

PRI STRATEGY CONSULTATION

2024

Responding to a Changing World

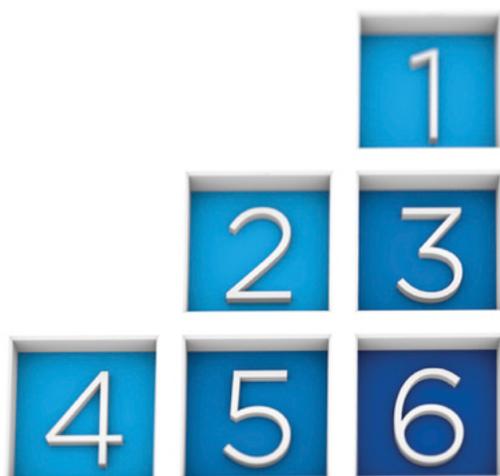
OUR MISSION

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.

THE SIX PRINCIPLES



- 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 DISCLAIMER

The information contained on this document is meant for the purposes of information only and is not intended to be investment, legal, tax or other advice, nor is it intended to be relied upon in making an investment or other decision. All content is provided with the understanding that the authors and publishers are not providing advice on legal, economic, investment or other professional issues and services. PRI Association is not responsible for the content of websites and information resources that may be referenced. The access provided to these sites or the provision of such information resources does not constitute an endorsement by PRI Association of the information contained therein. PRI Association is not responsible for any errors or omissions, for any decision made or action taken based on information on this document or for any loss or damage arising from or caused by such decision or action. All information is provided "as-is" with no guarantee of completeness, accuracy or timeliness, or of the results obtained from the use of this information, and without warranty of any kind, expressed or implied.

Content authored by PRI Association

For content authored by PRI Association, except where expressly stated otherwise, the opinions, recommendations, findings, interpretations

and conclusions expressed are those of PRI Association alone, and do not necessarily represent the views of any contributors or any signatories to the Principles for Responsible Investment (individually or as a whole). It should not be inferred that any other organisation referenced endorses or agrees with any conclusions set out. The inclusion of company examples does not in any way constitute an endorsement of these organisations by PRI Association or the signatories to the Principles for Responsible Investment. While we have endeavoured to ensure that information has been obtained from reliable and up-to-date sources, the changing nature of statistics, laws, rules and regulations may result in delays, omissions or inaccuracies in information.

Content authored by third parties

The accuracy of any content provided by an external contributor remains the responsibility of such external contributor. The views expressed in any content provided by external contributors are those of the external contributor(s) alone, and are neither endorsed by, nor necessarily correspond with, the views of PRI Association or any signatories to the Principles for Responsible Investment other than the external contributor(s) named as authors.

CONTENTS

Message from PRI CEO, David Atkin	5
Consultation process and timelines	6
Strategic narrative	8
– Executive summary	9
– Strategic context	12
– Proposed focus areas for the forthcoming strategy	13
– Next steps	21
Consultation	22
– The refreshed strategy and changes to our fee structure	24
– Signatory progression	29
– Future of mandatory reporting	34
– Signatory value	37

MESSAGE FROM PRI CEO, DAVID ATKIN

The PRI has achieved a great deal since its founding in 2006.

Through our work with signatories, responsible investment is now part of mainstream financial practices and a critical part of investors' strategies all around the world. But the landscape is shifting and there are multiple dynamic forces at play, including progress on global sustainability issues, geopolitical shifts and changes in investment markets and the responsible investment ecosystem.

This year we launch the new strategy, responding directly to signatory needs and the changing world around us. Some of what we will undertake represents a significant shift for the PRI and other elements are simply a sharpening of our focus. The new strategy in aggregate will better equip us to deliver the mission - maximise the value we deliver to signatories in a rapidly evolving environment and to deliver on the PRI's mission – which is to create a sustainable financial system that benefits the environment and society as a whole.

The strategy we are sharing with our signatories will shift our programme priorities to centre around four focus areas.

