and ESG integration is aimed at improved insights and enhanced financial performance. Engagement mandates that we have run are established to meet specific client objectives, which have not been struck with reference or even understanding of the SDGs. Thematic strategies, which may acknowledge issues referenced in the SDGs, have been constructed with investment return expectations, seeking to benefit from structural change rather than be a catalyst for it.

It is important that our Responsible Investment activities meet the requirements of our clients. Where clients explicitly ask us to align investment products with the SDGs we will do so. However, it is not appropriate for the PRI to impose such a requirement or expectation as an over-arching principle across all of our investment activities. We note the finding in the PRI supported Shareaction study that 66% of investors do not see the SDGs as being relevant to them.

## 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

In the Responsible Investment space clients have given us a variety of different mandates which reflect their objectives. It is important that we report in a way that demonstrates that we have met their goals, rather than on wider objectives imposed on us by an industry body.

## UPDATING THE PRINCIPLES

### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

No

#### 6b. additional comments

The PRI Mission Statement is referenced frequently in this document. However, it was not included in the documents and releases we have identified that launched the PRI. It appears to have been introduced – or at least given prominence – subsequently with little consultation and does not form part of the six principles to which signatories commit.

As an organisation keen to promote good Corporate Governance we believe that the PRI should seek to uphold itself to the highest possible standards. Our own public ESG guidance declares that: Company Constitutions The documents defining the constitution of a company are key documents providing protection to the interests of shareowners. Any changes to these documents should be clearly justified. In the UK a company may modify its constitution by special resolution which receives at least 75% of votes.

<http://www.schroders.com/staticfiles/Schroders/Sites/global/pdf/Schroders-ESG-Policy-2014.pdf>

We strongly feel that the addition of a 7th principle of this type is unwarranted.

## 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?

No

### 7b. Additional comments

The six principles reflected extensive debate and discussion and were worded with extreme care and designed to both:

- Ensure investors focused on meeting our clients' long term investment goals were not handicapped in doing so
- Focus on principles and

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

The PRI's ultimate goal of course implies it becomes redundant as an ESG-focused investor organisation, and that consideration of ESG issues ceases to be discrete from investment analysis. We recognise this is unlikely to happen within a decade and also that insofar as the PRI targets change in other organisations behaviours, metrics may be less critical than in more conventional organisations, but would highlight:

- Clear definitions of what responsible investment approaches and ESG issues comprise; currently there are a range of interpretations that exacerbates opacity and hinders clients' abilities to understand the merits of different products
- Non-prescriptive standards to assess signatory progress; measures should reflect the extent to which investors take steps to consider and integrate ESG factors, rather than imposing arbitrary views on their success in doing so
- Realistic assessment; measures the PRI uses to assess signatory progress should reflect the efforts being made, rather than becoming the driving force to behavioural change. We recognise the reporting can provide a stick to action but it must not become an end in itself.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

**Additional comments**

The PRI should not attempt to develop detailed, standardised reporting supplements, which signatories are required or encouraged to use. Communication of investors’ goals, strategies and approaches is important, but developing specific measures to quantify performance (rather than describe approaches) is likely to be detrimental to the industry’s development.

Any reporting framework which effectively applies a PRI-defined measure of what constitutes “good” or “bad” investor or fund performance imposes a single perspective of the goals of ESG investing, the optimal approach to doing so and the most effective way to gauge performance. There are a wide range of views and approaches on all of those topics, which we consider healthy and indeed vital to the industry’s development.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Christian Gueckel

**Job Title:** Head of Research

**Signatory Category:** Investment Manager

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**Region:** Middle East

**Country:** Saudi Arabia

**Organisation:** SEDCO Capital

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

2b. Should any risks, challenges or causes be added to the current list?

Please add:

Lack of prudent investment philosophy through high financial leverage and short-term focus on financial returns. As a consequence, this decreases the stability of the financial system and increases market volatility through the business/credit cycle.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

- Have we really learned from the 2008/9 Global Financial Crisis? It seems symptoms were addressed, but not systematically the causes such as excessive leverage, wrong incentives and principal-agent problems.

- There needs to be consideration of the g

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Develop guidance for the integration of SDGs in signatories' organizational and investment processes.

Conduct policy and research activities in support of specific SDGs of concern to signatories from an investment materiality perspective.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Provide guidance on the integration of SDGs. What are the incentives for a signatory to address SDGs? How can signatories measure their contribution to SDGs?

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

Particularly, a prudent and sustainable investment philosophy should be promoted, i.e. discourage high leverage, avoid avoiding undue risks (from ESG aspects). Encourage a longer-term perspective on investment returns through the business cycle.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

The PRI has success, if its signatories are successful in implementing the principles in their organizational and investment processes.

For the signatory, success needs to be measurable and this currently is a shortcoming. For example, how can the consideration of certain ESG metrics improve the investment results? Measurement will set incentives and drive behavioral change. Currently, focus is too much on reporting which is rather administrative.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Joy Facos

**Job Title:** Sustainable Investing Research Analyst

**Signatory Category:** Investment Manager

**Email Address:** jfacos@sentinelinvestments.com

**Region:** North America

**Country:** USA

**Organisation:** Sentinel Asset Management, Inc.

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

By including questions in the reporting framework that specifically address the SDGs. For example, asking investment managers if they take into account water use, GHG emissions, toxic chemical use, etc. in investment decisions. Also, in the reporting framework, consider having investment managers and asset owner provide portfolio level carbon intensity / water intensity data.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

(Please see previous response.) A suggestion could be to have asset owners and investment managers provide portfolio level data on carbon intensity / water intensity.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

It has been suggested and I agree that it may make sense to combine Principles 4 & 5 as they are quite similar.

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Integrated reporting is an excellent goal. Another, and related goal, is to join forces w/ SASB, FASB, and the SEC to have a generally accepted unified reporting structure that addresses overall ESG measures and industry-specific material metrics.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

Please see previous response.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Jo Mountford

**Job Title:** Responsible Investment Officer

**Signatory Category:** Service Provider

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**Region:** Europe

**Country:** UK

**Organisation:** ShareAction

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

However, we believe that PRI should consider including the retail institutions that you intend to exclude within the scope of the programme. Firstly, this will provide more opportunities for influence over actors in the investment system, and secondly we feel it will be difficult to exclude organisations such as retail banks and advisors whilst including the investment arm of these institutions. We suggest that if PRI feels the retail institutions are too far outside their scope of influence, you could partner with organisations that are working with retail institutions to develop a sustainable financial system, in order to ensure joined-up thinking.

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

We believe that these drivers of change are overly focussed on risks, and that additional drivers of change that present opportunities should be included. This could include: increasing global cooperation around the Sustainable Development Goals, innovations in resource use leading to a more circular economy, increasing demand for transparency and subsequent results, change of some externalities such as fossil fuel subsidies.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Based on the findings of our report, Transforming Our World Through Investment: an introductory study of institutional investors' role in supporting the Sustainable Development

Goals, we recommend that PRI support signatories to align their Responsible Investment activities with the SDGs through:

- i. Providing tools and guidance that help signatories identify how their investment objectives align with the Goals
- ii. Partner with organisations to produce products that enable investors to easily support the Goals
- iii. Provide opportunities for collaborative engagement with companies about their contribution to the Sustainable Development Goals
- iv. Collaborate with a range of stakeholders, including companies and other organisations in the investment system, to ensure that different stakeholders are well aligned and sharing knowledge and tools for contributing to the SDGs.
- v. Facilitate opportunities for signatories to interact and work with wider stakeholders, including civil society and public bodies, in order to share expertise and increase understanding of the wider impacts of investors and the Goals.

