

PRI STRATEGIC PLAN 2021-24

**BUILDING A BRIDGE BETWEEN
FINANCIAL RISK, OPPORTUNITIES
AND REAL-WORLD OUTCOMES**

APRIL 2021

THE SIX PRINCIPLES

PREAMBLE TO THE 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 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.



PRI 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.

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INTRODUCTION

EXTERNAL CONTEXT

This strategy begins at a moment marked by multiple, interrelated crises: the COVID-19 pandemic, environmental challenges and deepening social inequalities. Despite the economic disruption caused by the pandemic, the private sector along with many governments and regulators have continued to focus on sustainability issues. Commitments to ESG activities have only grown. At the same time, it is increasingly recognised that issues such as climate change, human rights abuses, and inequitable social structures seriously threaten the long-term performance of economies, investors' portfolios and the world in which their clients and beneficiaries live.

PRI MISSION, BLUEPRINT AND POSITIONING

The Principles for Responsible Investment and achieving our Mission are more relevant – and more necessary – than ever before. Under the framework of our 10-year Blueprint for Responsible Investment, launched in 2017, the PRI's new three-year strategic plan (2021-24) sets out an ambitious response to these circumstances, building on the unique role of the PRI and our signatory base, and on our distinctive strengths as the world's largest responsible investment organisation. The PRI is in a strong position to realise that ambition: thanks to the hard work and achievements of our signatories in the last strategy period, we have consistently exceeded the majority of our targets for signatory action on responsible investment and signatory growth continues apace.

BUILDING A BRIDGE BETWEEN FINANCIAL RISK, OPPORTUNITIES AND REAL-WORLD OUTCOMES

ESG incorporation and stewardship are our core business and remain a major focus of our work in the next three years. We will continue supporting our signatories to incorporate ESG issues, and continue contributing to an enabling environment for ESG incorporation. Increasingly, our signatories are recognising that the real-world sustainability outcomes they contribute to shaping through their investment activities will feed back into the financial risks they face. For this reason, Building a bridge between financial risk, opportunities and real-world outcomes is a key element of this strategy. In the coming three years, the PRI will help signatories understand what this looks like in practice, how to integrate and how to measure outcomes, while remaining grounded in fiduciary duty and the broader role of investors in society.

A BIG TENT APPROACH

We have chosen to remain a big tent – an organisation open to signatories of all types, irrespective of size, scale or geography, joined by a shared ambition to drive responsible investment forward and a commitment to the six Principles and the PRI Mission. While it is important to work with and recognise those leading the way in responsible investment, it is also important to work with signatories new to responsible investment. That broad spectrum means the PRI and its signatories represent the entire investment chain, and can influence the mainstream through our collective actions. It allows signatories to collaborate and learn from each other's innovations and best practices. And it means we have the legitimacy and credibility to engage with policy makers.

PRI'S DISTINCTIVE STRENGTHS

We are an organisation of, by and for investors. The investor perspective underpins everything we do. Our mission-driven, signatory-based structure ensures we are always guided by our Mission and our signatories' goals and needs. We provide full breadth of coverage, while drawing on other organisations for specialist expertise, where and when required. As a UN-supported organisation, we are able, and have the responsibility, to bring investor voices and perspectives to the UN forum to address sustainability issues, particularly through our work with our sister organisations UNEP FI and the UN Global Compact.

PRI'S GLOBAL SCALE AND DIVERSITY

The PRI is the largest responsible investment organisation in the world. Our signatory base is unique in both its scale and diversity, with nearly 4,000 signatories as this strategy begins and projected to be more than 6,000 by the time it ends. The PRI has signatories across asset owners, investment managers and service providers, and from a range of regulatory and market structures. The organisations signed up to the Principles now comprise a representative cross-section of the mainstream investment industry.

There are now signatories in more than 80 countries, with different regulations and cultures. The PRI is a global organisation, but we need to understand and reflect this local diversity, via our people on the ground and local partnerships.

Our scale and diversity offer the opportunity to collaborate and to influence widely, drawing on the vast knowledge base of our network of signatories and stakeholders.

RESPONDING TO DIVERSITY

A diverse signatory base requires a diversified response: a strong PRI is one that supports its signatories to grow in their own way – there is no one size fits all approach. We will provide support for signatories at all stages of their responsible investment journey, from introductory guides on individual asset classes to tools for strategic alignment, to leadership programmes for the most advanced of our signatory base. While not every piece of work produced under this strategy will be relevant to every signatory, everyone will find something to help advance their practices.

LEVERAGING SCALE

We will equip ourselves with the capabilities we need to serve our growing signatory base. We will deepen our ability to operate digitally, bolster our global presence with an increased local presence in key regions, maintain a sustainable and resilient financial model and continue to ensure that we recruit, develop and retain a high-quality team.

ENHANCING ACCOUNTABILITY

Accountability is essential for ensuring that progress on responsible investment continues, and for maintaining the credibility that comes with being a signatory of the PRI. We will therefore continue increasing accountability to the Principles, including through further strengthening our Reporting Framework and our minimum requirements. As a big tent organisation, we recognise that our signatories are starting from different points, so while we will increase our standards, we will also engage with signatories at the start of their journey or lagging behind. We will also finalise our new Reporting Framework, which is currently being piloted. The framework comprises a mandatory core module, and optional plus modules that allow signatories to tailor reporting to their interests and mandate.

LEADERSHIP

Our work on leadership is more relevant now than ever. Our signatories value the opportunity to learn from others and to be recognised for their own excellence. Over the strategy period, we will advance our support for, and recognition of, leading investment practices. We will continue showcasing signatories at the cutting edge of responsible investment through the Leaders' Group, and recognising individual excellence through the PRI Awards. We will also introduce new ways to celebrate leadership, including a series of initiatives focused on encouraging specific leadership behaviours in relation to ESG incorporation and stewardship.

INITIATIVES

We will continue to structure our work in line with the action areas set out in the Blueprint for Responsible Investment. Our work in this period will comprise 22 key initiatives under the themes set out in the Blueprint: responsible investors, sustainable markets and a more prosperous world for all. These initiatives will be delivered through capacity building and education, convening and enhancing collaboration, influencing norms in investment practices and influencing systems. They will be guided by priority ESG issues, with climate change and human rights as the highest priorities.

WHAT SUCCESS WILL LOOK LIKE

The PRI is a powerful vehicle for collective action and we want to help build a bridge between financial risk, opportunities and real-world outcomes. If successful in the vision we have set out in this strategy, we can expect by 2024 to see investors consider, in their investment decision-making, the impact they have on the real economy and the world in which their beneficiaries live and plan to retire. ESG will be integrated in financial policy and regulation in core markets. Legal frameworks for investing for impact will be in place in several markets. Leading financial systems will align incentives, behaviours and policy with sustainability. Investors will use international human rights frameworks in their investment activities and align with a 1.5°C pathway, working towards net zero by 2050. Progress will be underway towards a global sustainability reporting system for investors and corporations.

It is an ambitious vision – and one we are well placed to achieve together.

...increasingly, our signatories are recognising that the real-world sustainability outcomes they contribute to shaping through their investment activities will feed back into the financial risks they face. For this reason, Building a bridge between financial risk, opportunities and real-world outcomes is a key element of this strategy.

THE CHANGE WE SEEK: THE BLUEPRINT FOR RESPONSIBLE INVESTMENT

The overarching framework for this strategy is [A Blueprint for Responsible Investment](#), the PRI's 10-year vision set following our tenth anniversary in 2016. We undertook a series of initiatives to review progress to that point, consulted widely with signatories and created an ambitious and achievable vision for how the PRI and the wider responsible investment community should progress over the 10 years to follow.

The Blueprint, launched in 2017, sets out the following action areas through which to tackle some of the most pressing ESG issues in the world today – from climate change to the barriers to a more sustainable financial system. It started a discussion on how the investment community could contribute to sustainability outcomes in the real world, through a focus on the Sustainable Development Goals (SDGs), in line with investors' mandates.

Each three-year strategy seeks to advance the Blueprint objectives, and the PRI continues to organise its work under this framework.

OUR 10-YEAR BLUEPRINT THEMES

<p>RESPONSIBLE INVESTORS</p>	<p>We will strengthen, deepen and expand our core work to lead responsible investors in their pursuit of long-term value and to enhance alignment throughout the investment chain.</p>	<ul style="list-style-type: none"> ■ Empower asset owners ■ Support investors incorporating ESG issues ■ Foster a community of active owners ■ Showcase leadership and increase accountability ■ Convene and educate responsible investors 	<p>The changes we need to realise the Blueprint:</p> <ul style="list-style-type: none"> ■ Financial markets better price ESG factors ■ Cost and availability of capital changes to reflect future ESG risk and return prospects ■ Investors seek company change
<p>SUSTAINABLE MARKETS</p>	<p>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.</p>	<ul style="list-style-type: none"> ■ Challenge barriers to a sustainable financial system ■ Drive meaningful data throughout markets 	<p>The changes we need to realise the Blueprint:</p> <ul style="list-style-type: none"> ■ Companies change their products, governance and practices to align with sustainable outcomes ■ Government policies and market structures align with sustainable outcomes ■ Other financial system actors incorporate, and align with, sustainable outcomes
<p>A PROSPEROUS WORLD FOR ALL</p>	<p>We will enable signatories to incorporate real-world outcomes in their investment process by providing them with the necessary tools, frameworks and guidance.</p>	<ul style="list-style-type: none"> ■ Champion climate action ■ Enable real-world impact aligned with the SDGs 	<p>The changes we need to realise the Blueprint:</p> <ul style="list-style-type: none"> ■ Economies operate within planetary boundaries ■ Societies are inclusive