We will concentrate on tailoring our guidance and reporting and assessment to signatories to progress their responsible investment (RI) practices. We will continue building our presence in mature regions and extend our reach in developing markets, with the aim of strengthening local RI ecosystems. We will offer more convening opportunities and amplify the impact of collaborative investor initiatives. Finally, we will work with governments and relevant actors to deliver more effective engagement and shape key RI policy and regulatory developments.

The years ahead won't be without risks and hurdles to navigate. There is no doubt that we are operating in a challenging environment as are our signatories around the world. From increasing urgency in the climate emergency, to the prevalence of anti-ESG sentiment, continued violence in both the Middle East and in Ukraine and strong inflationary pressures the world remains a volatile place.

PRI's continued success will require a strategy and practical approach which responds directly to these challenges and meets investors needs where they are today. I'm looking forward to hearing your feedback on the refreshed strategy and working together to deliver the strategy over the coming years.



David Atkin

CEO, Principles for
Responsible Investment



CONSULTATION PROCESS AND TIMELINES

As we approach the end of the 2021-24 strategic period, the PRI has been working over the last 18 months on a new strategy, informed by a rapidly developing external environment and in wide consultation with signatories.

The strategy has two overarching objectives: to maximise the value we deliver to signatories in a rapidly evolving environment and to deliver on the PRI's mission – which is to create a sustainable financial system that benefits the environment and society as a whole.

This document provides a summary of the new strategic plan, including key priorities and directional developments that we wish to consult with our signatories on.

The PRI Strategy Consultation 2024 will take place from March to May 2024. As a signatory-based organisation, we encourage all signatories to participate in this process.

We are seeking to capture all signatories' formal feedback in an online consultation survey. A link, unique to each

organisation, will be sent to all main and secondary PRI contacts at each signatory.

- We are asking for one survey submission per organisation
- Signatories must submit responses by 23:59 in their local time zone on 10 May 2024

For ease of analysis, we prefer written responses to be made in English where possible, but responses in Chinese, French, Japanese, Portuguese and Spanish will also be assessed and we will make an effort to assess responses in other languages. The PRI Board will review the formal consultation feedback, discuss any proposals following the analysis and agree next steps to finalise our Strategic Plan.

After the close of the consultation, the PRI will report back to signatories with:

- the finalised strategic plan
- a formal response to the signatory consultation from the PRI Board;
- a summary of the consultation survey responses;
- all consultation survey responses in full, but without attribution to individual signatory organisations.



For more information, see the PRI Strategy Consultation 2024; Responding to a Changing World webpage.

If you have any further queries, please email info@unpri.org

PRI FORMAL CONSULTATIONS

This is a formal consultation, which we undertake when discussing or proposing significant changes to the organisation – changes that could affect signatories' expectations, engagement or commitment.

We must hold formal consultations before adopting a new strategic plan or making any material changes to our governance structure, Objects, Mission, Principles or fee structure. Topics of past formal consultations have included: our strategic plans; reporting and assessment; signatory accountability; minimum signatory requirements; and our sustainable financial system work programme.

For each formal consultation, the PRI is required by our Articles of Association to publish a consultation document, allow a consultation period of at least four weeks, and provide multiple channels for signatories to provide feedback, including webinars, events and surveys.

We will always publish a summary of the feedback received, full unattributed consultation responses, and a formal response from the PRI Board.



STRATEGIC NARRATIVE

EXECUTIVE SUMMARY

The PRI has been working on a refreshed strategy over the last 18 months, informed by wide consultation with signatories.