## **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The PRI could better capture the impacts and outcomes of signatories' Responsible Investment activities by providing a simple framework for investors to utilise (eg. collaboration platform groups could be linked to individual SDGs, and participation in these groups could be used as evidence of contribution to SDGs). In particular, the framework should attempt to capture evidence of environmental and social impacts of asset allocation or engagement, as these are often more difficult to measure than governance impacts. The framework should also measure attempts to have positive impact, even in cases where it is difficult to prove impact. However, PRI should strive to not increase the level of reporting required by the framework, but simply shift it toward capturing impact in an easy manner, in order to avoid placing an undue burden on investors. It might be beneficial if capturing impact was led by PRI, rather than signatories – for example, PRI could pick out examples of impactful engagement from signatories' reports, rather than signatories having to identify the impact they had.

In addition to utilising the reporting framework, we suggest that PRI may wish to work with independent bench-marking organisations, to cross-reference signatories' reporting of their impacts with others' measures of this.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

The principles should be updated to include this clear reference, in order to encourage signatories to commit to taking action around this. The updated principles should provide concrete actions that signatories can take to promote a sustainable financial system, in order to assist signatories in contributing to this.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

## 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

We would define success for the PRI in 10 years' time to be:

- i. A shift in thinking, to the point where Responsible Investment is seen as the default investment strategy
- ii. All PRI signatories actively utilising Responsible Investment, through engagement and utilising market opportunities, rather than passive support for Responsible Investment
- iii. All PRI signatories actively learning about Responsible Investment, and developing their practices, through their PRI membership (eg. through learning from other signatories, utilising engagement opportunities etc).
- iv. PRI and its signatories having positive global impacts

We would suggest that PRI aligns its metrics for measuring its success to established national and international frameworks, such as the SDG framework, and assesses its/its signatories' contribution to these frameworks.

## 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

### Additional comments

We believe that partnering with other organisations to establish reporting supplements could serve to enhance signatories' reporting on their impacts. PRI should seek the views of others on which organisations to partner with, in order to work with a range of organisations. However, any reporting supplements should be well aligned with existing reporting frameworks, to the point where submissions that investors are making to other organisations can be directly utilised for PRI reporting, in order to avoid reporting become a burden. Reporting supplements could also be incorporated into the main reporting framework, in order to avoid too great an increase in reporting for investors.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Michiko Sakai

**Job Title:** Section Manager

**Signatory Category:** Asset Owner

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**Region:** Asia

**Country:** Japan

**Organisation:** Sompo Japan Nipponkoa Insurance Inc.

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Aligning with the SDGs' elements into PRI reporting framework.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Adding question items about the impacts and outcomes with regard to several SDGs.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

Making a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system is a good option to promote PRI initiatives more effectively.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

It would be better to keep revisions at a minimum as current six Principles are well established.

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

?The change of the number of signatories

?Growth of the value of ESG investment

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Taari Nicholas

**Job Title:** Director

**Signatory Category:** Investment Manager

**Email Address:** taari.nicholas@southernpastures.co.nz

**Region:** Oceania

**Country:** New Zealand

**Organisation:** Southern Pastures Management Limited

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We are a small organisation and we appreciate the support provided by the PRI.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

We are supportive of signatories taking a more active role in addressing broader financial system risks and the promotion of a sustainable financial system

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

no response given

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Percentage of Total Global Funds under management signed up to the PRI

Degree of the compliance of PRI signatories to the Principles

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Nadja Franssen

**Job Title:** Portfoliomanager SRI

**Signatory Category:** Investment Manager

**Email Address:** nfranssen@spfbeheer.nl

**Region:** Europe

**Country:** Netherlands

**Organisation:** SPF Beheer

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

## 2b. Should any risks, challenges or causes be added to the current list?

- \* Lack of coherence between what companies report and say to investors and what they actually do
- \* Focus of governmental supervising organs on short-term. Initiatives to focus on the long term are appreciated, but meanwhile funds have to continue reporting on at least a monthly basis. This does not help a further move to adopting a longer-term vision.
- \* Focus of governmental supervising organs on reporting. More time is spend by pension funds and their assets managers on reporting than on actually investing.
- \* Continued belief that integrating ESG in investments goes at the expense of returns. This belief is widespread among asset owners, investors, supervisory organs but also companies. This point is closely related to the short-term vs long-term trade-off.
- \* Lack of a coherent strategy by asset owners and managers. ESG is important but when you have put a bit effort in it is often quick to be forgotten.
- \* Greenwashing by many asset owners and pension funds towards their own clients and society. Especially with the new strategy of impact investing in SDGs. Often the same strategy as for ESG integration is continued from the past. However, now it suddenly calls impact investing and funds are showing off with this strategy. Only real results should matter, not the name we put on to it.

## 2c. Should any risks, challenges or causes be removed from the current list?

no response given

## 3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?

Yes

### 3b. Should any drivers be added to the current list?

- \* Economic growth or decline. In a world of economic growth people (companies and investors) are more incentivized to invest in ESG than when they lack resources in a period of economic decline. This approach can not always be justified, but can have a profound effect on the work of the PRI.

Don't underestimate the effect that the geopolitical forces have on the financial system. It might not be direct, but their effect is big and will only continue to grow in the future.

### 3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

Give both companies and investors guidance by giving them clear practical examples of how these SDGs can effectively translate in investee company's policies. For some goals it is straightforward, but what can a company do to enhance peace and justice?

In this, proposed strategies 4 and 5 are the most relevant starting point I believe. The others can be follow-up steps, but it is necessary to first clearly establish a common basis to focus investor's efforts on.

However, be wary. In the Netherlands, but also already at some index funds, there currently is a trend that companies focusing on the SDGs are impact investments. An investment in Colgate that stimulates hygiene in developed countries is not an impact investment. Improved hygiene along the spirit of the SDGs is necessary in developed countries; not in the US and Europe. Selling toothpaste in France has not impact whatsoever. Many companies currently designated as impact investments do absolutely nothing to improve the world's problems. This is just a greenwashing strategy for ESG integration. Of course providing toothpaste is good but it is not impact as long as developing countries, where these products are needed most, are neglected in the distribution network.

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

See previous question. I think this should be a next step. Let's first consider a common basis otherwise current ESG strategies will just be greenwashed as being impact investments and no real effect is being reached

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

### 6b. additional comments

Could be good but provide more guidance. Are individual investors requested to lobby governments on policy changes? I don't think this is a good idea. This responsibility can better stay with national and international (corporate governance) organizations who are truly experiences with this. In a pension fund, for example, participant's money should not be used for lobbying purposes. Pension funds are supposed to function independent from political forces.

If we are talking about the impact that we can reach through our investments, the above-mentioned proposal can be a good thing.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

### 7b. Additional comments

Maybe not so much in a separate principle, but place more focus on how investor's intend to achieve results on all three separate fields of E,S and G

Additionally, place more focus on cross-checking a signatory's answers within the framework

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

Coherence in reporting frameworks is always a good thing

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Mike Tyrrell

**Job Title:** Editor

**Signatory Category:** Service Provider

**Email Address:** mike.tyrrell@sri-connect.com

**Region:** Europe

**Country:** UK

**Organisation:** SRI-CONNECT

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

No

**1b. Should any elements be added to the scope?**

no response given

**1c. Should any elements be removed from the scope?**

The PRI should limit its scope exclusively to the asset owner <=> investment consultant <=> asset manager dynamic. It should remove from Primary Focus: investment banks, companies, securities exchanges and regulators. It should exclude all of the audiences in its secondary focus list.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

N/A the PRI should not be concerned with the causes of risks and challenges to the development of a sustainable financial system. To incorporate these within the scope of the PRI will dilute the organisation's ability to be effective.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

**3b. Should any drivers be added to the current list?**

As above, the PRI will remain relevant if it focuses on what it is good at and leaves other issues to those that are better positioned to address them.

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The PRI should not seek to determine how individual asset owners or asset managers should apply sustainability and corporate governance considerations. They should leave it up to individual owners and managers to decide for themselves what issues they wish to focus on and then allow the market to differentiate between desirable and less desirable approaches.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

The PRI should encourage signatories (asset owners and asset managers) to be transparent about how they apply S&CG factors to their investment decision-making. It should not, however, seek to define either the format that they report in nor what the contents of those reports should contain.

