THE PRI

THE PRI’S MISSION

“We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.”

UN PARTNERS:
UNEP FINANCE INITIATIVE
UN GLOBAL COMPACT

SIGNATORIES:
ASSET OWNERS,
INVESTMENT MANAGERS
AND SERVICE PROVIDERS

US$ TRILLION:
ASSETS UNDER MANAGEMENT

2

2300+

80+

6

PRINCIPLES:
RECOGNISING THE MATERIALITY OF ENVIRONMENTAL,
SOCIAL AND CORPORATE GOVERNANCE ISSUES
Over the last year, we’ve made real progress towards meeting the goals of our Blueprint for the next 10 years of responsible investment.

Climate change remains the number one issue for our signatory base. To further signal our commitment to climate action, and encourage signatories to do the same, we introduced climate indicators based on the TCFD recommendations to the Reporting Framework.

We also launched the Inevitable Policy Response initiative, the premise of which is that if investors don’t take much stronger action on climate change now, governments will be forced to take sharp, swift action, which could destabilise capital markets. Looking past the physical risks around climate change, we produced guidance on why investors should be looking at a just transition for workers and communities who will be impacted by the transition from a high carbon to a low-carbon world. We also continued working with other climate groups on the Climate Action 100+ and Investor Agenda initiatives.

On the reporting side, we revised our active ownership module and introduced a new hedge funds module, due to the growth of responsible investment in this sector. We introduced minimum requirements for signatory membership to strengthen accountability and ensure that the PRI is not used as a figleaf. We launched a leaders’ group initiative to showcase signatories doing great work in implementing responsible investment, and will showcase asset owner best practices during PRI in Person, as well as launch our inaugural PRI Awards, where we will recognise excellent projects conducted by signatories. For signatories that use our Data Portal, we introduced service provider reports and climate reports.

And in the last 12 months, our signatory base grew considerably, with the PRI welcoming over 400 new signatories, including 68 new asset owners.

Climate change remains the number one issue for our signatory base

To bring the Blueprint to life, our teams have been busy focusing on projects that we feel bring value to our signatories. We released the final report in our three-part series on ESG in credit ratings and are pleased with the dialogue that we’ve been able to facilitate between investors and credit rating agencies.

Our work with the CFA Institute on ESG integration continued, highlighting important insights on the barriers that still remain to looking at ESG issues. We welcomed the EU Sustainable Action Plan as a huge step towards embedding responsible investment into regulation. The PRI helped to lead the development of a classification system on what can be considered an environmentally sustainable economic activity for financial actors, which will ultimately guide capital flows toward sustainable development.

This year, we’re looking forward to a critical review of the Reporting Framework, our largest-ever planned PRI in Person, the new Collaboration Platform and signatory hub, eight new flagship projects and an enhanced signatory account management programme. Following an asset owner publication on manager selection, we will provide guidance on manager appointment and monitoring. Human rights and modern slavery will also be a key focus.

As always, we thank all of you for your support and commitment over the last year. We are making great strides on responsible investment and with your help, we will continue moving this agenda forward.
The Blueprint is the PRI’s mandate for the next decade – with an ambitious agenda for the next 10 years, we plan to tackle some of the most pressing ESG issues in the world today. Through nine priority areas, we will encourage signatories to become more active owners, to inspire leadership and support sustainable investment strategies, leading to prosperous and inclusive societies for future generations.

OUR STRATEGY AND OBJECTIVES

Our goals for the next ten years are laid out in our Blueprint for responsible investment.

The three-year strategic plan, which came into effect in April 2018, and the Blueprint, which was launched in 2017, were developed through extensive consultation with signatories, UN partners and the PRI Board.
OUR PERFORMANCE AGAINST OUR THREE-YEAR STRATEGY

Below is an indication of the progress we expect at the end of this three-year strategy on the nine Blueprint priorities. Some priorities, such as Enable real-world impact aligned with the SDGs are longer term projects, and as such we don’t expect to see as much progress.
OUR ACHIEVEMENTS 2018/19

Throughout the year, we continued to deliver for our signatories, working together with them to make real progress in driving responsible investment forward.

We committed to over 100 initiatives at the beginning of the last financial year. We completed or made significant progress on more than 90% of them.

**Credit Rating Agencies**

We released a trilogy of reports to advance thinking and practice on the explicit consideration of ESG issues by credit rating agencies into their debt ratings. The largest agencies are now vying for industry leadership in this area.