The strategy has two overarching objectives: to maximise the value we deliver to signatories in a rapidly evolving environment and to deliver on the PRI's mission – which is to create a sustainable financial system that benefits the environment and society as a whole. Based on the strategic context, feedback from signatories, and alignment with the PRI's core advantages, we have selected four focus areas for the strategy:

1. Driving signatory progression on RI while streamlining PRI mandatory reporting

- **Strategic context:** Growth in the global RI ecosystem and recent issues with current approaches to RI has driven greater diversity among our signatories' RI ambitions, maturity levels and progression and, while signatories in some jurisdictions face an increased burden from multiple RI reporting frameworks, those in less mature ecosystems remain reliant on PRI reporting as a core service.
- **Value-add for signatories:** We will develop a new way for signatories to demonstrate RI progress. Tailored progression pathways will provide support, guidance and resources to help both new and advanced signatories develop their RI practices in line with their individual RI objectives, mandates and regulatory context and, in time, enable meaningful benchmarking against peers. In addition, a streamlined reporting process will enable implementation of the six principles with reduced effort so signatories can redirect resources towards progression. Both progression pathways and reporting would, over the strategic planning period, recognise equivalent reporting frameworks across jurisdictions and organisations.
- **Delivering the mission:** Enabling individual investors to learn and progress their practices will advance RI, and a streamlined reporting process will enable accountability to the six principles.

2. Strengthening regional RI ecosystems and extending our reach in emerging markets and developing economies (EMDEs)

- **Strategic context:** Action towards a sustainable financial system requires work at both the global and regional levels. This is reflected in signatories' desire for greater regional support and the growing importance of EMDEs to sustainability priorities and system-wide risks.
- **Value-add for signatories:** Locally-based contact points with specific regional expertise will work with signatories in their ecosystems, providing greater opportunities for knowledge sharing and collaborative action. We will strategically increase our presence in EMDEs to improve understanding across the global investor community of the challenges faced in those markets. In addition, we will introduce agreements with network partners to improve coordination between the PRI and partner groups, reducing duplication of effort.
- **Delivering the mission:** This work will foster a larger, stronger and more diverse global RI ecosystem and help align global and regional policy and financial market reform priorities, especially in EMDEs.

3. Amplifying signatory impact by supporting and leading collaborative initiatives

- **Strategic context:** Collaboration remains an effective and efficient way to address system-wide risks, but signatories are navigating an increasingly complex landscape as the global RI system grows and matures.
- **Value-add for signatories:** Signatories will have opportunities to collaborate through established and new PRI-convened and supported stewardship, target setting and peer learning initiatives, and will also have improved access to platforms and information to help navigate collaborative initiatives. Advanced signatories will have unique opportunities to explore, establish and drive progress on RI through investor collaboration.
- **Delivering the mission:** This enhanced support will help drive collaborative action to address barriers to RI and a sustainable financial system.

4. Strengthening the enabling environment for RI by influencing government and multilateral policy and financial market practices

- **Strategic context:** There has been substantial progress on policy and financial reform, but signatories have identified greater efficiency and harmonisation as priorities for RI action.
- **Value-add for signatories:** We will work closely with signatories, especially those who are large, experienced and highly engaged, to represent the investor voice on key policy and regulatory developments. We will use our experience with signatories to inform our work with policy makers, regulators and other system actors to create transparent markets and align policies, regulatory frameworks and market structures with sustainability outcomes.
- **Delivering the mission:** Renewed focus on the enabling environment will help align policy and financial market structures with sustainability outcomes and drive system change.

In summary, the PRI's refreshed strategy will see signatories progress their RI practices and take action on barriers to and enablers for a sustainable financial system.

Our offering for signatories will include advice on progression pathways; education and learning opportunities; participation in collaborative initiatives; expert input into policy consultations; and identification of future reform priorities supported by research. To advance our goals, we ask that signatories continue to progress RI practices, look for opportunities to collaborate with others, and identify what is needed from a changing regulatory environment to help advance RI around the world.

The remainder of this note summarises the strategic context, provides more detail on each of the focus areas, and lays out proposed changes to fees to support delivery of the strategy.

We are grateful for signatory input so far and will maintain close consultation with signatories in future. As a next step, we invite feedback on our proposed strategic direction through a survey to be distributed in late March 2024.

STRATEGIC CONTEXT

Despite significant progress in the global RI ecosystem, climate change and the degradation of our natural environment remain large and growing material risks, and increasing inequality of economic outcomes is driving social and political instability worldwide.