OUR STRATEGY ON A PAGE

Guided by the six Principles for Responsible Investment and the PRI Mission

OUR STRATEGIC THEME 2021-24

BUILDING A BRIDGE BETWEEN FINANCIAL RISK, OPPORTUNITIES AND REAL-WORLD OUTCOMES

OUR STRATEGIC DRIVERS

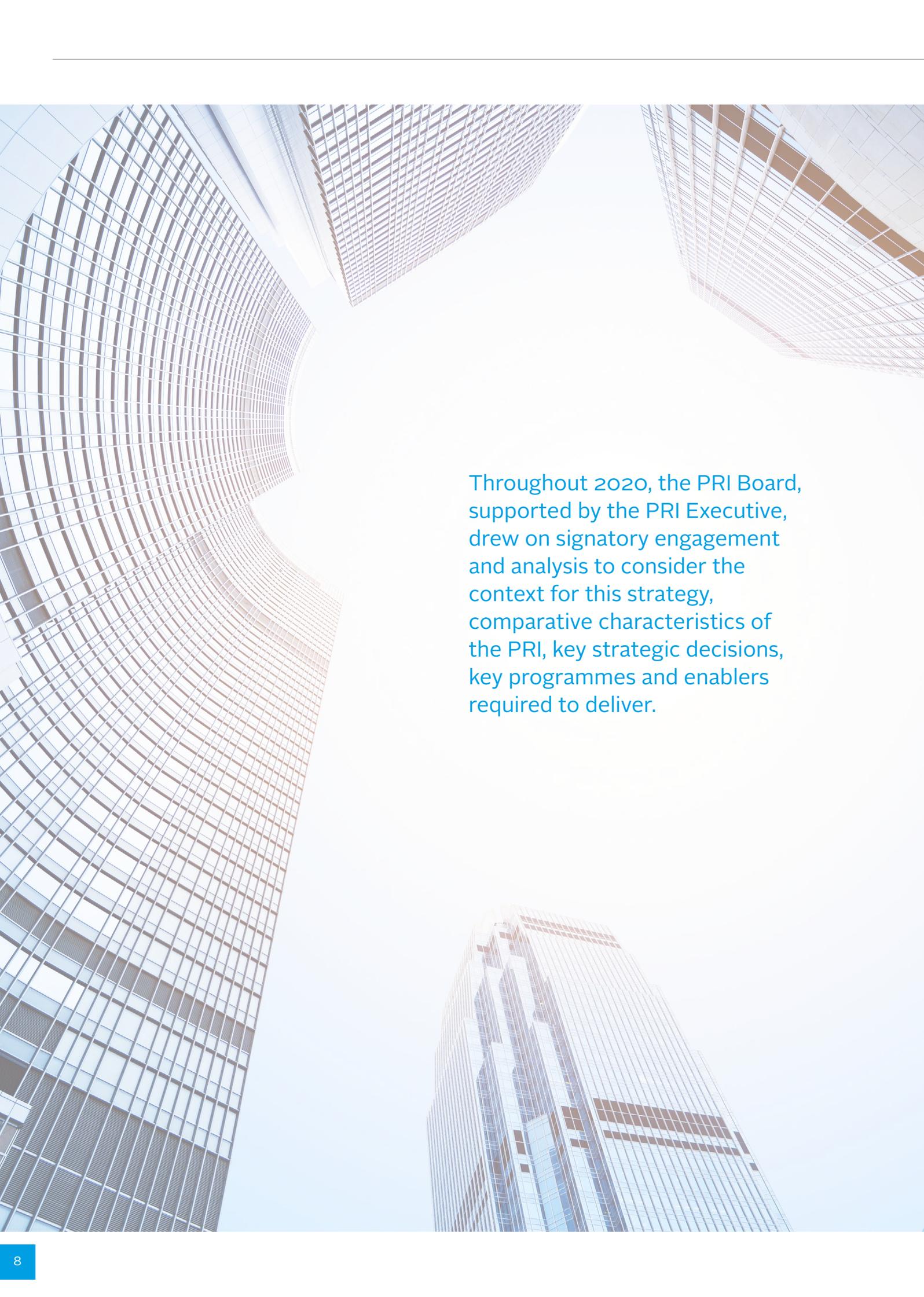
BIG TENT	ACCOUNTABILITY	SCALABILITY
We welcome a diverse and global signatory base. Diversity gives us strength. We aim to provide value for all.	Accountability is critical for signatory credibility and drives progress.	Scale leverages signatories' responsible investment effort and impact. We aim to support signatory learning and collaboration at scale.

OUR KEY INITIATIVES 2021-24

RESPONSIBLE INVESTORS	1.	Provide evidence, tools, guidance and examples of best practice on assessing financial risks/opportunities and links to real-world outcomes
	2.	Develop investors' understanding of, and approach to, stewardship
	3.	Facilitate collaborative engagements on priority ESG issues
	4.	Provide dedicated support for asset owners
	5.	Increase support for responsible investment in emerging markets
	6.	Deliver the new reporting and assessment process, following the pilot
	7.	Develop a leadership programme that recognises excellence and supports learning
	8.	Increase minimum requirements
	9.	Build confidence in data reported to the PRI, by exploring stronger assurance measures
	10.	Enhance training for investment professionals through the PRI Academy
	11.	Better connect investors and academics
SUSTAINABLE MARKETS	12.	Engage with policy makers on climate and other priority issues
	13.	Contribute to ESG incorporation being implemented in financial policy and regulation
	14.	Conduct legal and policy analysis to help develop the environment and frameworks needed to support investing for real-world outcomes
	15.	Work with other financial market participants to ensure their products and services are aligned with the sustainability needs of their investor clients
	16.	Collaborate with others to develop a single global sustainability reporting system for investors and corporations
	17.	Analyse investment market structure, to define sustainability-enhancing interventions for systemically important participants
A PROSPEROUS WORLD FOR ALL	18.	Provide tailored guidance on investing with real-world outcomes across multiple markets
	19.	Develop tools and guidance for assessing climate risk.
	20.	Support signatory climate action in aligning portfolios towards net zero by 2050.
	21.	Build investors' understanding of human rights and support them in embedding the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises
	22.	Support investor action on priority ESG issues, including through incorporation activities and shaping outcomes in line with planetary boundaries, inclusive societies and a corporate culture that delivers sustainable performance.

OUR ENABLERS

Supporting signatories	Supporting people	Financial management	Governance
<ul style="list-style-type: none"> Increased global operating presence Digital transformation Deeper signatory engagement 	<ul style="list-style-type: none"> Post-pandemic ways of working Diversity and inclusion Professional development Recruitment and retention 	<ul style="list-style-type: none"> Signatory certainty on fees Strong reserves Strong financial oversight 	<ul style="list-style-type: none"> Elected representative board Strategic direction and oversight Accountability and transparency UN links



Throughout 2020, the PRI Board, supported by the PRI Executive, drew on signatory engagement and analysis to consider the context for this strategy, comparative characteristics of the PRI, key strategic decisions, key programmes and enablers required to deliver.



1

GENESIS OF THE STRATEGY

As a signatory-based organisation, the PRI places great value on involving signatories in setting its direction. The late 2019 [signatory survey](#) was therefore an important reference point for the development of this strategy.

The survey found that: signatory engagement continues to grow, signatories see the PRI as a leading source of knowledge for responsible investment practices, climate change continues to be a critical issue, the importance of standardising ESG data is growing and social issues such as labour rights and human rights are of increasing importance to signatories. Signatories told us that the most significant ways that the PRI provides value are the guidance we offer on ESG issues, the opportunity we create to show commitment to responsible investment and the forum we provide for collaboration.

We undertook further consultation in February 2020, with board members, and signatories. We also commissioned an analysis of the global investment industry landscape from Willis Towers Watson. The analysis set out a landscape characterised by accelerating disruption from areas such as sustainability and climate change, technology/AI, further margin and cost pressures and the need for reform of defined contribution systems and enhancements to risk management.

Throughout 2020, the PRI Board, supported by the PRI Executive, drew on the signatory engagement and analysis to consider the context for this strategy, comparative characteristics of the PRI, key strategic decisions, key programmes and enablers required to deliver. Thinking around the key strategic decisions was supported by signatory focus groups.

The PRI held a formal consultation on the [proposed new three-year strategy](#) (as required in the Articles of Association) in October and November 2020. 577 signatories – 16% of the signatory base – participated, with respondents broadly representative of the wider signatory base in terms of signatory type, size and geographic spread.

A [formal response from the Board](#) to the strategy consultation is provided separately to this strategy. The response provides an analysis of the results and gives an insight into board discussions. A key request from signatories was for more insight into how the strategy presented would help them continue to implement the Principles and work together towards the PRI Mission of a sustainable financial system. This more comprehensive account of our plans provides that detail. The board is committed to continue the conversation with signatories on the PRI Mission and purpose and will start consulting with signatories on this in late 2021.

Thank you to all PRI signatories, and to everyone who participated in the strategy process.



2

ACHIEVEMENTS FROM OUR PREVIOUS STRATEGY

The PRI, its signatories and stakeholders achieved a lot together during the previous strategy period. Together, we have...

RESPONSIBLE INVESTORS

- ...developed a new [Introduction to responsible investment](#) series – short reports providing an accessible introduction to what responsible investment is, why it is on the rise and how to get started.
- ...released detailed technical guides, due diligence questionnaires and case studies across topics including [hedge funds](#), [passive investment strategies](#), [sovereign debt](#) and [strategic asset allocation](#).
- ...released updated guidance on [selecting](#), [appointing](#) and [monitoring](#) investment managers.
- ...implemented phase two of the [ESG in Credit Risk and Ratings](#) project – reaching out to issuers, regulators, consultants and ESG vendors to promote and work towards transparent and systematic consideration of ESG factors in credit risk analysis.
- ...convened [collaborative engagements and launched engagement guides](#) on topics including tax, cybersecurity, labour practices in agricultural supply chains, water risks in agricultural supply chains, sustainable forests, palm oil, methane and oil and gas.
- ...launched our [Active Ownership 2.0](#) programme – setting out a framework for the future of stewardship where investors focus on outcomes in the real world, prioritise systemic sustainability issues and use collaboration as an integral tool to address collective problems.
- ...reformed the [Reporting Framework](#), launched [minimum requirements](#) and began recognising leadership through the [Leaders' Group](#) and the [PRI Awards](#).

SUSTAINABLE MARKETS

- ...contributed to and encouraged advancement of the Corporate Reporting Dialogue through the Global Investor Organisations Committee, to help drive meaningful corporate data for responsible investors.