**Inevitable Policy Response**

Established an industry framework for investors to take action and build resilience across their investment portfolios in the event of a disruptive climate transition.

**Just Transition**

We partnered with academics and other stakeholders to explore the social dimension of climate change. This thought leadership focused on agenda setting and raising awareness. We are also establishing a global investor group to mobilise investor action.

**EU Taxonomy**

Led the development of a classification system on what can be considered an environmentally sustainable economic activity for financial actors, which will ultimately guide capital flows towards sustainable development.
OUR ACHIEVEMENTS 2018/19

PRI-CFA INTEGRATION STUDY

IMPACT:
Highlighted the status of ESG integration in 17 key markets, including emerging markets. Played a role in the CFA Institute issuing a policy statement that ESG integration and fiduciary duty are consistent.

IMPLEMENTATION OF THE TCFD RECOMMENDATIONS

IMPACT:
We created momentum for the adoption of the TCFD (Task Force on Climate-related Financial Disclosures) recommendations through webinars, events and off-the-shelf tools such as the Paris Agreement Capital Transition Assessment (PACTA) tool.

CLIMATE ACTION 100+

IMPACT:
With other climate groups, we brought together 320+ investors representing over US$33 trn in assets to engage corporates on emissions reduction. The engagement behind this has resulted in climate action on the part of BP and Glencore.

INCOME INEQUALITY

IMPACT:
Raised awareness of how income inequality can be material to investors’ portfolios, providing them with practical considerations and strategies to respond to the issue.
2019/20 PLANS
RESPONSIBLE INVESTORS

EMPOWER ASSET OWNERS

- Release guidance for asset owners on how to integrate ESG factors when appointing and monitoring investment managers, as well as guidance on developing a mandate for investment managers incorporating ESG factors.
- Publish a guide on how asset owners can incorporate ESG factors into investment consultant service delivery.
- Roll out a tool to support asset owner boards to enhance sustainability considerations in their strategies and processes.
- Release research on global pensions systems, identifying whether they enable or hinder good sustainability outcomes for beneficiaries and clients.
- Identify the range of misalignment issues within the investment chain affecting asset owners and support collaborative action to counter this.

SUPPORT INVESTORS INCORPORATING ESG ISSUES

- Promote the transparent and systematic integration of ESG considerations in the decision making of fixed income investors and credit rating agencies.
- Mobilise investor action to support a just transition for workers and communities through an expert working group. Showcase progress via case studies and events.
- Provide guidance on how investors could implement the UN Guiding Principles and chair the Commission on Modern Slavery and Human Trafficking.
- Continue to coordinate the Climate Action 100+ initiative, and engage on wider climate risk transition, including methane for the oil and gas sector, supported by an update to the 2 degrees of separation research.
- Publish research on economic inequality, diversity, the future of work and executive pay.
- In private equity, examine the fiduciary duty of private company board directors, advancing LP tools for selection, appointment and monitoring of GPs.

FOSTER A COMMUNITY OF ACTIVE OWNERS

- Set out the PRI’s enhanced expectations of signatories regarding active ownership, moving to a focus on achieving real-world impact.
- Engage regulators and stakeholders on removing the barriers to collaborative active ownership activities.
- Launch phase one of the enhanced Collaboration Platform, making it a global signatory hub for active ownership.
- Coordinate collaborative engagements on water risks in the agricultural supply chains; cattle and soy supply chains; breaches of OECD guidelines; labour practices in agricultural supply chains; responsible cobalt sourcing; corporate tax responsibility; cyber security; and sustainable palm oil.
2019/20 PLANS
RESPONSIBLE INVESTORS

SHOWCASE LEADERSHIP AND INCREASE ACCOUNTABILITY

- Complete the Reporting Framework consultation and review to ensure it is fit for purpose, remains relevant to evolving responsible investment practices and is useful for signatories and the responsible investment market as a whole.
- Launch the PRI Awards programme to recognise individually excellent projects conducted by signatories of all sizes, specialisms and levels of developments.
- Identify signatories that are doing great work in implementing responsible investment and showcase them via the Leaders’ Group, using scores from a variety of Assessment Report modules.
- Roll out mandatory climate reporting.