Widespread adoption of RI is the financial community's response to sustainability risks, in line with institutions' fiduciary duties and equivalent obligations to mitigate financial risk and support long-term value creation. However, it is becoming increasingly clear that significant change is needed to meaningfully advance system-wide RI goals.

In addition, the RI environment is increasingly dynamic and complex. Responsible investors are growing in number and have diverse maturity levels, needs, approaches and ambitions. In some jurisdictions, RI is enabled by government policy, regulation and incentives, while barriers remain in others, and there is pushback on the role of RI in the world's largest capital market. EMDEs are increasingly important as they grow and connect to

global capital, and are pivotal to addressing sustainability priorities and system-wide risks such as climate change.

Growing diversity in the maturity of RI across different markets, business models and signatory types calls for more tailored pathways for progression by signatories, as well as greater flexibility for reporting to avoid duplication in jurisdictions with multiple RI frameworks. Signatories also require further guidance, resources and coordination to harness the learning, best practice and network-building value that can be delivered through collaboration within fiduciary and broader regulatory boundaries in late March 2024. We look forward to engaging with our signatories further to advance our shared goals.

PROPOSED FOCUS AREAS

- 1.** Driving signatory progression on RI while streamlining PRI mandatory reporting.
- 2.** Strengthening regional ecosystems and extending our reach in EMDEs.
- 3.** Amplifying signatory impact by supporting and leading collaborative initiatives
- 4.** Strengthening the enabling environment for RI by influencing government and multilateral policy and financial market practices

PROPOSED FOCUS AREAS FOR THE FORTHCOMING STRATEGY

1. Driving signatory progression on RI while streamlining PRI mandatory reporting.

Driving signatories to meaningfully progress implementation of the six principles is central to the PRI's work and mission. However, as the global RI ecosystem grows, responsible investors are becoming increasingly diverse in their RI objectives and maturity levels.

Following a co-design process with signatories, the PRI will introduce over the course of the strategic planning period a new way for signatories to demonstrate RI progression, while also streamlining the PRI reporting process.

Progression pathways will allow signatories to advance their RI practices in ways that are relevant and meaningful on an individual basis, while streamlined reporting will reduce the effort required, allowing signatories to redirect resources towards progression.

It is proposed that the pathways will be based on RI objectives to recognise diversity of ambition and business models among signatories and across regions. This would also help clarify the intention underlying an organisation's

RI practices for all stakeholders. Both new and advanced signatories will have access to tailored PRI support, guidance and resources to build capacity and progress their investment and stewardship practices, including in relation to issue-specific themes such as climate change, nature and human rights, and the asset classes on which they focus. For example, larger signatories with mature RI practices who aim to pursue positive sustainability outcomes would benefit from advanced resources and guidance relevant to their specific objectives. Because the intended purpose is to support signatories to progress rather than provide assessment or ratings, individual signatories would choose their own pathways and the speed and extent of their progression, including through multiple pathways if relevant. In time, the PRI will introduce a voluntary progression reporting framework that will allow interested signatories to receive feedback and benchmark themselves against peers.

For our service provider signatories, progression pathways can provide greater clarity on the RI objectives and activities of asset owner and investment manager signatories and opportunities to develop the services of the future. We will engage with the service provider community

to support signatory progression. For example, the PRI could provide guidance and due diligence questions on integrating RI practices across the different progression pathways to investment consultants. PRI membership demonstrates service provider commitment to RI, and our global network offers unparalleled opportunities to collaborate, share knowledge, and strengthen capabilities to address critical global challenges.

The PRI is also introducing a streamlined reporting process, beginning with a flexible approach for 2024 reporting. While some signatories face a growing administrative burden in meeting PRI and other reporting obligations, some signatories in less mature RI ecosystems say the PRI's mandatory reporting provides a core service in support of their organisational objectives. To respond to these different needs, reporting will be voluntary for signatories that reported in 2023 or are in their grace period, but it will be required for investor signatories who kept their transparency reports private in 2023 or have yet to report. In the medium term, streamlined reporting will preserve accountability in relation to the six principles while reducing the effort required, enabling signatories to use progression to demonstrate learning and, ultimately, support benchmarking. In addition, policy equivalency, data and tools for both progression and reporting will support signatory accountability to each other and to relevant regulators.