- ...participated in the *European Technical Expert Group on Sustainable Finance* – Taxonomy and provided [guidance and case studies](#) for signatories on how it can be implemented.
- ...conducted [policy engagement](#) in the US, European Union, UK, China and Japan on investor duties, stewardship, taxonomy and disclosure.
- ...launched a [toolkit](#) for sustainable investment policy and regulation.
- ...provided guidance on how both ESG incorporation and outcomes work align with [fiduciary duty](#).

A PROSPEROUS WORLD FOR ALL

- ...advanced our work on climate – which signatories continue to identify as their number one ESG issue – through [Climate Action 100+](#), the [Net-Zero Asset Owner Alliance](#), the [Inevitable Policy Response](#) and [TCFD guidance](#).
- ...elevated social issues up the investor agenda, including through reports on [modern slavery](#) and [why and how investors should act on human rights](#).
- ...broadened the investor viewpoint, including through a [new framework](#) for how investors can invest through the lens of the SDGs and [case studies](#) on how others are doing so.

Our progress against the 2018-21 strategy was measured using three-year measures covering the nine Blueprint actions areas and three operational enablers (our staff, our digital capacity and our global footprint). The strategy measures are outcomes-based, meaning they are focused on Mission-based changes or impacts that we seek to make. The Board qualitatively and quantitatively reviews progress against the Blueprint priorities and strategy measures annually, and we publish updates in each year's Annual Report. The strategy measures are supported by management measures for every annual business plan, which combine input, output and outcome measures.

Performance against the measures for the final year of the 2018-21 strategy will be published in the 2021 Annual Report.



3

PRIORITY ESG ISSUES

As this strategy period begins, the COVID-19 pandemic is disrupting economies and livelihoods and causing volatility in financial markets. The pandemic sits against a backdrop of longer-term environmental emergencies and social equity failures. Climate change, biodiversity loss and resource depletion reflect the consequences of an industrial age that has reached its planetary limits. Social inequalities and insecure work have deepened, and safety nets have stretched or broken.

Governments will inevitably be forced to respond to these crises, and some of those responses are likely to entail further economic disruption. The prospect of policy intervention, and the recognition that private finance is needed for economic recovery, mean the place of overall financial markets in society and the specific role of investors are both subject to growing scrutiny and ever-higher expectations.

To help signatories navigate the next three years, the PRI will particularly prioritise work in two areas:

1. climate change mitigation, as the most urgent existential challenge facing society;
2. human rights, as both an immediate source of protection for individuals from harm and discrimination, and as a necessary foundation for lasting social equality, stability and productivity.

Fundamentally underpinned by consideration of human rights, our programme on social issues will see us focus on: decent work, diversity, equity and inclusion, and health. Social issues are rising in importance for signatories, and these are the areas most requiring attention.

In our governance programme, we will look at reshaping governance systems in financial markets, including in relation to key governance issues like tax fairness, responsible political engagement, corporate purpose, and the implications of digital transformation.

Alongside climate change mitigation, our environment programme will also include sustainable commodities, circularity, biodiversity and physical climate risks, providing deeper insights and support for signatories as the next wave of environmental challenges are integrated into financial market practices.

We have prioritised these environmental, social and governance issues based on their significance and scale, the scope for institutional investors to make a difference and the opportunity for the PRI to add value, including through partnerships with other organisations.



4

OUR DISTINCTIVE STRENGTHS

The PRI has a number of distinctive strengths that differentiate us from our peers and stakeholders. These were among the considerations guiding our decisions for this strategy period. Although our distinctive strengths are innate and enduring, their implications evolve as our context changes. They are, therefore, particularly helpful in helping us ensure we play a complementary role to other responsible investment organisations.

WE ARE AN INVESTOR-BASED ORGANISATION

The PRI is an organisation of, by and for investors. This is the starting point for all that we do. The PRI's role is to develop tools, guidelines, best practice and frameworks to provide value to signatories in their work towards the PRI Mission.

The PRI continues to be unique in its role of bringing different players in the investment chain together on a global scale: asset owners, investment managers and service providers are all signatories. This is rare, not only in the responsible investment space, but in the asset management industry more broadly. While organisations might have different imperatives and mandates, all signatories commit to the same [six Principles](#), and Principle 5 sees signatories commit to “work together to enhance our effectiveness in implementing the Principles”.

WE ARE PRINCIPLES-BASED AND MISSION-DRIVEN

Our grounding in the Principles and our Mission provides us with the relevance and credibility we require to influence widely. Our relevance to investors arises from the broad and mainstream appeal of the Principles, and our Mission being ultimately founded on investors' fiduciary duty to act in their beneficiaries' best interests.

WE ARE POSITIONED TO PROMOTE ACCOUNTABILITY

Principle 6 sees signatories commit to “report on our activities and progress towards implementing the Principles”. Reporting and accountability, in some shape or form, have been central to the PRI since the Principles were drafted. The Reporting Framework has been through a number of iterations, as signatories' responsible investment practices evolve and develop breadth and depth. Reporting and assessment, including the introduction of minimum requirements, bring credibility to signatory status and to the PRI's work. Being a signatory is a commitment to report, share, progress and be accountable.

Our reporting data is a unique global database of responsible investment practices. These practices are shared via the PRI Data Portal and in the reports and guides we produce.

WE ARE U.N. SUPPORTED

In early 2005, the then United Nations Secretary-General Kofi Annan invited a group of the world's largest institutional investors to join a process to develop the Principles for Responsible Investment. Since its inception the PRI has been a UN-supported organisation. Our UN links strengthen our message with signatories in a number of markets and provide us with access to more policy and decision-making forums. We are thus able, and have a responsibility, to bring investor voices and perspectives to the UN forum to address issues that transcend national boundaries, such as climate change and the SDGs.

WE COVER A BREADTH OF RESPONSIBLE INVESTMENT TOPICS

The PRI has always aimed to provide a breadth of coverage for its signatories. The organisation has developed to provide expertise on a range of environmental, social and governance issues, on responsible investment practices across all asset classes and on public policy, as well as being a platform for reporting and collaborative engagement.

While some signatories are members of multiple responsible investment organisations, the majority are not and so value this breadth of coverage as part of being signatories to PRI. We therefore prioritise breadth of coverage over the depth of expertise that some single-issue organisations are able to achieve in one narrow area. Instead, the PRI helps to showcase, leverage and amplify the work of other responsible investment organisations.

WE BRING COLLECTIVE KNOWLEDGE AND EXPERIENCE

The PRI draws on the skills, experience and knowledge of our signatories, our staff and our Board – collating, sharing, and leveraging the best practices of a worldwide network of signatories. Signatory leading practice forms the basis of our responsible investment guides, and the Reporting Framework. Within the PRI Executive there is a breadth and depth of responsible investment knowledge, including across investment practice, ESG issues, public policy and wider markets.

WE HAVE A SUSTAINABLE FINANCIAL OPERATING MODEL

The PRI's income is well-balanced between signatory fees and grants. Annual signatory fees provide the core funding for us to consistently deliver programmes and projects that provide signatory value, and to work towards the PRI Mission. Grants do not dictate the work of the organisation, but augment what we do, enabling further depth by providing extra funding in specific areas.

The PRI is an organisation of, by and for investors. This is the starting point for all that we do. The PRI's role is to develop tools, guidelines, best practice and frameworks to provide value to signatories in their work towards the PRI Mission.

SIGNATORY GROWTH AND DIVERSITY

The PRI's strategy needs to accommodate the diversity and scale of its global signatory base. We project that institutional investors will continue to join the PRI in significant numbers, growing from just under 4,000 signatories at the start of the strategy period to over 6,000 signatories in 2024.

The PRI has signatories across more than 80 countries: in leading financial centres and in emerging markets; across pensions, insurance, investment management and service provision; from a range of regulatory and market structures that shape varied governance arrangements; and encompassing an array of differing relationships with beneficiaries and clients.

Key trends in signatory diversity include:

PRI's asset owner community is growing

The asset owner base within the initiative continues to grow, with about 100 new asset owners of varying types and sizes joining every year. When the PRI began, over 70% of asset owner signatories were pension funds. Today, pension funds make up about 50% of asset owners, alongside insurers, sovereign wealth funds, endowments and foundations. Insurers represent the highest combined AUM of the asset owner signatory base.

Investors in emerging markets are joining the PRI at a rapid pace

While the signatory base is growing across all markets, its growth in new and emerging markets is particularly strong. Growth in China and Latin America outside Brazil, for example, has been over 100% year-on-year, and the last twelve months has seen the PRI welcome signatories from over a dozen new countries.

Through differing regulation, market structures and the historic level of responsible investment in a region, investors' geographic base and focus continue to be key drivers in the diversity of responsible investment advancement and needs.

5

STRATEGIC DRIVERS

Building on PRI's distinctive strengths and considering the views of our signatories and stakeholders, the following three strategic drivers were identified to guide the strategy.

1. LEVERAGING SCALE

The global scale of the PRI means that organisations signed up to the Principles now comprise a representative cross-section of the mainstream investment industry. There are committed PRI signatories in all major financial centres and beyond. This scale brings convening power, a strong voice, and a significant momentum attracting further signatories. Our global nature also means that, in a world where investment flows are global, we can help to share best practice on responsible investment regulation, helping to facilitate the alignment of regulation, standards and investor reporting.

We will deepen our engagement with signatories, facilitate peer relationships among global investors, provide knowledge-sharing opportunities and provide tools and solutions with a global perspective. Recognising that the globalised nature of investment requires a global response, we will maintain a global structure – while adding to our regional presence in select areas.

2. RESPONDING TO DIVERSITY

Our diversity enables us to respond to the growing global commitment to responsible investment, extending our influence across markets and signatory types, and helping newer signatories to learn from leaders. Within markets, approaches can be tailored to local needs.

