

# Emergency evacuation procedure

- No fire drills planned during the conference
- In case of an emergency, tannoy and hotel staff will advise how to proceed
- If instructed, go straight to the nearest assembly point using all emergency exits, and await further instructions:

Yerba Buena Gardens, across Mission Street

- In the event of a medical emergency, dial 9-911 from a hotel phone for assistance and notify the conference organizers
- Dial 0 from any hotel phone for emergency assistance from the venue.



 PRlin Person

# 2018 Signatory General Meeting

Wednesday 12 September

 #PRlinPerson

# Signatory General Meeting

## Agenda

- **Welcome address and PRI Board report** (Martin Skancke, Chair, PRI Board)  
(10:45-11:00)
- **Management and financial report** (Fiona Reynolds, CEO, PRI)  
(11:00-11:30)
- **Q&A** (Martin Skancke, chair, PRI Board and Fiona Reynolds, CEO, PRI)  
(11:30-12:00)
- **2018 board director elections** (Martin Skancke, Chair, PRI Board)  
(12:00-12:15)

# Principles for Responsible Investment





# PRI Board report

Martin Skancke, PRI Chair

# Management and financial report

Fiona Reynolds, CEO



# Blueprint for responsible investment

Over the next 10 years, the PRI will focus on the following areas of impact:

## RESPONSIBLE INVESTORS

We will strengthen, deepen and expand our core work of leading responsible investors in their pursuit of long-term value.

- EMPOWER ASSET OWNERS
- SUPPORT INVESTORS INCORPORATING ESG ISSUES
- FOSTER A COMMUNITY OF ACTIVE OWNERS
- SHOWCASE LEADERSHIP AND INCREASE ACCOUNTABILITY
- CONVENE AND EDUCATE RESPONSIBLE INVESTORS



# Blueprint for responsible investment

Over the next 10 years, the PRI will focus on the following areas of impact:

## SUSTAINABLE MARKETS

We will address unsustainable aspects of the markets that investors operate in, to achieve the economically efficient, sustainable global financial system that responsible investors and beneficiaries need.

- CHALLENGE BARRIERS TO A SUSTAINABLE FINANCIAL SYSTEM
- DRIVE MEANINGFUL DATA THROUGHOUT MARKETS





# Blueprint for responsible investment

Over the next 10 years, the PRI will focus on the following areas of impact:

## A PROSPEROUS WORLD FOR ALL

We will enable signatories to improve the real world – now and in the future – by encouraging investments that positively impact the societies in which we live and the environment we pass on to future generations.