2. Strengthening regional ecosystems and extending our reach in EMDEs.

The PRI will continue to leverage its global position, expertise and network to strengthen regional RI ecosystems. This will include connecting local, regional and peer entities, and accelerating RI progress through enhanced collaboration opportunities and knowledge sharing. We will also work with signatories to align global and regional policy and market reform priorities to create an enabling environment for RI across different regional contexts, and activate and support local RI ecosystems by convening, engaging and connecting our signatories and stakeholders through local initiatives such as communities of practice and global events including PRI in Person.

The PRI's work in regional RI ecosystems

Recent PRI work in regional ecosystems includes: the PRI Sustainable Finance Policy Conference in the UK, which brought together policy makers, signatories and industry associations to provide guidance to government on the green finance transition; the launch in Switzerland of stewardship roundtables in conjunction with the Asset Management Association; and a community of practice in Canada on Indigenous rights and reconciliation, in partnership with a local non-profit service provider signatory.

We will continue to focus on EMDEs as they connect to global capital to ensure that they are not left behind in the global transition to a sustainable financial system. While these and more developed markets face similar issues in attracting sustainable capital, many EMDEs also face the additional challenge of reliance on environmentally harmful industries, complicating their transition. Increasing our presence in these regions, particularly Southeast Asia, Latin America, Sub-Saharan Africa, the Middle East, and ultimately India, will enhance our collective understanding of global investor challenges and provide avenues for more collaborative and productive action towards a sustainable global financial system.

Continuing to build our presence in mature regions and extending our reach in EMDEs will provide all stakeholders with opportunities to engage with and learn from a large, diverse group of regional stakeholders in a collaborative space, reducing the need to develop multiple one-to-one relationships. Duplication of effort should decline as the PRI amplifies important activities and initiatives that can be shared across the signatory base. Asset owners will benefit from enhanced connectivity and collaboration across the wider network to promote best practice adoption and provide learning opportunities, and there will be greater

support for collaborative actions with regional impact. Investment managers and service providers will gain more opportunities to better understand their clients' sustainability practices and will benefit from ongoing forums in which to share best practice and peer learning.

The PRI's work in EMDEs

Recent work in EMDEs includes: a PRI stakeholder event held in conjunction with the Mexican stock exchange, an asset owner signatory and a local network led by the Glasgow Financial Alliance for Net Zero (GFANZ) to discuss case studies on Mexican participation in the Climate Action 100+ initiative; convening a local asset owner and the UN Global Compact in Brazil to explore joint efforts towards human rights in the region; hosting an asset owner roundtable on the Net Zero Asset Owner Alliance with the participation of GFANZ in South Africa; and, in conjunction with Capital Markets Malaysia and the Institutional Investment Council Malaysia, the recent pilot of a new blended learning product from the PRI Academy. The PRI became an official supporter of the China Climate Engagement Initiative, a regional China-focused investor initiative to promote green, low-carbon, and high-quality corporate transition towards China's "dual-carbon" goals.

3. Amplifying signatory impact by supporting and leading collaborative initiatives

Participation in collaborative initiatives, consistent with investors' duties and mandates, creates opportunities for signatories to: use their collective voice and influence; address systemic issues; demonstrate commitment and progress; learn from other responsible investors; and engage collaboratively with investees, policy makers and other stakeholders. Changing global financial markets and mainstreaming RI requires reinforcing actions based on collaborative efforts. In line with ongoing demand from signatories, we will continue to provide opportunities to collaborate through PRI-convened and supported stewardship, target-setting and peer-learning initiatives that address critical system-wide risks. We will continue to focus on climate change, human rights and nature as our priority ESG issues, and the leading initiatives in these areas will inform and be informed by PRI research, analysis, thought leadership and policy advancement.