We should learn from the sustainability reporting experience of listed companies - that it is counterproductive to have heavily-systematised or rigidly-defined 'top-down' processes for reporting.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

Absolutely not. There is still much work to be done around the first six Principles. To add a seventh would inevitably dilute effort paid to the six.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

Ain't broke; don't fix.

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

The PRI has a unique selling point in its ability to engage asset owners' interest in sustainable development and corporate governance considerations and to apply this interest to their selection and monitoring of asset managers.

Although the headline numbers on this (# of PRI signatories) look good, we all know that there is a massive amount of work to strengthen the incentives, deepen the engagement levels and empower action.

The PRI should therefore set itself two metrics for the next 10 years:

- \* To broaden the number and AuM of asset owners applying S&CG factors to investment decision-making
- \* To deepen the engagement of these asset owners.

The failings of the global financial system are many and various. If the PRI focuses on what it is good at it will contribute to resolving some of these; if the PRI diversifies its interest into the political sphere it will lose its power to engage owners, managers and therefore the wider community.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

No

### Additional comments

Absolutely not. The disclosure agenda has veered a long way from its simple intention and has become an easy and lazy replacement for real action. Investor reporting should be allowed to develop organically and in a market-orientated fashion.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Rajesh Grobbe

**Job Title:** Manager finance and risk

**Signatory Category:** Asset Owner

**Email Address:** rajesh.grobbe@bpfkoopvaardij.nl

**Region:** Europe

**Country:** Netherlands

**Organisation:** St. Bedrijfspensioenfonds voor de Koopvaardij

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

Should the PRI perhaps consider including retail institutions?

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

These drivers of change are overly focused on risks, perhaps also additional drivers of change that present opportunities should be included.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

First of all, we would like to emphasize that we think it is of crucial importance that signatories align responsible investment activities with internationally recognized codes and standards, however they should always remain free to choose these standards themselves. Signatories may choose the SDGs, or any other standard that they think is most suitable to promote one or more responsible investment activities.

With respect to the SDGs, or any other relevant standard, the PRI could launch an investigation into possible alignment to help signatories decide how to best develop responsible investment activities that promote one (or more) of the SDGs. Aspects that could be explored are the following: how to best assess how current responsible investment activities match the SDGs, how to best tie investment activities to the specified targets of the

SDGs, how to decide on the level of desired impact and how does this best match the possibilities in asset class and ESG-incorporation strategy (such as Best-in-class, Exclusions, ESG integration, Impact investing, Themed investing, etc).

## **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

It is time for the PRI to shift its focus from the incorporation of ESG issues into investment towards achieving a responsible return on investment. The current focus of the PRI survey on ESG-incorporation assumes that increased ESG-incorporation delivers better ESG-impacts, which might not always be the case. In order to create responsible impacts you need to smartly utilize the incorporation of ESG factors.

Ideally, signatories decide in advance on the targeted return per investment activity (high financial return, high ESG return; high financial return, low ESG return; or any other possible balance between the two) and show accountability to the PRI on achieved outcomes and employed metrics and measurement tools. In addition, the PRI should continue to promote and develop responsible investment best practices, from now on especially focused on accountability and measurement methodologies.

Meaningful responsible investment strategies should not be measured by their level of ESG incorporation but by their capacity to promote a sustainable financial system that benefits society as a whole. As such, the Reporting Framework could focus less on how signatories' incorporate ESG-issues into investment strategies, but instead make insightful how signatories best prioritize the impacts they want to achieve, how they can best measure these impacts, and whether it was possible for them to achieve these impacts (and whether adverse impacts were sufficiently avoided).

## UPDATING THE PRINCIPLES

### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

Yes

#### 6b. additional comments

Yes, we think this would be a good time to update the Six Principles. We offer a few suggestions below:

- Principles 1-3 should merge together and address all PRI primary stakeholders: These three principles still address a limited set of PRI stakeholders (asset managers and owners). The primary stakeholder base of the PRI is proposed to be extended (as explained in the first question of this consultation) to beneficiaries, stock exchanges, companies, etc. Therefore, we think it is reasonable to address all of them in one and the same principle.
- Principles 1-3 should change focus from incorporating ESG issues to targeting a responsible return on investment.

As already explained in the earlier questions, it is time for the PRI to shift its focus from the incorporation of ESG issues into investment towards achieving a responsible return on investment. The current focus of the PRI on ESG-incorporation assumes that increased ESG-incorporation delivers better ESG-impacts, which might not always be the case. In order to create responsible impacts you need to smartly utilize the incorporation of ESG factors.

- Principles 4-5 should be merged because they say the same thing, they both promote cooperation in the industry.
- We propose that two new principles are added:
  - 1) Signatories aim for responsible investment because they believe that they should promote a sustainable financial system that benefits society as a whole;
  - 2) Fiduciary duty requires investors to incorporate ESG-factors into investment practices.

Why do signatories find it so important that ESG factors are adopted in the investment process: not only because they think these factors have an material impact on an investment return (bottom line) but also because they think it contributes to a better society: a sustainable financial system that benefits society as a whole (moral threshold).

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

It would be useful if the PRI could develop a responsible investment matrix or taxonomy that clearly indicates the different possibilities between responsible investment owners, managers and activities. The differences could be clarified in terms of respo

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

The success of the signatories to consciously manage the impact of their investments directly translate into the success of the PRI. For that reason we think the PRI should adopt clear KPIs on signatory accountability and achieved results by investment impacts. In other words, if we expect signatories to promote a sustainable financial system that benefits society as a whole then it should be defined what we reasonably want to see improved in ten years (this is perhaps where the SDGs or any other standard comes in handy).

There is also another issue that we would like to highlight. We think that the "E", "S" and "G" in ESG are all of equal importance for achieving a sustainable and responsible economy but it is our observation that when incorporating ESG factors into investment decisions, the E and G have experienced most attention and work from investors over the last ten years. For that

reason we suspect that the impacts and improvements in sustainability also have been the biggest for E (energy transition) and G (corporate governance codes).

Therefore we ask the PRI to launch a program specifically focused on leveraging the “S” in ESG and help investors in this area by for instance exploring best practices in social investment strategies, quantifying materials S risks and steering for sustainable impacts that include E, G AND S.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

**Additional comments**

We would strongly encourage the PRI to leverage its links with all other organisations working on a sustainable economy. The reporting burden for investors and companies is quickly getting above all reasonable available capacity and resources. It would be good if still this year an initiative is launched that gathers board representatives from all relevant reporting bodies and that aims at one single system combining all possible data sets and that offers the technology to unlock data from all available pdfs, excels, platforms etc. We think this would also be a good time to revisit the relationship between the PRI and the UN, as strengthening this relationship might help the development of one single global reporting standard relevant for all possible stakeholders (we need a push to merge the GRI, PRI, Integrated Reporting, EITI and all the other corporate disclosure metrics out there).

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Andrew Mason

**Job Title:** analyst

**Signatory Category:** Investment Manager

**Email Address:** andrew\_x\_mason@standardlife.com

**Region:** Europe

**Country:** UK

**Organisation:** Standard Life Investments

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

We agree that the right stakeholders are captured. However, work to address the advisor and beneficiaries has been lacking to date. The list identifies relevant areas but its scope may be too great.

The PRI needs to focus on how it can most efficiently address the various stakeholders in the investment chain and not overstretch its resources or the appropriate scope of its activities.

Furthermore, we believe that as the PRI considers its scope it must also consider the work already being carried out by other organisations to develop ESG considerations within different elements of the financial system; This includes but is not limited to initiatives among banking, investee companies and securities exchanges.

Standard Life Investments believes focus will be key in this area.

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

However, underlying causes of risk and the consequences will continue to evolve, for example continued global financial uncertainty would also be added.