We have chosen to remain a big tent – an organisation open to signatories of all types, irrespective of context or mandate. This approach creates significant opportunities for collaboration, better alignment of the investment chain and a vehicle for addressing systemic challenges. Successfully responding to diversity requires a diversified response: a strong PRI is one that supports its signatories to grow in their own way. From introductory guides on individual asset classes and webinars on sustainability issues, to tools for strategic alignment of investment activities with sustainability outcomes, the PRI ensures that signatories of all types can find value in what we do.

3. ENHANCING ACCOUNTABILITY

Increasing accountability of our signatory base is key in driving progress and delivering value to our signatories around the world. We recognise the particular importance of addressing greenwashing and maintaining the credibility of signatory status. As a big tent organisation, our commitment to fostering accountability means that while we will increase our standards, we will also engage with signatories who are lagging.

Over the strategy period, we will increase the minimum requirements for signatories and finalise the proposal to reduce the time allowed to reach the required level (see page 22 for further detail). We will also introduce stronger assurance measures for reporting to build confidence in the data reported.

CELEBRATING LEADERSHIP

Our signatories value the opportunity to learn from leaders and to be recognised for their own excellence.

We will advance our support for, and recognition of, leading investors in the next strategy period, including those that can influence a sustainable financial system, and are willing to demonstrate leadership behaviours in their implementation of the six Principles. These behaviours can be demonstrated both through systematic incorporation of ESG issues in investment practices, and/or by considered contribution to real-world outcomes. We will capture leadership behaviour through the reporting and assessment process.

To enable the entire signatory base to learn from leaders, we will expand our guides, tools, case studies, information sessions and PRI Academy content, and make them accessible in more languages and more countries.

Further detail on our leadership work is set out on page 21.



6 OBJECTIVES AND INITIATIVES

OUR THREE-YEAR STRATEGIC OBJECTIVES

The strategic objectives are measures of success related to the PRI Mission and strategy. These are the real-world or investor-based outcomes that, if achieved, indicate success of the strategy, which in turn contributes to the delivery of the Mission. The PRI and signatories can only contribute to these outcomes – we are not the only actors influencing them. However, strategic objectives provide focus and intention for all initiatives and projects, and a means of judging success.

RESPONSIBLE INVESTORS

- Improve average ESG incorporation year-on-year, across listed equity; fixed income; and private equity.
- A significant proportion of signatories include targets linked to specific sustainability outcomes in selection of all new mandates.
- A majority of signatories demonstrate at least one advanced ESG incorporation practice as identified through reporting on the advanced 'PLUS' component of the new Reporting Framework.
- The top 50% (by AUM) of PRI asset owners to report increased resourcing as a % of AUM (internal or external) on stewardship on systemic issues.
- A significant proportion of all signatories who are direct investors align their stewardship approach and/or services to Active Ownership 2.0.
- Signatories on average increase their votes in favour of shareholder resolutions that address priority ESG issues.
- PRI-led collaborative engagements deliver on issue-specific sustainability outcomes.
- The majority of major investment consultants use frameworks explicitly including climate and human rights.
- Substantially increase the reach of peer-reviewed academic research papers and resources year on year.

SUSTAINABLE MARKETS

- Conduct analysis and outreach aligned with ensuring a sound regulatory basis for ESG incorporation for asset owners and investment managers in the US, Japan, Australia, Canada, China and two other emerging markets.
- Set out recommendations for legal frameworks to enable investing for real-world outcomes in at least two influential financial markets.
- Set out pathways for industry and policy makers to align incentives, behaviours and pensions policy design with a sustainable financial system in the 15 leading retirement systems.
- Two service provider segments commit to explicit sustainability incorporation frameworks across their business activities meeting 50% of PRI recommendations. Examples of service provider segments include: asset consultants, index providers, ESG data providers and proxy advisors.
- Convene a coherent and consistent investor voice to support standard setters and regulators in their efforts to harmonise sustainability reporting globally.
- Provide analysis and outreach aligned with ensuring regulatory frameworks of two influential financial markets mandate investor disclosures on sustainability outcomes.

Significant proportion (>25%)

Majority (>50%)

Most (>75%)

A PROSPEROUS WORLD FOR ALL

- Set out consistent recommendations for climate policy changes in priority markets, in line with the Paris Agreement, working with signatories and key investor groups.
- Conduct analysis and outreach aimed at implementation of real economy policy changes linked to priority ESG issues (in addition to climate policy reform).
- A significant proportion of signatories ranked as adopting a strategic response to climate risk, tracked by PRI climate indicators.
- A significant proportion of signatories deliver on net zero commitments for investor/corporate action (consistent with the Paris Agreement and 1.5C), including through PRI-led net zero initiatives.
- Most asset owners use the UN Guiding Principles and OECD Guidelines for Multinational Enterprises as frameworks for setting policies on the sustainability outcomes arising from their investment activities.
- A majority of PRI signatories provide evidence (through PRI reporting) of shaping sustainability outcomes, as defined in the PRI's guidance on [Investing with SDG Outcomes](#).

Significant proportion (>25%)

Majority (>50%)

Most (>75%)

AN OVERVIEW OF OUR INITIATIVES

RESPONSIBLE INVESTORS	1.	Provide evidence, tools, guidance and examples of best practice, in all asset classes, on assessing financial risks/opportunities and links to real-world outcomes
	2.	Develop investors' understanding of, and approach to, stewardship – to prioritise outcomes over process and universal goals over relative performance
	3.	Facilitate collaborative engagements on priority ESG issues
	4.	Provide dedicated support for asset owners
	5.	Increase support for responsible investment in emerging markets
	6.	Deliver the new reporting and assessment process following the pilot, ensuring it remains useful and relevant to signatories, and drives positive change
	7.	Develop a leadership programme that recognises excellence and supports learning for all signatories
	8.	Increase minimum requirements, supporting all signatories to meet them and engaging with those that do not
	9.	Build confidence in data reported to the PRI, by exploring stronger assurance measures
	10.	Enhance training for investment professionals through updated courses on the PRI Academy
	11.	Better connect investors and academics, to share academic insights and aid collaboration
SUSTAINABLE MARKETS	12.	Engage with policy makers on climate and other priority issues
	13.	Contribute to ESG incorporation being implemented in financial policy and regulation in core markets, including providing technical input on sustainable finance policies
	14.	Conduct legal and policy analysis to help develop the environment and frameworks needed to support investing for real-world outcomes
	15.	Work with other financial market participants – such as voting chain intermediaries, passive index providers, credit rating agencies and investment consultants – to ensure their products and services are aligned with the sustainability needs of their investor clients
	16.	Collaborate with others to develop a single global sustainability reporting system for investors and corporations, including propagating harmonised and meaningful data on sustainability performance and outcomes
	17.	Analyse investment market structure, to define sustainability-enhancing interventions for systemically important participants
A PROSPEROUS WORLD FOR ALL	18.	Provide tailored guidance on investing with real-world outcomes across multiple markets
	19.	Develop tools and guidance for assessing climate risk.
	20.	Support signatory climate action in aligning portfolios towards net zero by 2050.
	21.	Build investors' understanding of human rights and support them in embedding the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises into their investment activities
	22.	Support investor action on priority ESG issues, including through incorporation activities and shaping outcomes in line with planetary boundaries, inclusive societies and a corporate culture that delivers sustainable performance.

INITIATIVES – RESPONSIBLE INVESTORS

1.

Provide evidence, tools, guidance and examples of best practice, in all asset classes, on assessing financial risks/opportunities and links to real-world outcomes

We will support signatories across all asset classes, across all levels of responsible investment sophistication, with a focus on links to real-world outcomes. Support will cover selecting, appointing and monitoring investment managers, including investment mandate guidance, and evidence, tools and guidance on ESG incorporation. We will guide and encourage signatories on transparent disclosure within the investment chain and oversight of ESG performance.

ACTIONS

Asset class-specific programmes:

- Listed equity: Provide ongoing support for implementing new EU regulation (including the *EU taxonomy for sustainable activities*). Develop and share leading practice on topics such as Paris-aligned portfolios and passive and quant strategies.
- Fixed income – including sovereign, sub-sovereign and structured debt, as well as the ESG in Credit Risk and Ratings Initiative: Engage, convene and focus investors on how to fund the transition to more sustainable business and growth models. Two key themes underlie the work – addressing the lack of engagement culture and the false dichotomy between thematic and mainstream bonds.
- Private markets – including private equity, infrastructure, real estate and hedge funds: Advance investor practice on core issues such as climate change and human rights. Address structural issues around the role of private markets and how they align with other players in the investment chain, so that private markets can assess risk and contribute to real-world outcomes.

Tools to support signatories across asset classes:

- Continue to develop a professional product suite of standardised, high quality guides and tools that include insights from PRI reporting data.
- Expand and update the *Introduction to responsible investment series* introduced in 2019.
- Expand and update the range of due diligence questionnaires, starting with fixed income and listed equity.
- Expand and update the range of case study series, including on policy, regulation and examples of responsible investment practices.
- Continue webinars on emerging and existing responsible investment practices and industry challenges.
- Produce snapshots and analysis of PRI reporting data, including regular updates on key topics such as listed equity, fixed income and climate, as well as deeper dives into selected topics or asset classes.
- Relaunch the *Technical guide for ESG incorporation in Listed Equity* and new listed equity due diligence questionnaire.

2. Develop investors' understanding of, and approach to, stewardship

Stewardship of investments is central to realising a sustainable future. We will encourage signatories to focus on the sustainability issues that can affect their whole portfolio – including guiding and supporting them in implementing PRI's Active Ownership 2.0 – and coordinate meaningful investor collaborations to address these issues. We will work to improve the voting system and voting practices, and provide guidance to inform a range of stewardship practices.

Where signatories exercise their stewardship roles in targeted, local ways, we will support them with tools to increase their effectiveness – including for engagement and proxy voting.

ACTIONS

- Provide guidance on how signatories can implement Active Ownership 2.0 in their activities, covering: universal ownership, systemic issues, outcomes (in the context of stewardship), collaboration, different stewardship tools and how to apply stewardship in different asset classes.
- Expand case study programme, including illustrating each pillar of Active Ownership 2.0.
- Convene engagement service providers and proxy agencies to understand the barriers to their alignment with Active Ownership 2.0, and provide guidance on best practice.
- Provide further guidance on voting on shareholder resolutions, including covering different vote types.
- Set out escalation pathways for unsuccessful corporate engagement, building on the *Making voting count guide* and *Acting in concert programme*.
- Develop practical tools and guidance for signatories' own stewardship activities, and provide support via the PRI Collaboration Platform (see below).