We will continue to work closely with investors, financial service providers, the UN and investor networks on convening and supporting net zero initiatives, such as the Net-Zero Asset Owner Alliance, and on global stewardship initiatives such as Climate Action 100+. Where the PRI has a clear, distinctive role to play, we will respond to signatory interest and demand for new collaboration opportunities.

For example, Spring is a new PRI stewardship initiative for nature (open to all PRI signatory asset owners, investment managers and service providers with mandates to represent institutional investors) that aims to enhance corporate practices to address the system-wide risk of nature loss and enhance long-term portfolio value creation. Initiatives will also provide larger and advanced signatories with new opportunities for collaboration to address system-wide risks.

Facilitating service providers' participation in collaborative initiatives

The PRI will continue to support service provider signatories with opportunities for collaboration. Our collaborative stewardship initiatives, such as Spring, are open to participation by service providers with mandates to represent institutional investors.

We will also continue to support service providers in their climate ambitions, for example through our partnership with the Sustainable Stock Exchange Initiative (SSEI), where PRI is a permanent board member, and our co-convening of the Net Zero Financial Service Providers Alliance. We will continue to support an effective strategy in developing sustainability principles and practices among the SSEI constituency and contribute to work on climate disclosures through outreach to policy makers and stock exchanges around the world.

We will also enhance signatories' access to platforms and information that improve the visibility and coordination

of investors' collaboration efforts and reduce duplication. For example, the PRI Collaboration Platform enables signatories to collaborate, pool resources and share information to enhance their stewardship activities. The PRI will continue to engage with other responsible investment and sustainability initiatives to help accelerate system change.

4. Strengthening the enabling environment for RI by influencing government and multilateral policy and financial market practices

All investors benefit from an enabling RI policy and regulatory environment. While the global RI ecosystem has matured rapidly over the past decade, policy and financial market reform is still needed to harmonise and reward leading RI practices. This is especially the case where there is ambivalence about or opposition to sustainability goals from political, regulatory and financial market actors, including on climate change, nature and human rights. Signatories have identified policy and regulatory environment as a priority area for RI action.

The PRI is well placed to progress reform due to our global experience and the technical advice we can provide, and we will support and lead the system-wide change which is essential for both novice and experienced

responsible investors to achieve their RI goals. To this end, we will enhance our ability to convene, act as a facilitator, moderate views, and recommend policy and financial market outcomes to support signatories. We will use our experience with signatories to inform our work with policy makers, regulators and other system actors to create transparent markets and align policies, regulatory frameworks and market structures with sustainability outcomes. In particular, we will work closely with our large, experienced and highly engaged signatories to represent the investor voice on key RI policy and regulatory developments to advance ambitious sustainability mandates. We will also support signatory engagement to influence government and multilateral policy making, including financial regulation and economic policy, and in forums and initiatives such as the UN Framework Convention on Climate Change, the OECD and the International Sustainability Standards Board. This work provides different engagement mechanisms for signatories, from PRI-led discussion papers and statements through to statements that enable like-minded signatories to speak in their own names.

In January 2024, the PRI was chosen to become the secretariat for the Taskforce on Net Zero Policy. The launch of the taskforce, at COP28, represented a significant step forward to advance the work of the UN

Secretary-General's High Level Expert Group on Net Zero Emissions Commitments of Non-State Entities. The taskforce will focus on establishing a collaborative space for policy makers and regulators and providing research and technical support on the net zero transition.

How we will enable the strategy and deliver value for signatories

To maximise the value delivered to signatories through the strategy, we are investing to ensure an improved signatory experience. This will include: better access to online PRI content and resources through a new website design; the creation of a global central support team; and better, more tailored use of data to provide more customised communications. We will increase our presence in regional ecosystems, with locally based contact points to provide signatories with access to knowledgeable support functions. We will connect asset owners, investment managers and service providers with the resources, support and opportunities needed for enhanced collaboration, and help signatories understand engagement opportunities and expectations.