CONVENE AND EDUCATE INVESTORS

- Run the largest ever PRI in Person in Paris, as well as side events such as an investor field trip to a plastics waste recycling facility.
- Launch one-day regional events initiative.
- For the PRI Academy, create new fixed income course and build external partnerships, for example with CFA UK.
- Convene academics and investors via the Academic Network Conference, and showcase academic research findings.
2019/20 PLANS
SUSTAINABLE MARKETS

CHALLENGE BARRIERS TO A SUSTAINABLE FINANCIAL SYSTEM

- Carry out public policy engagement on investment regulations and ESG disclosure in China, France, Germany, the EU, the US, the UK and Japan.
- Lead the development of the EU classification system on what can be considered an environmentally sustainable economic activity for financial actors.
- Support Chinese stakeholders to implement ESG requirements as part of their investor duties.
- Support the OECD to align its sustainability and financial regulation objectives.
- Start to explore the limitations of efficient markets theory and modern portfolio theory.
- Publish an update to the report, *Fiduciary duty in the 21st century*.

DRIVE MEANINGFUL DATA THROUGHOUT MARKETS

- Work with securities regulators and exchanges to promote sustainable development, focusing particularly on mandatory ESG reporting and listing requirements.
- In collaboration with the Corporate Reporting Dialogue platform, work towards a global standard for ESG reporting.
- Publish a report to mark the Sustainable Stock Exchanges (SSE) Initiative’s 10-year anniversary, setting the direction of its future activities and how it will support responsible investment.
2019/20 PLANS
A PROSPEROUS WORLD FOR ALL

CHAMPION CLIMATE ACTION

- Develop next phase of the Inevitable Policy Response, including detailed technical analysis and practical tools, highlighting the threats and limitations of failing to transition to a low-carbon economy.
- Outreach to private and public actors to ensure they understand the implications of a slow transition to a low-carbon economy, influencing their expectations, actions and disclosure reporting.
- Accelerate investor adoption of the TCFD recommendations and enhance TCFD reporting among signatories.
- Bring investors together through the Investor Agenda to align capital flows with the Paris Agreement goals.

ENABLE REAL-WORLD IMPACT ALIGNED WITH THE SDGS

- Publish guides on good impact management practices; the difference between company and investor impact; signatory case studies on SDG integration across asset classes; and practical examples of how investors can contribute to the SDGs.
- In collaboration with SASB and UNGC, identify material SDG risks per industry.
- Develop a project to understand and analyse how investors can manage dual duties (fiduciary duty and impact duties).
- Work with development finance institutions, UN partners and other stakeholders to identify and explore investment opportunities for the SDGs.
- Explore the systemic challenges to attracting more infrastructure investment aligned with the SDGs.
2019/20 PLANS
ENABLING ENVIRONMENT

ENHANCE OUR DIGITAL CAPACITY TO IMPROVE COMMUNICATION
- Launch phase one of the enhanced Collaboration Platform, making it a global signatory hub for active ownership.
- More targeted digital communications, including more strategic use of social media and the PRI website.
- Introduce single signatory sign-on across all PRI platforms to make it easier for signatories to use our platforms.

DEVELOP OUR STAFF TO BETTER SUPPORT SIGNATORIES
- Embed new organisation structure, staff development framework and introduce new pay structure.
- Perform annual skills gap analysis and conduct biennial staff survey.

BUILD CLOSER RELATIONSHIPS TO SUPPORT SIGNATORIES
- Carry out enhanced relationship management, with a focus on in-person meetings with signatories and targeted asset owner recruitment.
- Facilitate local initiatives, such as the Reporting Framework review and one-day events.
- Deliver global trustee reviews.
JOIN US AT PRI IN PERSON 2019

PRI IN PERSON
JOIN US IN PARIS FROM 10-12 SEPTEMBER FOR THE LARGEST RESPONSIBLE INVESTMENT CONFERENCE EVER PLANNED.

PRI in Person offers a platform for PRI signatories and other investment professionals to learn, network and collaborate in person over a three-day period. The annual event allows attendees to discuss topical issues and share experiences from their own organisation and region with peers from around the world.

We expect the 2019 conference to be the largest yet, attracting over 1,500 delegates. It will also be our most comprehensive agenda to date, with six streams and over 40 sessions. The plenary programme will address major contextual issues such as climate change and the Sustainable Development Goals, while a range of breakout sessions will provide detailed insights on implementing the PRI’s Principles for different signatory types, asset classes and regions.

Apply for your place now via www.unpri.org/paris2019.

ACADEMIC NETWORK CONFERENCE
The PRI Academic Network Conference 2019 will take place on Monday 9 September at the Hyatt Paris Regency Etoile, in collaboration with the Research Chair on Sustainable Finance and Responsible Investments (Chair FDIR) at Toulouse School of Economics and Ecole Polytechnique. The conference precedes PRI in Person, taking place at the same venue.