- **CHAMPION CLIMATE ACTION**
- **ENABLE REAL-WORLD IMPACT ALIGNED WITH THE SDGs**

# 2017/18



Empower asset owners



Support investors incorporating ESG issues



Foster a community of active owners



Showcase leadership and increase accountability



Convene and educate responsible investors



Challenge barriers to a sustainable financial system



Drive meaningful data throughout markets



Champion climate action



Enable real-world impact aligned with the SDGs

# How signatories got involved in 2017/18

**333**

posts to the Collaboration Platform

**Nearly 500**

signatories guided the PRI's work through advisory committees or working groups

**700+**

requests to view Assessment Reports and Transparency Reports in the Data Portal

**480**

signatories reported in pilot indicators aligned with TCFD recommendations

**4,000**

members of the academic network

**950+**

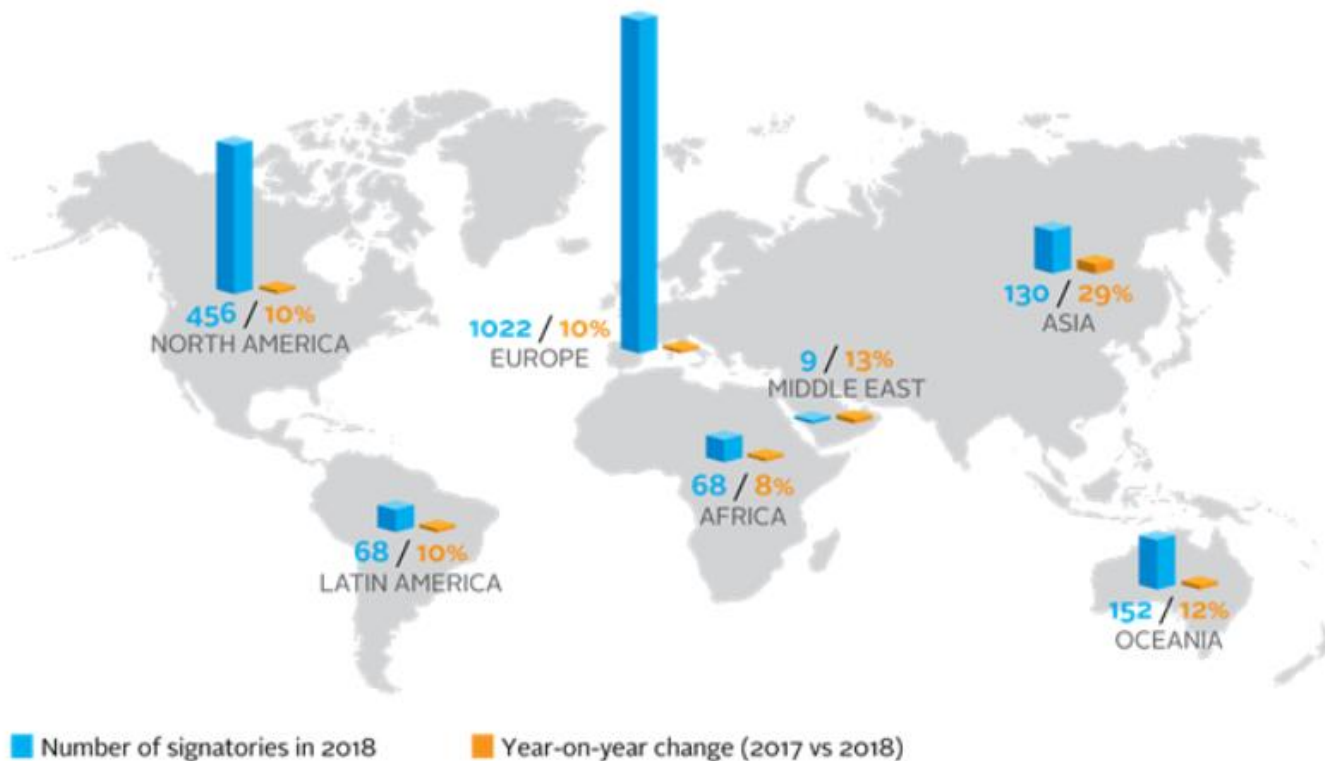
delegates at PRI in Person in Berlin

**159%**

increase in PRI Academy enrolments

# Signatory overview 2017/18

PRI signatories region breakdown and increase against 2017



**39 new AO signatories**

**14% net signatory growth**

**Enhanced presence and growth in**

- China
- Japan
- Southern Europe
- French-speaking signatories



# Reporting on RI practices

## 25% increase in ESG in hedge funds

Asset owners considering ESG issues in hedge funds following the release of the due diligence questionnaire

## 234 signatories mentioned the SDGs

in their reporting responses, up from 80

## Active ownership in fixed income

73% of signatories engage on their corporate bonds

## Fixed income catches up to listed equities

ESG integration in FI is now as common in listed equities, with 90% of asset owners considering ESG issues in their indirectly held securitised and SSA bonds, up from 68%

**But...**

## Only 44% of signatories

have investment policies in place that cover E, S and G issues for the majority or all of their assets

# Empower asset owners

Heading the investment chain, asset owners wield enormous power and influence

## RESPONSIBLE INVESTORS



**Nearly a third**

of the PRI's asset owner signatories participated in the asset owner consultation

Signatories from

**19 countries**

participated

# Empower asset owners

Heading the investment chain, asset owners wield enormous power and influence

## RESPONSIBLE INVESTORS

### The PRI's unique value proposition

- Global nature of the PRI
- Covers all areas of responsible investment
  - E, S and G
  - All asset classes
  - Involved in global decision making / thought leadership
  - Convening power and bringing together global practices
  - UN link
  - Accountability through reporting (although different views on the reporting itself)

# Empower asset owners

## Consultation findings

### RESPONSIBLE INVESTORS

#### Drive value – but underutilised

- The Collaboration Platform
- The Data Portal
- The PRI Academy

#### Surprises

- ‘Drive meaningful data throughout the markets’

#### What signatories want more of

- Integration tools and guidance
- ESG themed guidance
- Active ownership guidance (outside just listed equities)
- Thought leadership and guidance on future issues
- Events, particularly asset owner only events
- Guidance on the issue of climate change
- Case studies on best practice



# Support investors incorporating ESG issues

ESG issues affect investment performance across companies, sectors, regions and asset classes

## RESPONSIBLE INVESTORS

### Fixed income

- First full-day fixed income conference in San Francisco

### Infrastructure

- Primer on responsible investment in infrastructure
- Series of events in Melbourne, New York, Toronto and London

### Credit ratings agencies

- ESG, credit risk and ratings: part 2 – exploring the disconnects

### Private equity

- Incorporating responsible investment requirements into private equity fund terms
- Human rights in private equity discussion paper

# Foster a community of active owners

ESG issues affect investment performance across companies, sectors, regions and asset classes

## RESPONSIBLE INVESTORS

### Environmental

- Growing water resilience: an investor guide on agricultural supply chains
- Developing work on plastics in the ocean

Engagements: deforestation, palm oil, climate change for oil and gas companies, methane, water.