We believe that the list should be a 'living document' in order to capture the evolving and changing risks which could impact sustainable financial systems.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

We recognise that a number of the areas that are highlighted are relevant although, it should also be recognised that existing drivers of change continue to vary in significance and new drivers, including black swan events, can impact on financial systems.

In relation to the areas highlighted we believe the PRI should consider the following:

- A focus on growth in Emerging Markets is limited and hence the focus should be on broader economic global growth and its impact on resources.
- The Rise in inequality is one of the biggest challenges of our time. This is both in terms of the ability of individuals to invest into the markets, and the indirect consequences of

inequality on companies and society. Financial inclusion is mentioned however the rise in inequality is greater than just this.

Also, it would be beneficial to members if the PRI was more explicit in how it would seek to address these issues and how they would fall within its remit. Individual asset managers and asset owners will take different approaches to addressing these issues, which may not be complementary to a set of fixed guidance offered by the PRI.

3c. Should any drivers be removed from the current list?

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

Standard Life Investments does not believe it is the role of the PRI to define which set of goals is used by investors. While Standard Life Investments is supportive of the Sustainable Development Goals (SDGs), these goals are very broad and lack an easily definable framework for all investments. In addition, not all the goals can be captured in an investment framework. Suggesting and promoting the SDGs as a framework is useful. However, defining the mission of the PRI under these could prove restrictive and too dictatorial.

It is also important to recognise that asset managers serve the needs of their clients which are not necessarily fully aligned to the SDGs, although may be complimentary considering the scope of the Principles.

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

The PRI must not operate in isolation. Much good work has already been carried out in this area (including the work of the ILG group referenced below) and there is a risk of too many organisations trying to repeat or achieve similar outcomes. A framework based approach is useful, although it is essential that each signatory adopts its own unique opinion and methodology around how it reports on its ESG impact. Signatories cannot directly contribute to the SDGs.

Standard Life Investments does not believe that the PRI should define how signatories contribute to the SDGs. Furthermore we do not believe that the PRI reporting framework should follow the path of existing frameworks such as Dow Jones Sustainability Index. We believe that the reporting framework can act as a useful self-assessment tool. However, a focus on rating asset managers in accordance with a set of prescribed goals set out by the PRI could a; lead to the gaming of report submissions and b; remove the value that self-assessment provides.

Investment Leadership Group: <http://www.cisl.cam.ac.uk/business-action/sustainable-finance/investment-leaders-group/work/reporting-investment-impact>

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

### 6b. additional comments

We agree that a review of the principles would be useful. However, this must be carried out in an appropriate manner and any changes applied will require the support of a majority of signatories. Simply adding an additional principle will not fully achieve this goal. Certain Principles such as Principle four could be removed. We believe that Principle four has been achieved and that this is evidenced by the success of the PRI. Replacing Principle four with a new Principle may be more effective in driving change.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

### 7b. Additional comments

As cited in our response to question six we believe that Principle four could be replaced and we recognise that it is correct for the Principles to evolve to ensure they remain fit for purpose. However, it should also be recognised that due to the rapid e

## MEASURING THE PRI'S PROGRESS AND IMPACT

### **8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Investments are not evaluated on short term performance.

Companies have systematically recognised their need to justify the environmental, social and financial value they bring to shareholders and society.

The forces shaping the investment system have resulted in a positive sustainable outcome

Investment managers systematically report on both financial impacts as well as the social and environmental impacts of their investments

The PRI is a smaller, more nimble organisation, which provides high level policy work. Should it achieve its goals than less resource will be needed to support signatories.

### **9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

#### **Additional comments**

It is essential that the PRI consider all work in this area and work in partnership, where it is sensible to do so. There is a proliferation of organisations and reporting frameworks which can confuse strategy and direction. There is a need to rationalise this, in order to avoid repetition and complexity. Also, the PRI has a responsibility to ensure that regional organisations remain relevant and viable and are aligned to the wider need to address the challenges of achieving a sustainable financial system.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Jutta Hinrichs

**Job Title:** Manager of Ethics & Sustainability

**Signatory Category:** Asset Owner

**Email Address:** jutta.hinrichs@steylerbank.de

**Region:** Europe

**Country:** Germany

**Organisation:** Steyler Bank GmbH

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

raising awareness of investors by making more obvious the direct link between SRI and SDGs

Example: giving advice such as "If you, dear investor and PRI-signatory, introduce the exclusion criterion "fossil fuels" and really stick to it, then you can claim to be a supporter of SDG goal No. 7 (renewable energy) and No. 13 (climate change)".

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

by introducing a new section "support of SDGs" into reporting framework, setting up a list of all 17 goals and providing examples how it is possible to stick to them in daily business (e.g. by exclusion criteria which force the investor to renounce on investments in certain sectors).

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

the clearer the better - a seventh principle can be very helpful

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

general remark: the questions in the reporting framework and also the assessment report (summary scorecard) should be linked more obviously to the principles. So the PRI signatory can see his contribution / performance in contributing to fulfilling the pr

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

metrics:

number of signatories

total of AUM

targets:

in 10 years' time every asset owner, investment manager etc. should have understood the necessity of SRI. Therefore it must be a target to reach as many of them as possible and to convince them of becoming a PRI signatory. So set up a list of all possible signatories in each country and contact them actively.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Berry Spitsbaard

**Job Title:** Controller

**Signatory Category:** Asset Owner

**Email Address:** b.spitsbaard@bestuursbureaupwri.nl

**Region:** Europe

**Country:** Netherlands

**Organisation:** Stichting Pensioenfonds Werk en (re)Integratie

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

We would like the UNPRI to better incorporate the role of social issues as described in the letter sent to you by the Committee on workers'capital, dated 29 June 2016.

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

- 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Matthew Smith

**Job Title:** Head of Sustainable Investments

**Signatory Category:** Asset Owner

**Email Address:** matthew.smith@storebrand.com

**Region:** Europe

**Country:** Norway

**Organisation:** Storebrand Asset Management

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

Lack of true cost valuation or pricing of environmental and social impact and risk prevents the alignment of investments with sustainable development. The assessment of natural and social capital are pre-conditions to overcoming the mispricing in investment decisions and incorporating of nature and society's value in mainstream investment decisions.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Increasing demand for sustainable financial products

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The SDGs should be incorporated in our work to assess the impact of our investments in relation to them. However, what type of activities will generate most impact towards these goals and how can we measure them? The PRI could do some research as to how this could be achieved. Are there some goals that are more easily achievable by the financial sector than others?

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

By aligning reporting to SDGs, where investors link their activities to a certain goal. However, it is still going to be difficult to actually measure the impact. PRI can also try to measure the actual impact of collaborative engagements per topics linked to SDGs and then reward those investors involved in those engagements.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

Merging principles 4 and 5 sounds like a good idea.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Making RI mainstream for all investors. Increasing the quality of RI work among its members to actually achieve positive impact on society. PRI should use measuring tools that can actually determine investors' net positive impact. Ensuring that PRI members are actually committed to the principles and making measurable progress.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

But with non-commercial actors so that the PRI does not lose its integrity to commercial interests.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Anna Nilsson

**Job Title:** Head of Sustainability

**Signatory Category:** Investment Manager

**Email Address:** anna.nilsson@swedbankrobur.se

**Region:** Europe

**Country:** Sweden

**Organisation:** Swedbank Robur

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

- Conduct policy and research activities in support of specific SDGs of concern to signatories from an investment materiality perspective.