3. Facilitate collaborative engagements on priority ESG issues

We will continue existing collaborative engagements including Climate Action 100+ and a sustainable commodities engagement covering palm oil, cattle and soy-linked deforestation. We will launch a major new engagement on human rights.

We will enable promotion of, and collaboration within, investor-led initiatives, by continuing to support and develop the PRI Collaboration Platform as a leading tool for investor collaboration within responsible investment.

ACTIONS

- Continue supporting signatory-led efforts such as company engagements, shareholder resolutions, public statements, policy engagement and other initiatives with their peers, especially on targeted, local issues.
- Enhance the functionality and ease-of-use of the platform.
- Strengthen efforts to communicate content on the platform in a manner helpful to signatories, such as by better promoting key shareholder resolutions and investor-led initiatives.

4. Provide dedicated support for asset owners

Recognising that asset owners require tools and information to support their specific roles in the investment chain, we will engage our asset owner community on their needs and prepare tailored materials, including on issue-based work (particularly climate change and human rights) and in the investment process (including consultants and mandates).

ACTIONS

- Provide investment mandate guidance across asset classes, including on sustainable outcomes.
- Support asset owners to embed human rights and adopt the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises as frameworks.
- Engage with all asset owners on getting to a 1.5°C pathway, including supporting them to outline what a Paris-aligned portfolio is and how it might be developed.
- Clarify and promote responsible investor expectations, frameworks and incentives for investment consultants on ESG issues.
- Provide resources tailored to smaller asset owners to support them in raising the standard of ESG incorporation.

5. Increase support for responsible investment in emerging markets

We will foster development of responsible investment practice and policy in emerging markets by strengthening the responsible investment practices of local investors and encouraging the flow of ESG focused capital to these markets.

ACTIONS

- Raise awareness and promote responsible investment in emerging markets by providing capacity building solutions to local investors and mentoring programmes to emerging market asset owners.
- Support responsible investment from developed markets to emerging markets by better understanding and addressing the barriers to responsible investment in emerging markets and supporting ESG in an emerging market context.
- Focus global recruitment on influential asset owner signatories in emerging markets.

6. Deliver the new reporting and assessment process following the pilot, ensuring that it remains useful and relevant, and drives positive change

A new model has been introduced to make the Reporting Framework shorter and easier to use and so that it produces more useful outputs and supports the PRI's Blueprint commitments, including to showcase leadership and increase accountability, drive meaningful data throughout markets and enable real-world impact aligned with the SDGs. The model will be finalised following the pilot phase.

The model consists of:

- A process-focused **core** component of close-ended questions that will be mandatory and assessed;
- A more advanced, open-ended **plus** component of process- and outcome-focused questions, which will be voluntary and not assessed.

ACTIONS

- Consider signatory feedback on the 2021 pilot framework and incorporate relevant changes into the 2022 framework.
- Leverage reported data to showcase best practices.

7. Develop a leadership programme that recognises excellence and supports learning for all signatories

We will expand our programme of recognising leadership and sharing examples of best practice.

ACTIONS

- Showcase signatories doing advanced work in responsible investment through the Leaders' Group and highlight trends in what these leading signatories are doing. We will continue to use signatories' reporting responses and assessment data to identify those that are doing outstanding work in responsible investment.
- Recognise individually excellent projects conducted by signatories of all sizes, specialisms and levels of development through the PRI Awards. The Awards are a great opportunity for all signatories to learn from each other's successes, as all the winning and shortlisted case studies are published on the PRI website.
- Introduce leadership behaviours as a new focus. To support signatories in developing and demonstrating leadership in responsible investment, we will encourage them to participate in initiatives – such as Climate Action 100+ and the Asset Owner Alliance. We will grow the number of initiatives we offer, across human rights and other priority issues. These initiatives will focus on leadership behaviour in incorporating ESG considerations and stewardship of investees, for risk/return and contributions to sustainability outcomes.

LEADERSHIP BEHAVIOURS

The leadership behaviours we will encourage and support signatories to demonstrate are:

1. **Purposeful** – leaders publicly state and commit to their own purpose and it contributes to the PRI Mission
2. **Consistent** – leaders' actions (including through choosing not to engage in contrary actions) are structured, methodical and achieved through appropriate technical processes and systems
3. **Transparent** – leaders make commitments to publicly and regularly disclose in full, on progress and learning
4. **Engaged** – leaders are keen to work with others, including the PRI
5. **Responsible** – leaders seek to understand the outcomes of their actions, demonstrate progress towards a sustainable financial system and minimise harm

8.

Increase minimum requirements, supporting all signatories to meet them and engaging with those that do not

To continue to ensure that signatory status is meaningful, we will increase the minimum requirements.

ACTIONS

- Increase the standard required (see figure 1).
- Finalise our proposal to reduce the existing two-year engagement window for signatories to meet the minimum requirements to a one-year engagement period (see figure 2).
- Continue to increase the minimum requirements over time.

Figure 1: Our proposed increase to minimum requirements

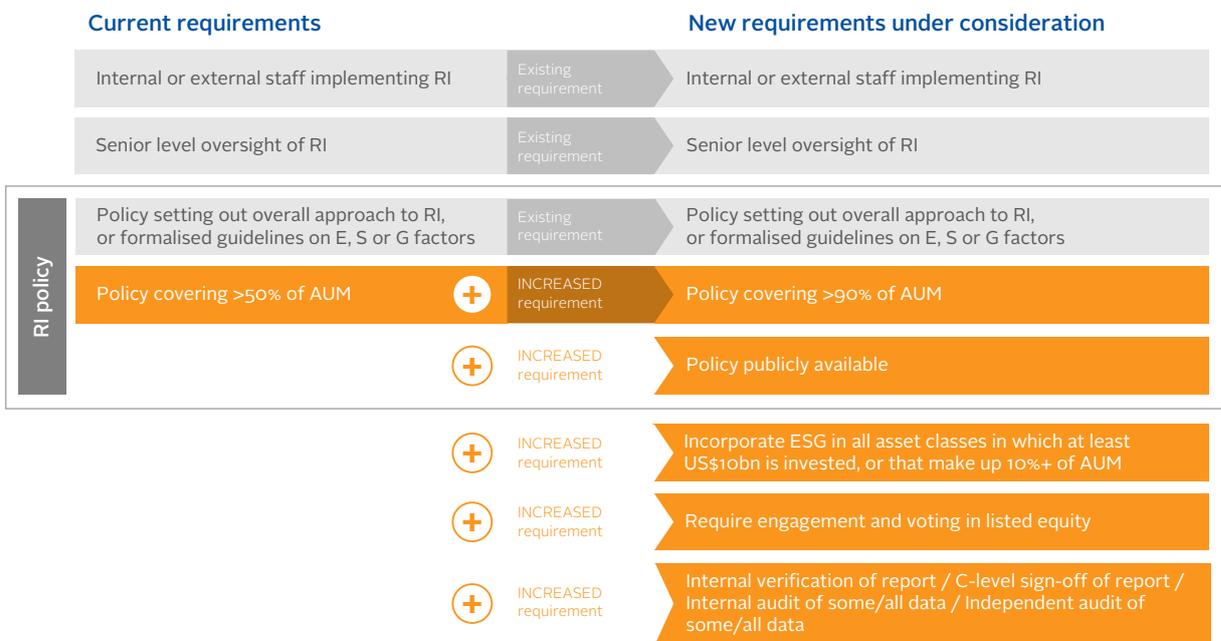


Figure 2: Our timeline for new minimum requirements

2021		2022		2023	
July	January – March	End 2022	January – March	Mid 2023	
New minimum requirements formally announced	Signatories report against the new minimum requirements for the first time	One-year engagement window for signatories that do not meet the minimum requirements (reduced from two)	Signatories report against the new minimum requirements for the second time	Signatories that still did not meet the minimum requirements second time around are delisted	

9. Build confidence in data reported to the PRI, by exploring stronger assurance measures

We will supplement our existing measures to enhance the credibility of PRI reporting data by exploring a range of new measures, from basic internal control mechanisms to third-party assurance. Such measures will aim to increase the organisation's and external stakeholders' confidence in the rigour and robustness of the process for collecting information presented in PRI Transparency Reports and other ESG reports.

(Signatories will be formally notified in advance of any new requirements being implemented.)

ACTIONS

- Incentivise all signatories to have stronger internal reviews.
- Make higher standards of internal review one of the criteria for being identified as leaders.
- Explore ways to introduce PRI-coordinated assurance reviews of selected signatory reports.

10. Enhance training for investment professionals through updated courses on the PRI Academy

The PRI Academy addresses the well-recognised responsible investment skills gap, by providing industry-applicable training to investment professionals in a range of languages. We will increasingly leverage the PRI's unique experience, industry insights and data in PRI Academy content, and create more engaging and immersive courses.

ACTIONS

- Work closely with PRI content experts to review and redesign the Academy's offering, creating a more coherent portfolio of courses, which encourage ongoing learning and progression.
- Upgrade and integrate our IT systems to improve the user experience, speed up the translation of PRI research into applied learning content, and reduce administration.
- Create immersive and engaging materials which benefit from the latest thinking in learning experience design, make greater use of simulations, exercises, and case studies, and feature increased content from practitioners.
- Scope the development of a series of short courses addressing the practical implementation of priority ESG issues and to address industry pain points in ESG incorporation.

11. Better connect investors and academics, to share academic insights and aid collaboration

The PRI aims to bring together academics and investors through events, online collaboration, media and academic reviews.

ACTIONS

- Create and foster academically oriented research outputs, for the PRI's own research, through the PhD graduate programme, commissioning academic research, and data sharing with stakeholders.
- Provide tools and outreach activities to bridge academic and investor communities, thereby encouraging the investment community to use academic evidence in their responsible investment strategies, including an Academic Network event, seminar series, podcasts, and newsletters.