### Social

- An investor briefing on the apparel industry: moving the needle on responsible labour practices
- Drilling down into the cobalt supply chain: how investors can promote responsible sourcing practices

Engagements: human rights in the extractives industry

### Governance

- Evaluating and engaging on corporate tax transparency: an investor guide

Engagements: cyber security

# Showcase leadership and increase accountability

A race to the top and a clear rulebook improve results

## RESPONSIBLE INVESTORS

### Signatories must meet the following minimum requirements:

- Investment policy that covers the firm's responsible investment approach, covering >50% of AUM
- Internal/external staff responsible for implementing RI policy
- Senior-level commitment and accountability mechanisms for RI implementation

# Showcase leadership and increase accountability

A race to the top and a clear rulebook improve results

## RESPONSIBLE INVESTORS

### Setting minimum standards

**174**

organisations  
contacted

**39**

engagement sessions  
already completed

**73 (41%)**

engagement sessions  
in progress

**100% engagement**

from signatories in the Netherlands, Canada, Japan, Luxembourg,  
Denmark, Puerto Rico and Hong Kong



# Showcase leadership and increase accountability

A race to the top and a clear rulebook improve results

## RESPONSIBLE INVESTORS

### Showcasing leadership

- We will showcase good practices and recognise practices from different types of signatories
- We will showcase leadership at an awards ceremony at PRI in Person 2019 in Paris



# Convene and educate responsible investors

Sharing knowledge, reaching new people and supporting development will benefit everyone

## RESPONSIBLE INVESTORS

**159%**  
**increase**

in PRI Academy enrolments

**Launched trustee course**

**13**

research papers

### Academic research on issues such as:

- The just transition
  - Launching investor statement
- Economic inequality
- How investor engagement creates value

# Challenge barriers to a sustainable financial system

Creating long-term value requires a sustainable global financial system

## SUSTAINABLE MARKETS

### US: deregulatory market-led approach:

- Department of Labor → more cautious ESG tone, no longer enforcing Fiduciary Rule
- CHOICE Act → rolling back Dodd Frank

### Positive signals:

- Progress at city (New York) and state (California, Illinois) level on sustainable finance
- Positive recommendations by the GAC on ESG issues



# Challenge barriers to a sustainable financial system

Creating long-term value requires a sustainable global financial system

## SUSTAINABLE MARKETS



### Europe

- Policy-led approach → capital market stability to capital market purpose
- ESG “opt-out” proposals
- European Commission: “explicitly require ESG”



### China

- Green finance approach
- Companies required to disclose environmental indicators



# Drive meaningful data throughout markets

Good decisions need good data

## SUSTAINABLE MARKETS

Introducing the Data Portal

**80% of 2018  
reporters**

use the Data Portal to view their  
Assessment Reports and/or to view other  
signatories' Transparency Reports

**Asset owners hold  
investment managers  
to account: 66% of all  
asset owner signatory**

requests to investment manager signatories were  
approved

**A total of 1,200 requests**

from investors to access Assessment Reports and private  
Transparency Reports of other investors