- Focus our Investment Practices work on providing guidance as to how responsible investment and ESG integration ca

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Define and measure the impact of the PRI and investors' current activities in support of the SDGs and communicate publicly about the ways these activities support the SDGs.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

Presently we do not see a need for a seventh principle and revision of the six principles. As it is very unclear what a seventh principle would in practice mean for signatories today we are hesitant. An alternative would be to revise the text in “the Mission” to further encourage signatories to address broader financial system risks and promote a sustainable financial system as these issues are crucial. Based on this we are positive to move forward with a selection of relevant projects and programs as suggested in the consultation.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Targets and measures of success should be set in relation to the purpose of the organisation and the usefulness to the signatories. To have the right metrics is so important that PRI ought to use external expertise. In addition, stakeholder dialogues with the signatories in focus are crucial.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

This could be a useful tool.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Donna F. Anderson, CFA

**Job Title:** Vice President

**Signatory Category:** Investment Manager

**Email Address:** donna\_anderson@troweprice.com

**Region:** North America

**Country:** USA

**Organisation:** T. Rowe Price

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

No

**1b. Should any elements be added to the scope?**

no response given

**1c. Should any elements be removed from the scope?**

In our view, the proposed scope is much too broad. There is still much work to be done on the PRI's core mission of serving investors' needs within responsible investment and engagement. Steering the organization into this much broader direction is not something we have confidence the PRI could do effectively at this time.

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

no response given

**2c. Should any risks, challenges or causes be removed from the current list?**

In our view, Section 2 (delegated investment chain) represents the set of issues where PRI has the opportunity to make the greatest impact. Instead of spreading limited resources thinly across multiple areas of systemic risk, the PRI should focus in the o

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

no response given

**3c. Should any drivers be removed from the current list?**

The list appears to us to be a reasonable set of issues for the PRI to monitor or where it may potentially undertake initiatives. However, these factors are not equally relevant for all investors at all times, so care should be taken to preserve signatori

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

None. We do not believe this is an appropriate area for the PRI to have specific expectations or requirements.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

None. As stated, we believe this should be out of scope for the PRI.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

No. In our view, this would represent a significant departure from the original six principles and the responsibilities they entail.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

As previously mentioned, our perspective is there is plenty of work left to do within the original footprint of the PRI mission, and PRI should focus on the areas where it can have the most impact, given the community of investment managers and asset owners.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

We see no reason why the PRI's mission should stray from its current areas of strength: attempting to smooth out conflicts in the investment chain, educating members about responsible investment integration techniques, highlighting best practices, supporting research, fostering better disclosure among investors, and facilitating RI practices across asset classes.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

**Additional comments**

In our view, the state of global standardized reporting structures is itself in flux at the moment. This would be a difficult time to identify which one will be most widely adopted in the future, so how would the PRI ensure it is partnering with the right organization? Furthermore, given the principles-based approach at the heart of the PRI mission, standardizing reporting across its diverse membership base would be a very difficult exercise with a questionable return on investment.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Erik Mathiesen

**Job Title:** Chief Financial Officer

**Signatory Category:** Asset Owner

**Email Address:** emathies@united-church.ca

**Region:** North America

**Country:** Canada

**Organisation:** The United Church of Canada

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

AUM of signatories

% of signatories with annual sustainability reports

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Elizabeth Lowery

**Job Title:** Principal

**Signatory Category:** Investment Manager

**Email Address:** elowery@tpg.com

**Region:** North America

**Country:** USA

**Organisation:** TPG Capital Advisors, LLC

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

no response given

**1c. Should any elements be removed from the scope?**

We were unsure as to the appropriateness of beneficiaries here - it would be good to understand what PRI has to do with that group directly

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

Whilst we agree with some of the examples and narrative, we do not agree with all and believe that it's a more complicated than analyzed in the consultation paper.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

**3b. Should any drivers be added to the current list?**

The drivers that influence the financial system, is heavily dependent on a number of factors including, but not limited to, the laws for the relevant country where a GP is formed and operates. In addition, if the GP specializes in or invest in certain countries and sectors. More over, macro economic considerations and other unforeseen developments could become a driver of change that influences the financial system. In short - you can't come up with a comprehensive list that captures all of this. We feel it's broader than the list provided.

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

PRI should continue to focus on their strength by looking at guidelines and measurement. There should be pilots around alignment with SDG's, and these should not impact the Framework Assessment or scoring mechanisms. Any implementation of helping signatories integrate SDG's as part of their RI activities, should be all done as part of a learning phase.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Through new questions but they should be bonus questions. Not effectively effect a downgrade in score if an organization is not there yet. This kind of work is probably only going to be achieved amongst the very ESG mature and bigger organisations.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

1) Incentives: a great next focus but wonder if it fits in the framework of a principle or something that should be an industry-wide push

2) Impact measurement: maybe include by updating principle #5 or #6 or create new #7 - focused on understanding effective practices and measuring impact to set an industry standard.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

Champions of e.g. SASB - pushing for integrated reporting. Very ambitious but never the less a goal.

LPs will always choose higher returns over e.g. a socially responsible deal with a lower returns. Perhaps pushing towards integrated standards is the next forward looking and more realistic project/partnership within next 10 years (applies to question 9 also)

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

No

#### Additional comments

The possible risk in partnering with other established reporting organisations is that you are at risk of becoming something else, and it blurs the lines of your own organisations goals and external organisations goals. Partnerships are fine in some respects but very much depending on what organization and what the objective is.

PRI would have to ask what the real value add for PRI and its signatories are as opposed to, the value add for the partnering organisation in question e.g., GRI - who would have very much their own agenda

For this - we refer back to question 9 and organizations such as SASB which is still very much in the PRI's scope of focusing on measuring and reporting on ESG and its integration in firms.

Given the PRI's ambition to align more with SDG's - another beneficial partnership could be with an organization who can help create guidelines/whitepapers for the industry on the measurement of impact.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Ritchie Macdonald

**Job Title:** Marketing Director

**Signatory Category:** Investment Manager

**Email Address:** ritchie.macdonald@tiim.co.uk

**Region:** Europe

**Country:** UK

**Organisation:** Truestone Impact Investment Management

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

No

**1b. Should any elements be added to the scope?**

Retail sales behaviour within advisor firms and banks have a significant impact on consumer understanding of sustainability as well as a significant market share of distribution. This will accelerate behaviour change.

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

2b. Should any risks, challenges or causes be added to the current list?

Inconsistent interpretation of sustainability and wider lack of understanding at an institutional investor and consumer level.

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

Consumer desire to be more sustainable/fairer in their expectations of investment returns - using impact investment as an option to solve problems

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

no response given

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

no response given

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

no response given

6b. additional comments

no response given

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

no response given

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

- 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

no response given

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Pierre-Antoine Boulat

**Job Title:** UBS & Society Divisional Program Manager for UBS Asset Management Division

**Signatory Category:** Investment Manager

**Email Address:** pierre-antoine.boulat@ubs.com

**Region:** Europe

**Country:** Luxembourg

**Organisation:** UBS Asset Management

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

The inclusion and exclusion lists split the asset owners/investors in two categories : institutional and retail. In its 10 first years PRI focused on investment management (asset owners and investment managers) and that should not be changed. There are other institutions that have been working with other sectors of the financial industry and PRI should remain focused on investment management.

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

No

**2b. Should any risks, challenges or causes be added to the current list?**

It seems that "more than 30 underlying conditions which could cause the system to fail to support sustainable economic development" suffice. A previous PRI consultation Overcoming Barriers to a Sustainable Financial System: Signatory - 31 July 2013 (PRI, London) contained in the Literature Review prepared by PRI for the 2016 consultation, the meta-categories are very similar. Adopting a sustainable market-driven high-level view, the causes of risks and challenges can be boiled own in my opinion to 4 meta-causes : lack of long-term perspective, non-integration of externalities, ineffective organizational governance and inadequate public intervention. The overriding cause of risks and challenges in a material world is ignorance of facts and the best approach to cure is education.