INITIATIVES – SUSTAINABLE MARKETS

12. Engage with policy makers on climate and other priority issues

We will engage policy makers and other key stakeholders to encourage action across the financial system that supports investing in line with sustainability outcomes.

ACTIONS

- Carry out climate policy engagement in core markets, based on the Inevitable Policy Response (IPR) policy briefings, and establish investors as key voices/partners in implementation of the Paris Agreement.
- Advocate for implementation of the Paris Agreement and net zero by 2050. This will include a sustainable recovery incorporating emissions reduction, decent work, adaptation and resilience.

13. Contribute to ESG incorporation being implemented in financial policy and regulation in core markets, including providing technical input on sustainable finance policies

We will support signatories' policy engagement on ESG incorporation in core markets by providing technical input on ESG policy and regulation change; systematically sharing, and receiving feedback on, PRI policy positions via the Global Policy Reference Group, events and webinars; encouraging signatories to sign letters on ESG policy topics, to respond to policy consultations on ESG policy topics and to proactively engage financial regulators on financial regulatory topics regarding ESG incorporation, stewardship, disclosure and similar areas of responsible investment.

ACTIONS

Market-specific activities:

- EU: Continue contributing to a coherent and effective implementation of sustainable finance action, with a focus on the EU taxonomy and ESG disclosures for corporations and investors.
- United Kingdom: Engage in, and lead, debate about reform of the UK financial regulatory framework. Priorities cover policy implementation and monitoring (disclosure, stewardship) and taxonomy development.
- United States: Engage on financial policy reform in the US, including protecting shareholder rights, promoting mandatory ESG disclosure for issuers and modernising fiduciary duties to make clear that fiduciaries have an obligation to consider ESG factors as part of their investment actions.
- Japan: Engage in, and lead, debate about reform of the Japanese financial regulatory framework. Policy priorities include investor ESG disclosures and regulations, stewardship and corporate governance.
- Multilateral policy: Engage with the OECD, G7/G20 and other key organisations to align financial policies with sustainability goals.

14. Conduct legal and policy analysis to help develop the environment and frameworks needed to support investing for real-world outcomes

Working with UNEP FI, and supported by The Generation Foundation, we will examine the extent to which existing legal frameworks enable investors to consider sustainability impact. This work will build on the 2021 research report, A Legal Framework for Impact.

ACTIONS

- Engage with policy makers on sustainable investment and impact and provide recommendations for policy change where legal analysis determines that legal impediments are restrictive for investors seeking to incorporate sustainability impact in their investment decision-making.
- Support investors to consider sustainability impact.

15.

Work with other financial market participants – such as voting chain intermediaries, passive index providers, credit rating agencies and investment consultants – to ensure their products and services are aligned with the sustainability needs of their investor clients

We will work with service providers to incentivise them, and leverage their influence in key markets, to drive responsible investment and stewardship.

ACTIONS

- Examine the influence of index providers on investors' capital allocation, how index providers take ESG factors into account in their index construction and to what extent indices that claim to deliver sustainable outcomes actually do so.
- Assess, and propose remedies to, system/structural issues in the provision of voting advice to institutional investors, including principal/agent issues and potential conflicts between the interests of advisers and beneficiaries.

16.

Collaborate with others to develop a single global sustainability reporting system for investors and corporations, including propagating harmonised and meaningful data on sustainability performance and outcomes

We will contribute to the development of a global sustainability reporting system for investors and corporations, including accelerating the inclusion of sustainability outcomes data alongside ESG risk/opportunity and financial data. This will include the PRI's own reporting and assessment (across asset classes and priority ESG issues), and externally with regulators, standard setters, and other investor initiatives including the Net-Zero Asset Owner Alliance, Climate Action 100+ and the TCFD.

ACTIONS

- Address overlaps and gaps in sustainability reporting to investors.
- Support the development and uptake of harmonised and meaningful data on sustainability performance and outcomes.

17.

Analyse investment market structure, to define sustainability-enhancing interventions for systemically important participants

Building on our Sustainable Financial System analysis of important system actors, we will identify key market participants to work with in core markets in order to address barriers in market structure and identify interventions that the PRI can progress.

ACTIONS

- Identify emerging policy issues and inform our engagement with groups such as regulators, policy makers and international institutions.
- Research national pension systems to identify how pension system design enables or hinders sustainability outcomes.

INITIATIVES – A PROSPEROUS WORLD FOR ALL

18. Provide tailored guidance on investing with real-world outcomes across multiple markets

We will support signatories in implementing each of the five steps outlined in [Investing with SDG Outcomes](#), by providing guidance on: setting policies and targets, capital allocation, stewardship, engagement with policy makers/stakeholders and disclosure and reporting. We will also work with our UN partners, recognising that the SDGs are grounded in the Universal Declaration on Human Rights and reference the United Nations Framework Convention on Climate Change.

ACTIONS

- Provide evidence, tools and guidance for investor contribution to sustainability outcomes.
- Provide investment mandate guidance across asset classes, including on sustainable outcomes.
- Support investors to shape sustainability outcomes, through the full range of active ownership activities, within their respective mandates.
- Engage signatories on Active Ownership 2.0, focusing on the ESG issues that widely affect signatory portfolios and beneficiary interests.
- Develop and share guidance on how signatories can implement Active Ownership 2.0 in their activities.
- Engage with financial market actors to address market structure, behaviours, practices and incentives within the financial system that undermine sustainability outcomes.
- Support the shift to outcomes through engagement with policy makers on the enabling environment for investment in line with sustainability outcomes.
- Conduct legal and policy analysis and engagement to inform and contribute to the necessary enabling frameworks and environment for outcomes investment.
- Support signatories to better understand the sustainability performance of their portfolios to shape and improve outcomes.
- Support development and uptake of harmonised and meaningful data on sustainability performance and outcomes.
- Guide and encourage signatories on transparent disclosure within the investment chain and oversight of ESG performance.
- Further develop questions on sustainability outcomes in the PRI Reporting Framework.

19. Develop tools and guidance for assessing climate risk

It is in signatories' interests that climate change is addressed in line with the Paris Agreement. Investors' interpretations of what this means for their investment activities will vary, but ambitious action will be required to protect portfolios from risk and to expose them to opportunities in the shift to a low-carbon global economy. In our climate change work we will continue to collaborate with our key partners, investor initiatives and networks.

ACTIONS

- Encourage investors to engage in forward-looking analysis and strategic planning using scenarios that are in line with the commitments under the Paris Agreement, including the Inevitable Policy Response.
- Provide input to the TCFD, and support signatories in aligning their disclosures with it.
- Align climate indicators in the PRI Reporting Framework with the TCFD framework.

20. Support signatory climate action in aligning portfolios towards net zero by 2050.

We will advocate for implementation of the Paris Agreement and of achieving net zero by 2050 (including a sustainable recovery incorporating emissions reduction, decent work, adaptation and resilience) and support signatories with tools and guidance on reaching a 1.5°C pathway.

ACTIONS

- Support decisive action by asset owners through the UN-convened Net-Zero Asset Owner Alliance.
- Provide guidance to support investors in aligning portfolios towards net zero by 2050.
- Input into The Investor Agenda's climate action plans for investors.
- Support collaborative engagement through Climate Action 100+.
- Provide support for implementation of key regulations including the *EU taxonomy on sustainable activities*.
- Support development and uptake of harmonised and meaningful data on sustainability performance and outcomes.

21. Build investors' understanding of human rights and support them in embedding the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises into their investment activities

Building on the 2020 launch of our flagship report [Why and how investors should act on human rights](#), we will support signatories to embed the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises into their investment activities.

ACTIONS

- Provide a series of case studies and guidance across asset classes.
- Convene collaborative engagement with companies, and investor dialogue with engagement providers and proxy voting firms.
- Promote mandatory human rights due diligence legislation in core markets and priority countries.
- Promote social data alignment with the UN Guiding Principles.
- Systematically embed human rights in all our discussions with asset owners, to get the UN Guiding Principles and OECD Guidelines for Multinational Enterprises adopted as frameworks by 2023.

22. Support investor understanding of and action on priority ESG issues, including through incorporation activities and shaping outcomes in line with planetary boundaries, inclusive societies and a corporate culture that delivers sustainable performance.

In addition to our programmes of work on climate mitigation and human rights, we will support signatories on a further set of priority environmental, social and governance issues (see page 11). We will develop change plans for every priority issue, and work to implement them through our investment practice, stewardship and policy programmes.

ACTIONS

- Demonstrate how long-term global trends will shape the investment environment of tomorrow.
- Profile leading investor practice on priority ESG issues, through case studies, podcasts, webinars and other key channels to support signatory action.
- Clarify and promote responsible investor expectations on priority ESG issues
- Develop asset class guidance and engagement guidance on specific sustainability issues.
- Consult with signatories and investor groups to develop issues-based policy recommendations for core markets.



7

ENABLERS

7.1 SIGNATORY SERVICES

PRI DIGITAL TRANSFORMATION PROGRAMME

The global response to COVID-19 has accelerated the need to transform our offering and processes to a more digital approach. Like many organisations, we have pivoted from in-person interaction and collaboration to a variety of virtual formats. Our continuing growth across the globe also continues to increase the importance of operating digitally.

In response, we are taking a digital-first approach to our business model, building an organisation for the 2020s and beyond. Our Digital Transformation Programme is intended to deliver the benefits of the PRI to our signatories and stakeholders at scale.

It will enhance our approach to virtual forums and events, collaborative engagements, online learning and networking, and diversify our content through dynamic web publication, social media, podcasts, webinars and video.

We can gather a deeper understanding of signatory needs and interests, and therefore tailor resources, personalise and localise content and enhance user journeys and experiences.

We will continue to develop this approach over the next three years, identifying and implementing new technological solutions that improve and expand the ways that we engage our signatories, and that allow us to streamline our internal operations.