Register here.

Connect with the Academic Network via the PRI Academic Network Online, a platform that brings together academics and investors for dialogue and relationship building. It is a community of interest on responsible investment. Join the Academic Network here.
THE PRI BOARD

YOUR RIGHTS AS A SIGNATORY
We encourage signatories to participate actively in all areas of PRI governance and there are regular opportunities to do so. Mechanisms are in place to encourage structured dialogue between signatories and the board at regular intervals. This is so the board remains accountable to signatories and that decision making remains transparent. For a full list of signatory rights, visit the PRI website. To raise matters with the PRI Board please email governance@unpri.org.

CHAIR PRIORITIES
The PRI Board has approved the Chair priorities for 2019/20:
1. Leadership of the PRI Board.
2. PRI Blueprint priority seven: Drive meaningful data throughout markets.
3. Blueprint priority eight: Champion climate action.
4. Blueprint priority nine: Enable real-world impact aligned with the SDGs.
SIGNATORY FEES

The annual signatory fee is due each April and is adjusted per each signatory’s category and assets under management or number of employees. The PRI Board approved a 2 percent fee increase in line with UK inflation for 2019/20 at its March 2019 meeting.

### FEE SCHEDULE 2019/20

#### Asset owners

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<th>AUM (US$ billion)</th>
<th>Fee (£)</th>
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<tr>
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<td>6,528</td>
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<tr>
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<tr>
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</table>

#### Service providers

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<tr>
<th>Employees</th>
<th>Fee (£)</th>
</tr>
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<tbody>
<tr>
<td>&gt;200</td>
<td>8,609</td>
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<tr>
<td>51 - 200</td>
<td>6,528</td>
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<td>26 - 50</td>
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<td>11 - 25</td>
<td>857</td>
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<tr>
<td>&lt;10</td>
<td>469</td>
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</tbody>
</table>

### DISCOUNTS AND WAIVERS

Asset owners with headquarters in a country classified by the IMF as an emerging market or developing economy can apply for a discount. For further details, contact invoicing@unpri.org.
The Blueprint for responsible investment sets out our high-level ambitions for the next decade. Broken down into more detailed three-year plans, the 2019/20 budget represents the second of the 2108-21 planning cycle. More specifically the next financial year provides for:

- The HR organisational restructuring approved in 2018.
- The consolidation and reorganisation of content teams to strengthen our capability.
- Continuing development of our digital capabilities and online platforms.
- Strengthening of our capacity and expertise in key markets, including the appointment of regional directors.
- Investing in IT, HR and Finance to reflect growing complexity and size.
- A continuing investment in education and the PRI Academy.
GET INVOLVED

There are several ways to get involved with the PRI or learn more about us. You could come along to one of our events, join an advisory committee or working group, or sign up to some of our newsletters. Visit our website for more information.

For more information, get in touch:

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**OUR UN PARTNERS**

**United Nations Environment Programme Finance Initiative (UNEP FI)**
UNEP FI is a unique partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works closely with over 200 financial institutions that are signatories to the UNEP FI Statement on Sustainable Development, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

More information: [www.unepfi.org](http://www.unepfi.org)

**UN Global Compact**
Launched in 2000, the United Nations Global Compact is a both a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices. As a multi-stakeholder leadership initiative, it seeks to align business operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to catalyse actions in support of broader UN goals. With 7,000 corporate signatories in 135 countries, it is the world's largest voluntary corporate sustainability initiative.

More information: [www.unglobalcompact.org](http://www.unglobalcompact.org)
SIGNATORY RELATIONS

2019/20 WORK PROGRAMME:

- THE PRI
- MESSAGE FROM THE CEO
- THE BLUEPRINT FOR RESPONSIBLE INVESTMENT
- OUR STRATEGY AND OBJECTIVES
- OUR PERFORMANCE AGAINST OUR THREE-YEAR STRATEGY
- OUR ACHIEVEMENTS 18/19
- 19/20 PLANS
- RESPONSIBLE INVESTORS
- SUSTAINABLE MARKETS
- A PROSPEROUS WORLD FOR ALL
- ENABLING ENVIRONMENT
- JOIN US AT PRI IN PERSON 2019
- THE PRI BOARD
- SIGNATORY FEES
- THE BUDGET
- GET INVOLVED
- SIGNATORY RELATIONS

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SUSTAINABLE MARKETS
A PROSPEROUS WORLD FOR ALL

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