**2c. Should any risks, challenges or causes be removed from the current list?**

PRI should keep its focus on the investment chain and the relationship between investors and companies, even though '3. Operation of markets' and '4. Externalities' are important factors in the development of a sustainable financial system. The investment

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

**3b. Should any drivers be added to the current list?**

Drivers

- financial inclusion ADD "and exclusion"
- Conflict ADD qualifications (e.g. geographic, religious, generational, wealth/income dispersion, access to natural resources, ethnic, gender)
- ADD "Zero tolerance for risk"

**3c. Should any drivers be removed from the current list?**

- structural changes in the design of pensions Would this not be a consequence of other drivers (demographics, market returns, regulation) than a driver ?REMOVE
- the growth of emerging markets; What does this mean ? on the contrary we appear to witness

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

As laid out in the 'Options for the PRI' section (p. 16 of the PRI Formal Consultation paper), the PRI should focus on: policy and research activities in support of the SDGs that can be material from an investment perspective; provide guidance on how SDGs can be integrated into responsible/ ESG investments; and contribute and provide guidance to investors on company engagement in relation to the SDGs.

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

Other organizations (e.g. GRI, SASB, etc) are in a better position to align reporting activities and standards to impacts, outcomes, the SDGs. It is now also increasingly a (sometimes inconsistent) regulatory reporting (for instance in France under Article 173 of France's law on "energy transition for green growth", and in the EU: Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups). PRI should refrain from adding its own reporting framework and only make reference in the Reporting Framework once standards are set by the aforementioned standards organizations. PRI should not increase the reporting burden that investors/actors/reporting entities currently face.

PRI should look to retain the focus upon the existing principles and avoid overburdening signatories with further reporting. The PRI should not be looking to move responsibility onto signatories to solve any problems in the global financial system. Investors come in all types and sizes and with different expectations and aspirations, and adding requirements upon signatories is not appropriate.

## UPDATING THE PRINCIPLES

- 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

**6b. additional comments**

No, the Principles adequately reflect the steps that can be taken by investors to develop a sustainable financial system. By applying the six Principles investors are aligning their goals with broader objectives of society and fostering a sustainable financial system. The PRI appears to increasingly attempt spread itself across a wide range of topics. We feel it is in danger of losing focus and becoming a special interest group. We encourage PRI to stick to supporting signatories in the integration of the core principles within the investment process.

- 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

- 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success for PRI should be linked to mainstreaming responsible investment among institutional investors. Metrics that assess the share of AuM that integrates ESG risks and opportunities can be used to monitor success, demographics of signatories.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

No

**Additional comments**

Other organizations (e.g. GRI, SASB, etc) are in a better position to align reporting activities and standards to impacts, outcomes, the SDGs. It is now also increasingly a (sometimes inconsistent) regulatory reporting (for instance in France under Article 173 of France’s law on “energy transition for green growth”, and in the EU: Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large undertakings and groups). PRI should refrain from adding its own reporting framework and only make reference in the Reporting Framework once standards are set by the aforementioned standards organizations. PRI should not increase the reporting burden that investors/actors/reporting entities currently face.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Dafne Nienhuys

**Job Title:** ESG coordinator

**Signatory Category:** Investment Manager

**Email Address:** dafne.nienhuys@uff.co.za

**Region:** Africa

**Country:** South Africa

**Organisation:** UFF Management (PTY) Ltd

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Incorporate the SDGs under the 6 principles and request reporting on it, monitor and follow up on that reporting

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Provide attractive reports with more pictograms, figures and symbols.

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

follow up should be done on submitted reports, no check is provided

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

you can refer to the 6 principles as well: WE WILL WORK TOGETHER TO ENHANCE OUR EFFECTIVENESS IN IMPLEMENTING THE PRINCIPLES. show in which way UNPRI has worked to improve the implementation of principles - facilitating communication amongst members, sharing best practice

WE WILL PROMOTE ACCEPTANCE AND IMPLEMENTATION OF THE PRINCIPLES WITHIN THE INVESTMENT INDUSTRY. here you can show how and which type of promotion you have done for example

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen’s recommendation)?**

Yes

Additional comments

The IRIS reporting framework / mapping is a good example.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Kalyani Inampudi

**Job Title:** n/a

**Signatory Category:** Non-Signatory

**Email Address:** kalyanielpass@yahoo.com

**Region:** Europe

**Country:** UK

**Organisation:** Undisclosed

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

no response given

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a**

**sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

no response given

Additional comments

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Eric Cockshutt

**Job Title:** Responsible Investment Coordinator

**Signatory Category:** Investment Manager

**Email Address:** ecockshutt@unigestion.com

**Region:** Europe

**Country:** Switzerland

**Organisation:** Unigestion

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

We think that the PRI needs to be very choiceful about which SDGs, and which sub-goals, are relevant. We must be mindful that signatories agreed to the 6 Principles (not 7) and did not sign on to the SDGs. Any SDGs that are supported must be 100% aligned with the Principles. Any measures in the Reporting Framework also need to be 100% aligned with the Principles.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Focus is the key. If we look at all 17 SDGs and all the sub-goals then we will be overwhelmed. The SDGs could be phased in over time rather than en masse. Perhaps SDSGs are like "bonus points" and above the regular Assessment Report.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

no response given

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Francisco Seixas

**Job Title:** Junior Analyst

**Signatory Category:** Investment Manager

**Email Address:** francisco.seixas@vallis.pt

**Region:** Europe

**Country:** Portugal

**Organisation:** Vallis Capital Partners

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

Demand for transparency and accountability

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

Update the current PRI reporting framework to incorporate the SDGs matters;

Events and publications focused on SDGs to provide more information and increase awareness among the signatories;

Disclosure of best practices and cases of success in the achievement of the SDGs, in order to induce signatories to adopt a behaviour compatible with the SDGs by being confronted with real cases and corresponding results.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

PRI shall update the current reporting framework to incorporate the SDGs matters. With that purpose, specific metrics related with each one of the SDGs must be defined to be then reported by all the signatories.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

We suggest a revision of Principle 3 as indicated below:

“We will actively promote the implementation and seek appropriate disclosure on ESG issues by the entities in which we invest.”

In our opinion, none of the 6 principles clearly states the role of

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Capacity to retain and continuously increase the number of signatories;

Make reporting on ESG issues mainstream within the financial industry;

Continuously improve the PRI reporting tools and promote the adoption of the new reporting frameworks by the vast majority of the signatories;

Promotion of regular training and discussions to share regulatory development and best practices (online seminars, workshops, etc);

Capacity to make clear the advantages the signatories have on belonging to the PRI network, either from the perspective of the access they have to other members, events, materials, ..., as well from the perspective that the fact of being a PRI signatory increases the confidence the different stakeholders have on them.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

[Additional comments](#)

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Heli Kämäräinen

**Job Title:** Heli Kämäräinen

**Signatory Category:** Investment Manager

**Email Address:** heli.kamarainen@tresor.fi

**Region:** Europe

**Country:** Finland

**Organisation:** Varainhallinta Tresor Oy

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

It is important to keep these 17 goals topmost in the investment strategy. The follow-up is crucial.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

I think it is already well executed.

## UPDATING THE PRINCIPLES

6. **Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

6b. additional comments

no response given

7. **Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

7b. Additional comments

it is well covered in the consultation paper.

## MEASURING THE PRI'S PROGRESS AND IMPACT

8. **How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

no response given

9. **Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

## Additional comments

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** Frank Wagemans

**Job Title:** Senior Project Manager Responsible Investment

**Signatory Category:** Non-Signatory

**Email Address:** frank.wagemans@vbdo.nl

**Region:** Europe

**Country:** Netherlands

**Organisation:** VBDO, Dutch association of investors for sustainable development

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

The present question and scope are focused on the financial sector. However, it is also important to take other relevant stakeholders into account in the actual implementation of the principles such as clients, beneficiaries and NGOs with a link to the financial sector and/or SDGs

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

Also societal trends and therefore shifting preferences of clients and beneficiaries can be a driving force in the push for a more sustainable financial system and should be taken into account as such.