# Champion climate action

Climate change is the highest priority ESG issue facing investors

A PROSPEROUS WORLD FOR ALL

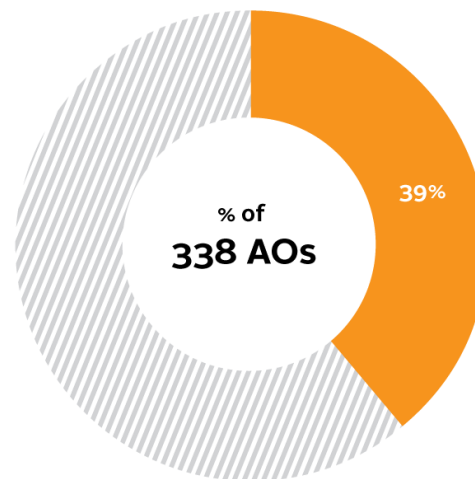
**480 signatories reporting – 33%**

**28%**

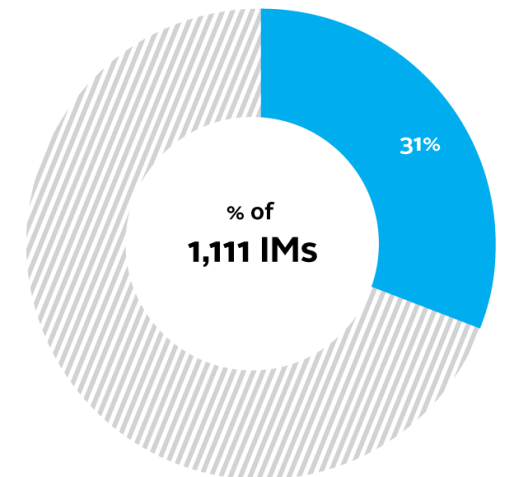
of reporting signatories made their information public

Percentage of signatories that reported on the new TCFD-aligned climate indicators

Asset owners



Investment managers

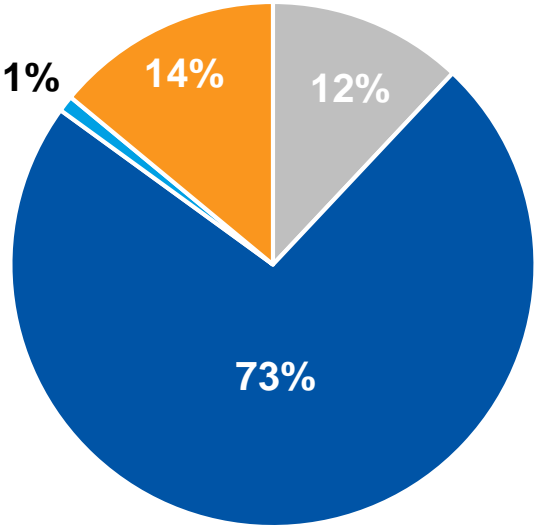


# Champion climate action

Climate change is the highest priority ESG issue facing investors

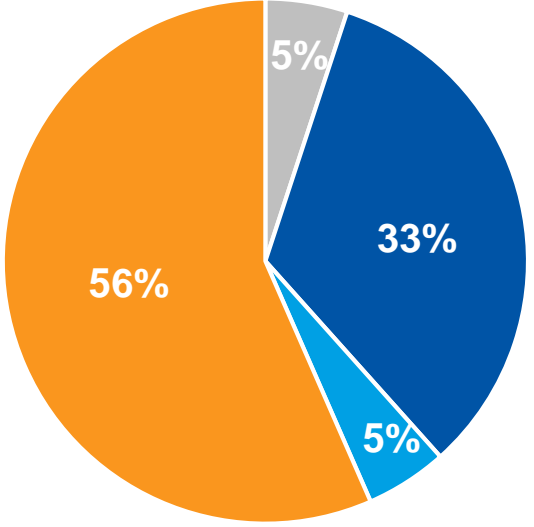
A PROSPEROUS WORLD FOR ALL

Board



■ No responsibility ■ Oversight ■ Management ■ Oversight and management

C-level



■ No responsibility ■ Oversight ■ Management ■ Oversight and management

# Champion climate action

Climate change is the highest priority ESG issue facing investors

A PROSPEROUS WORLD FOR ALL

## Only 9% of signatories

do scenario analysis based on a 2 degree or lower scenario

Supported launch of new climate scenario analysis tool, helping to reduce barriers to climate scenario analysis



# Champion climate action

Climate change is the highest priority ESG issue facing investors

A PROSPEROUS WORLD FOR ALL



- Over 300 investors taking action in at least one area of the Investor Agenda
- Official launch at PRI in Person, with a session at the Global Climate Action Summit



- Nearly 290 investors from 29 countries who manage US\$30 trn in assets



# Enable real-world impact aligned with the SDGs

Driving sustainable development in line with the UN SDGs will create a more prosperous world to live in today and pass on tomorrow

## A PROSPEROUS WORLD FOR ALL

- *The SDG investment case*
- *Responding to megatrends: investment institutions trend index*
- *SDG awareness raising sessions*
- *Impact investing market map*
- *SDG country plans*
- *SDG resources list*



# Financial statements

Financing the next phase of responsible investment

## Income

Between 1 April 2017 - 31 March 2018, total income grew to £10.4 million, up from £8.1 million on 2016/17.

