

Fiona Reynolds
CEO, Principles for Responsible Investment
25 Camperdown Street, London, E1 8DZ
E-mail: fiona.reynolds@unpri.org

Laura María Santa Zuluaga
Delegatura para Pensiones
Superintendencia Financiera de Colombia
Calle 7ª No. 4 - 49
Oficina 317 Zona B

11 April 2019

Dear Laura María Santa Zuluaga

The PRI welcomes the proyecto de documento tecnico de buenas practicas, issued by the Superintendencia Financiera de Colombia.

The PRI has limited our response to section 8, ESG criteria. The PRI agrees that:

- ESG issues should be incorporated in the investment policies and processes of Pension Fund Administrators (AFPs) and Private Equity Funds (FCPs).
- FCPs should have investment policies and processes to identify and manage risks and opportunities related to ESG issues in investment decision-making.
- AFPs should monitor and evaluate FCPs to ensure ESG issues are integrated in investment policies and processes.
- AFPs should assess the impact that climate change could have on the value of the underlying investments as a result of physical risks and transition risks.
- AFPs should also disclose their own investment policies and processes to incorporate ESG issues.

The PRI recommends that AFPs clarify that FCPs should incorporate ESG issues consistent with the time frame of the beneficiary, and that the ESG preferences of beneficiaries should be understood and incorporated.

The PRI recommends that the Superintendencia Financiera de Colombia, and AFPs, refer to the PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire (DDQ) as a starting point for engaging FCPs¹.

The DDQ seeks to build a consistent industry approach from Limited Partners (LPs) on ESG due diligence and to facilitate more effective disclosure from General Partners (GPs).

The DDQ includes a series of questions under four topics:

- What are your ESG-related policies and how do ESG factors influence your investment beliefs?
- How do you identify and manage material ESG-related risks and use ESG factors to create value?
- How do you contribute to portfolio companies' management of ESG-related risks and opportunities?
- How can LPs monitor and, where necessary, ensure that the fund is operating consistently with agreed-upon ESG-related policies and practices, including disclosure of ESG-related incidents?

The PRI DDQ is incorporated in the ILPA (Institutional Limited Partners Association) DDQ. The PRI has attached the DDQ to this submission. The PRI could translate the DDQ if necessary.

Yours sincerely,



Fiona Reynolds, CEO
Principles for Responsible Investment

ABOUT THE PRI

The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in integrating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

¹ <https://www.unpri.org/private-equity/lp-responsible-investment-ddq-and-how-to-use-it/113.article>

The PRI is truly independent. It encourages investors to use responsible investment to enhance returns and better manage risks, but does not operate for its own profit; it engages with global policy makers but is not associated with any government; it is supported by, but not part of, the United Nations.

THE SIX PRINCIPLES

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the principles.
6. We will each report on our activities and progress towards implementing the principles.