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

1) Translate the principles of the PRI to actual best practices that support implementation of the SDGs

2) Facilitate impact measurement of the effect of responsible investment on the SDG's. Especially in relation to impact investing and active ownership.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

More attention to the societal impact of responsible investment. Important to develop the reporting framework on this topic together with other initiatives, NGOs and experts.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

6b. additional comments

no response given

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

7b. Additional comments

The current principles are on a meta-level, and it is sometimes unclear on how and to which extent they should be put into practice. Therefore it is important to provide more guidance on what the minimum standards and best-practices are for putting these

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

- Providing clear insight in the growth of responsible investment overall and the different strategies within responsible investment.
- Clear insight in, and increased positive impact of responsible investing on society and the SDGs.
- Mainstream respon

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

Yes. It is important to work together with other initiatives, NGOs, experts and academia on the reporting framework . The importance to work in broader coalition is also of importance in all the other work of the PRI. Although the PRI has grown, it is still a small force in the financial sector as a whole. Only by working in coalitions it is possible to have a strong influence on financial institutions and maintain legitimacy among financial institutions as well as society as a whole.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Natalie Ernst

**Job Title:** Corporate Sustainability Manager

**Signatory Category:** Investment Manager

**Email Address:** natalie.ernst@vontobel.ch

**Region:** Europe

**Country:** Switzerland

**Organisation:** Vontobel Holding AG

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

No

#### 1b. Should any elements be added to the scope?

Private banking / affluent clients should be included as well. As this client segment is much more passionate about impact investment than most of institutional investors, this would be a good opportunity for PRI.

Maybe it is also a matter of the wording you choose in this consultation: by "savers", do you mean private banking / affluent clients as well?

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

No

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

Although we totally agree that these are the most important drivers of change, PRI signatories cannot influence them. One might argue that the signatories should take them into account - but it is neither possible nor does it make sense to consider all of

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

It is not the primary mandate of PRI signatories to align their activities with the SDGs. The PRI should understand itself as a service institution on how to align with the 6 principles - not with the SDGs.

So rather than investing major resources into trying to create a reporting against the SDGs, rather create tangible solutions for signatories.

These could be:

- guidance on the exclusion of controversial weapons
- guidance on the use of carbon screenings
- collaborative engagement opportunities that target SDGs as well.

It is important to understand that many SDGs are not relevant to the core business of a company but rather can be interesting when it comes to the overall Corporate Responsibility commitment of an asset manager.

#### **5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

Enable more open-ended response fields where signatories can describe how they were able to generate impact and / or perform against the SDGs.

By no means make the full number of SDGs an integral part of the PRI reporting. For quite a few institutional investors, this could be a reason not to report to the PRI anymore as they consider their major task to generate returns (and not impact). This might change in the future, but the PRI should not anticipate too much in this regard.

But as mentioned above, give the voluntary opportunity to report in open-ended response-fields.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

No

### 6b. additional comments

In general, the signatories do not have the possibility to influence regulation in a great way. Of course, the PRI, representing a growing number of signatories, can engage with policy makers in order to a change regulation into the direction of a sustainable financial system. But starting with signatories having to report on how they contributed to a sustainable financial system seems the wrong approach to us.

Furthermore, under principle 4 you can find now:

We will promote acceptance and implementation of the Principles within the investment industry.

-> Support regulatory or policy developments that enable implementation of the Principles.

One could phrase this sentence a bit differently:

-> Support regulatory or policy developments towards a more sustainable financial system in order to enable a better implementation of the Principles.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

Replace "ESG" with "sustainability" in Principle 1 and 2 (and consequently in all bullets explaining principle 1 and 2):

We will incorporate sustainability issues into investment analysis and decision-making processes.

We will be active owners and i

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Number of signatories

AuM

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

no response given

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Kirsty Jenkinson

**Job Title:** Managing Director, Sustainable Investment Strategies

**Signatory Category:** Asset Owner

**Email Address:** kjenkinson@wespath.com

**Region:** North America

**Country:** USA

**Organisation:** Wespath Investment Management (General Board of Pension and Health Benefits of the United Methodist Church)

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

**1b. Should any elements be added to the scope?**

No - but I do think it will be very important to distinguish clearly between how the PRI's emphasis will differ from those "primary" and "secondary" focus constituents and the inevitable overlap/interaction between them.

**1c. Should any elements be removed from the scope?**

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

I think that the risks and challenges have been well identified, but the structure of this section and the four categories feel random/disjointed (as well as repetitive). Perhaps it would work better if (fewer) major challenges were drawn out (e.g. short-

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

As in earlier sections, while the lists seem comprehensive, it is likely going to be the interplay \*between\* the drivers of change and the geopolitical forces - that actually is most important for the PRI to monitor.

3c. Should any drivers be removed from the current list?

How are the broad themes of incentives and culture - which dramatically influence and shape the financial system - going to be incorporated?

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

By conducting an analysis that helps signatories determine which SDGs we can most effectively and easily support. As the consultation paper acknowledges, investor activity is not

always directly linked to each SDG. If we had a clearer (and more shared) view on the "top SDGs" we as a community can influence, we could focus our energies, our reporting and our tracking our overall contribution. As there are 17 goals, they can seem overwhelming so the PRI could do some of the legwork in helping us how to select and prioritize.

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

I think it is likely to be too onerous (on the reporters and the PRI) to try and capture in-depth SDG-contributions in the Reporting Framework. Perhaps a different approach is needed. Should the PRI select a few SDG's each year and make them "priority areas" for signatories to demonstrate their support and actions? I envisage an almost competitive spirit where we are trying to highlight the importance of a particular SDG and how the investment community is contributing towards it. At the end of the year, the PRI can try and aggregate actions and report on progress.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

**6b. additional comments**

I think this is an important point that needs to be captured - however, I am not sure that adding a 7th Principle achieves this goal. It isn't a separate and unique point, the maintenance of a sustainable financial system should be the WHOLE point - and the goal which the other principles underpin. Maybe instead there needs to be an annual re-commitment to the Mission by all signatories to reinforce the ultimate goal we are working towards?

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

No

**7b. Additional comments**

I think they remain strong and we need to focus on improving our implementation of them, rather than changing them.

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Success should largely be defined by breadth of signatories (ie financial market penetration) and depth of impact (ie support of sustainable financial system).

Metrics and targets need to either align with the 6 principles, risk mitigation (stemming from the risks identified) or support of the SDGs (or a blend of all three). These are the primary drivers of activity and so metrics could be determined to show progress in all areas.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

Yes

**Additional comments**

Yes - but I see this as further down the line.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT RESPONSE

**Name:** George Latham

**Job Title:** Managing Partner and CIO

**Signatory Category:** Investment Manager

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**Region:** Europe

**Country:** UK

**Organisation:** WHEB Asset Management

## SUSTAINABLE FINANCIAL SYSTEM

**1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?**

Yes

1b. Should any elements be added to the scope?

no response given

1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

2b. Should any risks, challenges or causes be added to the current list?

no response given

2c. Should any risks, challenges or causes be removed from the current list?

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

3b. Should any drivers be added to the current list?

no response given

3c. Should any drivers be removed from the current list?

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

**4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?**

The SDGs themselves are not an investment framework and address a range of objectives that lie outside the private market. We think it will be important for the PRI to develop some guidance on how to interpret the SDGs in an investment context in order to make them relevant to investors. See our blog on the SDGs at <http://www.whebgroup.com/do-the-uns-sustainable-development-goals-represent-a-useful-investment-framework/>

**5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?**

There should somewhere be a clear statement that ESG is not an adequate response if the objective of the PRI is to ensure the investment community actively contributes towards

sustainable development (and the achievement of the SDGs). Perhaps the best way of framing this is that the UN-PRI needs to develop a framework that ensures that signatories think about actual real world impacts (outputs) of their investment decisions. This inevitably then embraces questions around the types of products and services that companies supply and not just the ESG questions of how they operate.

## UPDATING THE PRINCIPLES

**6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.**

Yes

[6b. additional comments](#)

Could a seventh principle (and ideally this should be the first principle) be something along the lines of 'We will assess how our investment activities contribute to sustainable development, for example in supporting the UN Sustainable Development Goals.' ('measure' is possibly too difficult.)

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

[7b. Additional comments](#)

I think the use of the term ESG has potentially become problematic.