|                              | Actual 2016/17 | Actual 2017/18 | Budget 2018/19 |
|------------------------------|----------------|----------------|----------------|
|                              | £000s          | £000s          | £000s          |
| Membership fee - renewal     | 7,269          | 8,414          | 9,869          |
| Membership fee - new         | 538            | 690            | 785            |
| Grants, donations, other     | 154            | 462            | 473            |
| PRI in Person income surplus | -92            | 597            | 307            |
| PRI Academy                  | 252            | 285            | 499            |
| <b>Total income</b>          | <b>8,122</b>   | <b>10,448</b>  | <b>11,934</b>  |

# Financial statements

## Financing the next phase of responsible investment

### Expenditure

Between 1 April 2017 - 31 March 2018, total expenditure excluding PRI in Person grew to £10.2 million.

|   | Actual<br>2016/17 | Actual<br>2017/18 | Budget<br>2018/19 |
|---|-------------------|-------------------|-------------------|
|   | £,000s            | £,000s            | £,000s            |
| Staff costs (including networks, recruitment, training and development) | 5,186             | 6,441             | 7,795             |
| Bought-in services, consulting and research                             | 838               | 1,171             | 1,343             |
| Meetings and travel expenses  | 649               | 787               | 1,042             |
| Premises costs  | 398               | 435               | 531               |
| IT costs and telephone  | 386               | 593               | 831               |
| Events, conferences and hospitality                                     | 139               | 220               | 302               |
| Legal and professional services   | 139               | 124               | 77                |
| Subscriptions, reports and printing                                     | 99                | 100               | 130               |
| Academy commissions and marketing                                       | 54                | 69                | 84                |
| Other expenditure (insurance, postage, office supplies, bank charges)   | 161               | 240               | 152               |
| <b>Total (PRI in Person expenditure not included)</b>                   | <b>8,051</b>      | <b>10,181</b>     | <b>12,287</b>     |

# PRI executive team

Here for you



**Fiona Reynolds**  
Managing Director



**Mark Blair**  
Chief Finance Officer



**Lian Hillier**  
People & Culture



**Nathan Fabian**  
Policy & Research



**Graeme Griffiths**  
Global Networks  
& Outreach



**Kris Douma**  
Investment Practices &  
Engagements



**Lorenzo Saà**  
Global Networks  
& Outreach

# PRI Board

## Chair



Martin Skancke  
Independent  
Term limit: 2020

## Directors elected by asset owners



Angela Emslie  
HESTA (Australia)  
Term limit: 2018



Eva Halvarsson  
AP2 (Sweden)  
Term limit: 2019



Priya Mathur  
CalPERS (US)  
Term limit: 2020



Hiromichi Mizuno  
GPIF (Japan)  
Term limit: 2019



Renosi Mokate  
GEPF (South Africa)  
Term limit: 2020



Xander den Uyl  
ABP (Netherlands)  
Term limit: 2018

## Directors elected by non asset owners



Sandra Carlisle  
HSBC (UK)  
Term limit: 2018



Tycho Sneyers  
LGT (Switzerland)  
Term limit: 2020



Peter Webster  
Vigeo Eiris (France)  
Term limit: 2019

## Permanent UN advisors



Lise Kingo  
UN Global Compact



Eric Usher  
UNEP FI



# Q&A

Over to you

# 2018 PRI Board director elections

Martin Skancke, PRI Chair

# Asset owner election: 3 positions



**Angela Emslie,**  
Independent Chair of the Board,  
HESTA Super Fund  
(Australia)



**Renato Proença Lopes,**  
Equity Director, PREVI  
(Brazil)



**Laetitia Tankwe,**  
Advisor to the President of the  
Board of Trustees, Ircantec  
(France)



**Xander den Uyl,**  
Trustee, ABP  
(The Netherlands)

# Investment manager election: 1 position



**Runa Alam,**  
Co-Founding Partner and  
CEO, Development Partners  
International  
(UK)



**Sandra Carlisle,**  
Director, Senior  
Responsible Investment  
Specialist, HSBC Global  
Asset Management  
(UK)



**Wendy Cromwell,**  
Vice Chair, Director, Sustainable  
Investment, Senior Managing  
Director and Portfolio Manager,  
Wellington Asset Management  
(US)

# 2018 election process

- Meet the candidates at the PRI stand today, 15:10-15:40
- Candidate videos and statements will be posted today on the PRI website
- Asset owner signatories vote for asset owner candidates. Investment manager signatories vote for investment manager candidates.
- Voting period: between weeks commencing 1 October and 19 November
- For more information on the elections see: [www.unpri.org/elections](http://www.unpri.org/elections)



**Thank you, enjoy  
your time in San  
Francisco!**