AN EXPANDED GLOBAL PRESENCE

We will continue to increase the geographical spread of our staff, to bring PRI staff ever closer to signatories in their markets. These will primarily be relationship management roles that aim to ensure signatories' needs are known and addressed, expanding on the more than 30 roles that exist as of 2021 (see figure 3 overleaf). Increasingly, roles that support local policy and stewardship work, and cross-functional market leads, will be considered, depending on the size of the market and the issues at hand. As a result, we plan to deliver over 3,000 one-on-one servicing sessions with our signatories each year.

We will establish local Heads of Market in markets with significant financial centres and/or responsible investment drivers that are currently being serviced remotely. This means that in addition to our existing local PRI presence in over 16 markets, we will add operations in Italy, South Korea and India, as well as in additional cities within some existing markets.

As the global spread of our staff grows, so does the proportion of signatories with which we can communicate in their own language. We will continue to primarily produce resources in English, but we expect our translation budget to continue to grow, enabling us to also produce an increasing number of outputs in additional languages, prioritising French, Spanish, Chinese, Japanese and Portuguese.

Diverse participation options

We will continue to offer a varied set of opportunities for investors to get involved. Advisory committees and working groups will continue to run where specialised advice and input is needed, but we will also increasingly convene broader group efforts, such as larger reference and collaboration groups that aim to share information and evolve the thinking of a practice, issue, or target group. The PRI Collaboration Platform will continue to be a key place for investors to come together to engage with companies and policy makers for change.

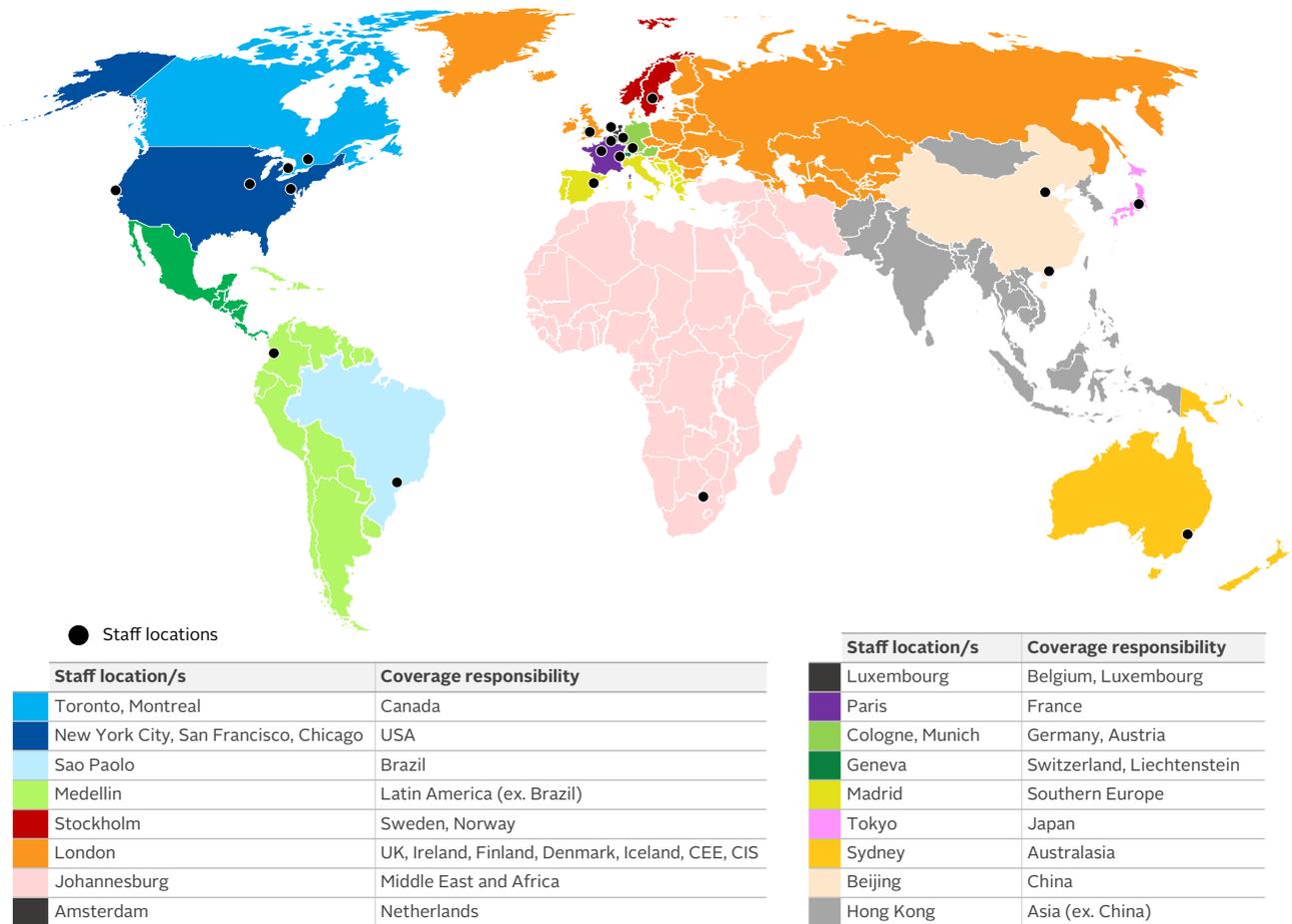
A broader set of tools with a priority set of initiatives

We will continue to expand our range of tools and resources across different asset classes and issues, to better meet the varying needs of our increasingly diverse set of signatories. We will focus on a narrower set of initiatives that help investors lead towards systematic incorporation and foster collective action towards achievable outcomes.

Events

Signatories have consistently identified the PRI's events as a key benefit of being a signatory. Since its launch in 2007, PRI in Person has grown into the world's largest and most high-profile responsible investment conference. The [2019 edition](#) attracted over 1,800 delegates and – recognising the diversity of signatories' needs – addressed more than 40 topics.

Figure 3: Our locations and coverage as of March 2021



The world has changed a lot since then, with COVID-19 accelerating a shift towards webinars and digital events. Like all event organisers, we have become increasingly comfortable with digital platforms, and in 2020 we successfully delivered a series of regional Digital Forums, in addition to our extensive programme of webinars.

A digital approach has broadened the reach of our events, with our [Digital Forum: EMEA](#) for example attracting delegates from 58 countries. However, we recognise that for many signatories, the benefits of attending an in-person conference cannot be fully replicated online. When in-person events are a reality again, we intend to use both digital and in-person experiences to allow signatories to interact through the channel of their choice.

From 2022, the PRI is considering a hybrid event, with opportunities for delegates to learn, interact and network digitally as well as in-person. This will:

- give every delegate the opportunity to tailor the conference experience to suit their needs;

- extend the scale and reach of the conference beyond the capacity of any venue, making it accessible to the whole signatory base;
- reduce the need for international travel, enabling us to deliver a larger, more impactful event in an environmentally sustainable way.

Our broader events programme will adopt a digital-first approach in keeping with our organisation-wide Digital Transformation Programme. While we will continue to run local in-person events where this is the best means of communication, our primary focus will be on continuing to enhance the volume, range and quality of our digital events.

Regardless of format, our goal is the same: to raise standards by showcasing best practice through an inclusive programme of engaging, educational events.

7.2 FINANCIALS

FEES AND GRANTS

The PRI continues to be funded primarily by signatory fees, which comprise approximately 90% of our regular income, with grants making up the rest. On current trends signatory growth over the course of this strategy would take us to around 6000 signatories. This would see us increase fee income from £17m to £27m. Contributions from grant income would take our income to £30.6m.

For many years, signatory growth has enabled us to keep fee increases to inflation-only levels, and once again fees are not expected to increase in real terms during the next strategy.

The primacy of fees has allowed us to plan with confidence, while our more variable grant income is useful for accelerating specific areas of work and reducing pressure on fees. Over the next three years we are expecting £8m in grants or around 10% of overall fee and grant income.

OTHER INCOME STREAMS

- The PRI Academy has recently moved into surplus. Unlike the PRI itself, the PRI Academy – with a turnover of approximately £1m – is a commercial entity. Surpluses will be reinvested into improving both the educational experience and content, or diverted to the PRI Association, to accelerate other work.
- The Net-Zero Asset Owner Alliance is also housed at the PRI. This initiative is funded by its own fees, which are shared between the PRI and UNEP FI to run the program.
- Profits from our annual conference PRI in Person vary greatly depending on location and cannot be relied upon to fund our general work.

HOW WILL WE ALLOCATE YOUR FEES ACROSS OUR WORK?

The strategic plan, which is developed in consultation with the signatory base, flows into annual business plans and budgets which are overseen by the PRI Board supported by its Finance, Audit and Risk Committee, to ensure that they are appropriate and sustainable.

We contract specialist support in areas such as our global operating model, development of the reporting and assessment platform and developing a digital strategy.

We have recently appointed an outsourced internal audit function to review our operations and processes on an ongoing basis to ensure quality and efficiency.

Staff make up more than 60% of our expenditure (see figure 4 for a full breakdown), with IT a further 10%. We also assess expenditure by Blueprint area (see figure 5).

OUR RESILIENCE

Maintaining adequate reserves is a key part of our planning. Over the long term, as the organisation grows, we will need to achieve a surplus to build these reserves. The *minimum* reserve is set at three months' expenditure.

A key part of our financial strength has been our long-term planning, which has allowed us to support new initiatives such as the Net-Zero Asset Owner Alliance, and to negotiate the COVID-19 pandemic.