ESG integration has become short-hand for sustainability as a whole. However, ESG analysis, as currently practiced by much of the market (particularly ESG ratings and research agency

## MEASURING THE PRI'S PROGRESS AND IMPACT

### 8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?

Today membership of the PRI alone is seen by many as a sufficient response by many asset owners and asset managers. Long term success would be an environment when how an asset manager implements its sustainable investment strategy has become a key competitive advantage, and mandates are being awarded on this basis. This step is required to move the industry on from what is too often a compliance based approach to these issues today.

### 9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?

Yes

#### Additional comments

Yes - too often initiatives from these competing organisations are not co-ordinated with each other. It would be good to see more collaboration to avoid duplication and wasted resources.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Magnus Emfel

**Job Title:** Senior Advisor Sustainable Economy

**Signatory Category:** Non-Signatory

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**Region:** Europe

**Country:** Sweden

**Organisation:** World Wide Fund for Nature (WWF)

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

Where do the ratings agencies sit here in the ecosystem PRI looks at? They should at least be part of the constituency. The same is true for indices and passive investment vehicles, so the index provider space would be good if taken on board (if not already accounted for e.g. in Service Providers)

#### 1c. Should any elements be removed from the scope?

no response given

**2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?**

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

In "2. The relationship between investors and managers, owners, beneficiaries and advisers in the investment chain", while all items are relevant, more attention is needed on the role and responsibilities of asset owners when it comes to sustainability-related decision-making.

Re. "4. Externalities", a common use of the concept of externalities often refer to natural resource depletion and scarcity, mismanagement of ecosystems, climate change etc. This is mentioned under "Drivers of change" below, but may cause some confusion if it's lacking in the discussion about externalities? Regardless, the natural foundation for economic development deserve further recognition as a balance to the list of risks and conditions for a sustainable financial system.

**2c. Should any risks, challenges or causes be removed from the current list?**

no response given

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

The impact of increasing standards of living, and thereby change/increas in consumption, is a very potent indicator for what drives change. This can of course be found behind the seven forces mentioned, but adding the consumption lens could improve the understanding of drivers of change.

**3c. Should any drivers be removed from the current list?**

no response given

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

Based on the general principle of aligning RI with the SDGs, the PRI should call for and support the development of operationable investment models and indicators (such as the Sustainable Energy Investment Metrics for 2C alignment from 2 Degrees Investing Initiative).

PRI should set up a project to map all indicators on risk etc. in financial market regulation and how the SDGs could be integrated there – example: Probability of default as a risk metric, hence per SDG there needs to be a definition of how misalignment with the SDG increases the risk of probability of default.

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

Ask annually if signatories align their operations with the SDG framework, with which of the goals and what their contributions is in absolute terms to the targeted goals.

## UPDATING THE PRINCIPLES

### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

No

#### 6b. additional comments

While all actors in the financial system need to respect and comply with regulations, it should not be regarded as mandatory for each and everyone to take responsibility for the system as such. There should be no restrictions for financial actors who wants to engage to enhance the

financial system, but no requirements beyond 'respect and comply' either. A clear division of roles between regulators etc and market actors is preferable.

**7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?**

Yes

**7b. Additional comments**

Responsible investing should by default mean investing with full respect for human rights & needs and within the boundaries of the natural systems which provide the basis for all economic well-being. There are plenty of scientific evidence and internation

## MEASURING THE PRI'S PROGRESS AND IMPACT

**8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

PRIs metric should be that all its signatories can define which SDG's they contribute to, and provide measurable evidence in absolute terms for their progress towards the targeted goal/s.

In general terms, PRI is encouraged to a change of direction which would mean that its objectives should be firmly linked to mainstreaming RI, and not maintaining a parallel ESG universe.

**9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

### Additional comments

No, rather engage with 'mainstream' regulatory and reporting bodies to enhance conventional reporting to integrate material sustainability data.

However, it would be good if the PRI can take a clear and strong complementing role vis-à-vis regulators – on carbon risk for instance, PRI could drive a process on to identify preferred risk assessment tools, striving towards some sort of standard.

# PRI: SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT

## RESPONSE

**Name:** Michael Badura

**Job Title:** Leiter Compliance

**Signatory Category:** Asset Owner

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**Region:** Europe

**Country:** Germany

**Organisation:** WPV

## SUSTAINABLE FINANCIAL SYSTEM

### 1. Do you agree that these inclusions and exclusions adequately capture the scope of the financial system that the PRI should focus on?

Yes

#### 1b. Should any elements be added to the scope?

The more participants will be included the more penetration of the sustainable idea is possible. Direct or indirect dependencies may arise by these parties for the already listed signatories.

#### 1c. Should any elements be removed from the scope?

No

### 2. Do you agree that this list and the more detailed list in the supplementary document, adequately captures the causes of risks and challenges to the development of a sustainable financial system that the PRI should address?

Yes

**2b. Should any risks, challenges or causes be added to the current list?**

The following description can be applied to question 3.

Many risks can also represent a possible driver of change.

e.g. Acting of Supervisory authorities, Supranational Authorities and NGO's, Education, geopolitical risks, religious and ethnical conflicts, attitude of global acting corporations as far as they have an essential market impact, decline of leading industrialized nations.

The UNPRI should define its goals more closely. A lot of the goals are potentially impacted by risks and drivers of change which are possibly better placed within other UN Organizations. The cooperation of institutions should be improved in order to avoid duplication of work.

**2c. Should any risks, challenges or causes be removed from the current list?**

No.

**3. Do you agree that the drivers of change identified in the paper are the most important to monitor to ensure that the PRI's work remains relevant to the financial systems of the future?**

Yes

**3b. Should any drivers be added to the current list?**

The following description can be applied to question 2.

A possible driver of change can also represent a risk.

e.g. acting of supervisory authorities, supranational authorities and NGO's, education, geopolitical stability, attitude of global acting corporations as far as they have an essential market impact.

**3c. Should any drivers be removed from the current list?**

No

## ALIGNING INVESTMENT WITH SOCIETY: THE SGDS

### 4. How can the PRI better support signatories to align their responsible investment activities with the SDGs?

UNPRI should provide a kind of a black list or watch list with relevant investment topics. It could also be helpful to provide an investment questionnaire which supports a matching of the UNPRI idea. These lists and questionnaires should be a code of conduct.

### 5. How can the PRI better capture the impacts and outcomes of signatories' responsible investment activity via its Reporting Framework (e.g. signatory contribution to the SDGs)?

A quantitative framework which illustrates the change of investment behaviour towards PRI.

## UPDATING THE PRINCIPLES

### 6. Should the Principles be updated to include a clear reference to the need for signatories to take steps to address broader financial system risks and promote a sustainable financial system, as stated in the PRI's mission? This could be achieved by adding a seventh principle for example.

Yes

6b. additional comments

Refer to question 7

### 7. Can you identify and other revisions that may need to be made to the existing six Principles to ensure they better reflect the responsible investment activities and priorities of signatories?

Yes

7b. Additional comments

Some of the existing 6 principles should be summed up (e.g. Principle 1 and 2, Principle 4 and 5).

To improve the credibility of PRI it should be added that members, can also be delisted.

New principle:

UNPRI is convinced that an improvement of ESG

## MEASURING THE PRI'S PROGRESS AND IMPACT

### **8. How would you define success for the PRI in 10 years' time? What metrics should the organisation use to determine whether it has achieved this and what targets should it set for itself?**

Do you think that there is a measurable success beside the increment of signatories?

Maybe we are not close enough to all PRI efforts and results in order to judge it correctly, but the success Story should be more visible to the public. This should be a target.

### **9. Should the PRI partner with other established reporting organisations (e.g. GRI, IIRC) to develop investor reporting supplements for their sustainability reporting frameworks (as per Steward Redqueen's recommendation)?**

No

#### **Additional comments**

From our point of view there are currently more important goals to improve the outcome of the PRI. Later on this should be of course a topic.