Figure 4: Staff costs by main area , 2021/22

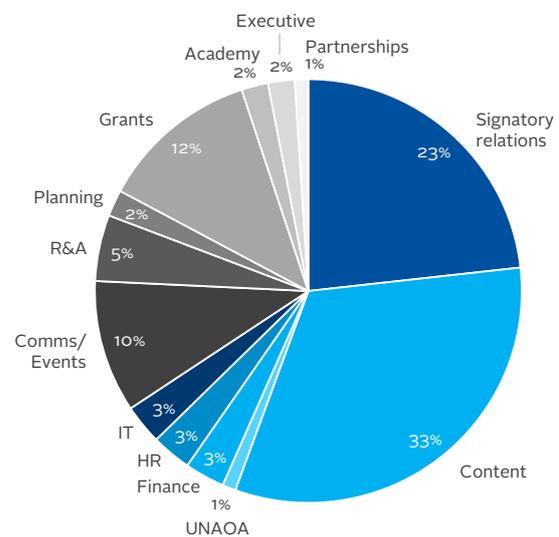
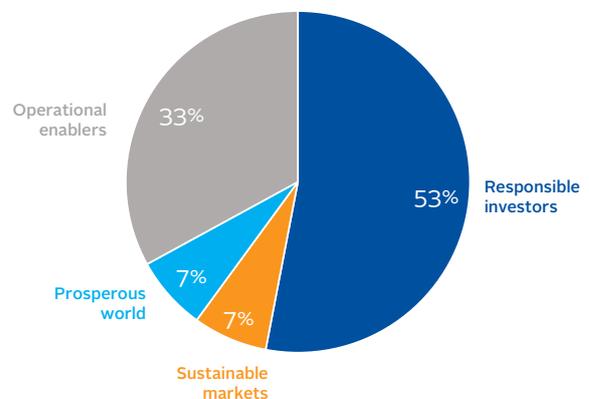


Figure 5: Expenditure by Blueprint area, 2021/22



7.3 HUMAN RESOURCES

Our HR priorities for the next strategy period are driven by: continued growth and expansion; greater global disbursement; enhanced digitalisation; a focus on diversity, equity and inclusion; and how we operate in a post-pandemic working environment. The workforce is committed and driven to deliver for the PRI and employee engagement remains high.

The impacts of working through a global pandemic will be profound, including the need to accommodate a far higher degree of flexibility in how, when and where people choose to work. This, coupled with a sustained period of growth (see figure 6) and greater globalisation (as of May 2020, 27% of our workforce was already based outside the UK), will require a change in our ways of working.

We will need to:

- strengthen remote management;
- improve cross-organisation and intra-team communication practices;
- identify how and when to collaborate;
- realign HR processes, such as recruitment and onboarding;
- protect the strong and cohesive culture that we know motivates people to work for the PRI.

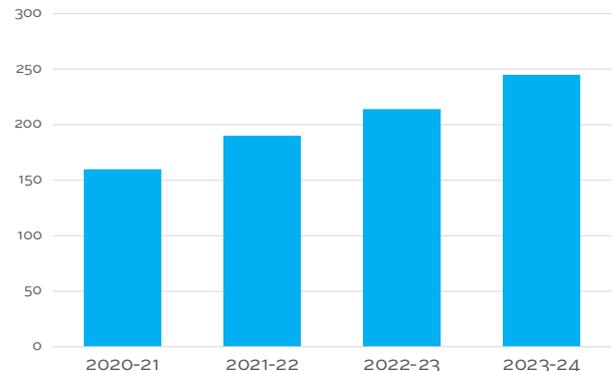
As a mission-driven organisation with social issues high on the agenda, it is imperative that the inclusivity and diversity of our own workforce reflects this – both to align with our Mission and to realise the benefits of increased productivity and creativity, better decision-making and improved ultimate performance. We will be appointing an external expert to help us identify some significant improvements to diversity, equity and inclusion within our recruitment and selection practices, retention, data/benchmarking and culture.

The PRI has a strong culture that guides, motivates and inspires its workforce. It ties our people together, demonstrates our beliefs to our signatories and has a positive influence on our behaviour. It also ensures we are oriented to our Mission – including our status as an organisation by and for investors. In this strategy period we will focus on maintaining our culture and its grounding in our Mission.

Attracting, assessing, selecting and then retaining the people we need over the next strategy period will be crucial to our ability to execute our strategic plan. As the PRI has grown and gained recognition, so too has our brand as an employer, and this has aided employee recruitment. The PRI is regarded as having a positive Mission which many people actively engage with, but as sustainability issues become more mainstream, competition for our people rises and our ability to attract and retain staff may reduce. Our existing pay bands are becoming less competitive as demand for sustainability professionals rises. Reviewing our reward practices to keep them competitive, focusing on the employee experience, enhancing our onboarding practices and embedding the enhanced flexible working arrangements we've developed will all strengthen our position.

Working towards a full talent development strategy (a plan for optimising performance across the organisation) will produce opportunities for existing staff to develop and grow. Maximising their capabilities will improve the service we offer to signatories.

Figure 6: Headcount growth, 2020-24



7.4 GOVERNANCE AND ACCOUNTABILITY

The PRI Association is governed by the PRI Association Board (the Board) as set out in the [Articles of Association of PRI Association](#).

The Board is collectively responsible for the long-term success of the PRI, in particular:

- setting the strategy, risk appetite and structure;
- delegating the implementation of the strategy to the PRI Association Executive (the Executive);
- monitoring the Executive's performance against the strategy;
- exercising accountability to signatories;
- being responsible to relevant stakeholders.

The Board is composed of:

- one independent Chair (confirmed by a signatory vote);
- ten Directors:
 - seven elected by asset owner signatories;
 - two elected by investment manager signatories;
 - one elected by service provider signatories.

If you would like to contact the PRI Board, please email governance@unpri.org

THE PRI BOARD

CHAIR



Martin Skancke
Chair, PRI
[Appointed until 2023](#)
INDEPENDENT

DIRECTORS ELECTED BY ASSET OWNERS



Angela Emslie
Independent Member, Impact Committee HESTA Super fund
[Elected until 2021](#)
AUSTRALIA



Eva Halvarsson
Chief Executive Officer, Second Swedish National Pension Fund (AP2)
[Elected until 2022](#)
SWEDEN



Hiro Mizuno
Investment committee member, Tokyo University
[Elected until 2022](#)
JAPAN



Renosi Mokate,
Chairperson of the Board of Trustees, Government Employees Pension Fund (GEPF)
[Elected until 2023](#)
SOUTH AFRICA



Laetitia Tankwe
Advisor to the president of the board of trustees, Ircantec
[Elected until 2021](#)
FRANCE



Xander den Uyl
Trustee, ABP
[Elected until 2021](#)
THE NETHERLANDS



Sharon Hendricks
Chair of the Board, CalSTRS
[Elected until 2021](#)
US

DIRECTORS ELECTED BY NON-ASSET OWNERS



Wendy Cromwell
Vice Chair, Wellington Management
[Elected until 2021](#)
US



Tycho Sneyers
Managing Partner, LGT Capital Partners
[Elected until 2023](#)
SWITZERLAND



Michael Jantzi
CEO of Sustainability
[Elected until 2022](#)
NETHERLANDS

PERMANENT UN ADVISORS

UNGC



Sanda Ojiambo
CEO & Executive Director UN Global CompactUNHQ
NEW YORK

UNEP



Eric Usher
Head, UNEP FI
SWITZERLAND



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RISKS

The PRI Board assumes overall accountability for overseeing and monitoring the PRI's risks. The Board is supported by the Finance, Audit and Risk Committee, the purpose of which is to provide assurance to the Board as to the veracity of the financial statements; the efficacy of risk management; the efficacy of compliance controls; and the strength and appropriateness of general control and mitigation processes across the PRI Association.

Risks are broadly divided into strategic risks and operational risks.

Strategic risks are defined as risks to the relevance or efficacy of the organisation in working towards the PRI Mission. These are largely derived from external drivers in the investment industry and broader political, social and economic trends. Strategic risks are discussed by the board at the start of the strategy period and formally reviewed annually.

Operational risks are risks to the day-to-day business activities of the organisation, including governance, financial, operations and human resources. Operational risks are reviewed by the Finance, Audit and Risk Committee, together with the compliance report, at least quarterly, and reported to the board. At every committee meeting there is a deep dive into one operational risk.

Risks are scored by likelihood and impact, including possible mitigations.

STRATEGIC RISKS

Risk	Description	Mitigation strategies
Greenwashing and accountability	PRI signatory status loses its value and meaning, with free-riding, lack of implementation and insufficient accountability to the Principles and Mission.	Provide investor guidance and support to improve practices over time; reform the Reporting Framework; continue to evolve the minimum requirements.
Principles and Mission	The Principles are largely process-based whereas the Mission specifies a desired outcome (a sustainable financial system). Risk of perceived schism between outcomes and objectives and fiduciary duty objectives.	Maintain focus of an investor organisation, delivering value to investors, with Principles and Mission grounded in investment objectives.
Divergent regulation	Political regimes with divergent outlooks and regulatory drives, undermining a global approach to responsible investment and uniform regulatory progression.	Adopt a global outlook with localised implementation. Focus on collating and disseminating best practices.
Changing investment landscape	Shift in some jurisdictions from Defined Benefit to Defined Contribution funds. Shift from active to passive management. Changes in fiduciary management, the role of regulators and other investment trends.	Continue engaging with signatories in order to develop resources and guidance accordingly.
Diverse signatory base	Failure to cater for an increasingly diverse signatory base in terms of market, focus, perspective, expertise, imperatives, stage, region and type.	In person presence in local markets together with collaborations with local organisations where appropriate. Maintain regular polling and engagement with signatories and increase focus at the Board and Executive on the organisation's in-person and digital scalability.
Evolving responsible investment landscape	New organisations or regulations reduce the relevance of the organisation.	Focus on distinctive strengths and disseminating relevant expertise.
Technological development	Failure to appreciate impact of big data and other technological innovation on responsible investment and the PRI operating model.	Increasing shift to a hybrid in-person and digital operating model, and develop a broader digital strategy.
Operating in a COVID-affected world	COVID-19 and its effect on the PRI operations, including funding, operations, and delivery of signatory value.	Increasingly shift to a hybrid in-person and digital operating model, to facilitate signatory interaction and deliver signatory value.
Dysfunctional collaboration	Failure to integrate or partner effectively with external collaborative partners.	Ensure clarity on distinctive strengths and guidelines for effective collaboration, including governance and controls.

The Principles for Responsible Investment (PRI)

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into 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.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

More information: www.unpri.org



The PRI is an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact.

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



United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with more than 8,800 companies and 4,000 non-business signatories based in over 160 countries, and more than 80 Local Networks.

More information: www.unglobalcompact.org