Delivering progression pathways, fostering existing and emerging RI ecosystems, supporting collaborative initiatives and strengthening RI policy and regulatory

environments requires an uplift in effort, investment in new capabilities and greater support from our signatory base. Like many organisations, we have been subject to significant inflationary pressures over the past few years, but have limited increases to signatory fees by targeting operational efficiency and financial stability. We have also seen an upward trend in the consolidation of our signatory base, putting downward pressure on the PRI's revenue. The funding we receive to support signatories is predominantly derived from signatory fees so, while we strive to keep our fees as low as possible, they must be sufficient to deliver our strategy and meet signatories' needs.

In addition, the current PRI fee structure no longer fairly reflects the diversity of the signatory base. As the PRI membership has grown and become more diverse, we have signatories with very different quantum of assets under management (AUM), ranging from less than \$100m to more than \$1trn.

The Board therefore believes that introducing a more progressive fee schedule will better promote fairness and equity. Such a fee structure can ensure that each signatory contributes proportionately based on their fund size. Ultimately, this will promote fairness, reflect the varying capacities of our signatories, and contribute to a more equitable, effective and sustainable investor association.

We are therefore proposing two new upper fee bands for asset owners and investment managers, as shown below.

Asset owners	Fee band – by AUM in \$ billion	FY 2024/25	
	Band 1	≥ 100+	£20,000
	Band 2	50 – 99.99	£15,000
Investment managers			
	Band 1	≥ 500	£25,000
	Band 2	100 – 499.99	£20,000

We are also requesting modest increases in fees paid by signatories below the thresholds shown above. This is the first part of a longer-term review of our revenue model, including our fee structure and bands. More details will follow at this year’s Signatory General Meeting, including how we will engage signatories in the process.

Additional resourcing will contribute to delivering on signatories’ most important priorities, as indicated to us

through consultation. We will be able to provide more tailored programmes of work, play a more effective role in advocating for RI policy both globally and in regional contexts and, ultimately, accelerate the adoption of RI practice. While increasing the number of fee bands will ensure PRI’s financial sustainability in the short term, in the longer term we aim to diversify our revenue streams to reduce reliance on signatory fees and increase our financial sustainability and resilience.

NEXT STEPS

As the world's largest and most influential responsible investment organisation, the PRI is ideally positioned to accelerate progress towards a global financial system that rewards responsible investment, operates within planetary boundaries, promotes human rights and achieves equitable societies.

However, we cannot achieve the mission alone – we must work with signatories, other networks, financial system actors, policy makers, multilateral organisations and other relevant stakeholders to achieve the desired impact.

The strategy outlined in this note will enhance the PRI's mission-driven, signatory-centric, big tent model. While it will demand increased efforts and resources, it will help us grow the global RI ecosystem while catering to the needs and ambitions of a more diverse signatory base.

To advance our collective goals, we ask that signatories continue to progress RI practices, look for opportunities to collaborate with others and identify what is needed

from a changing regulatory environment to advance RI around the world.

Signatory perspectives are essential for helping us understand how best to support our signatories to advance RI on both an individual and a collaborative basis.

We welcome feedback on the proposed direction of the PRI outlined in this paper through a survey to be distributed in late March 2024. We look forward to engaging with our signatories further to advance our shared goals.



PRI STRATEGY CONSULTATION 2024

Responding to a Changing World

THE CONSULTATION SURVEY SEEKS SIGNATORY INPUT ON FOUR AREAS:



Alongside the survey questions, we provide context on the issues being discussed to aid in your organisation's contribution to this consultation.

01.

THE REFRESHED STRATEGY AND CHANGES TO OUR FEE STRUCTURE

The PRI's new strategy will focus on four areas to maximise the value we deliver to signatories and accelerate progress towards a sustainable global financial system.

Their selection has been informed by wide consultation with signatories over the last 18 months, the broader strategic context and the PRI's experience and analysis.

The focus areas are:

1. Driving signatory progression on RI while streamlining PRI mandatory reporting
2. Strengthening regional RI ecosystems and extending our reach in emerging markets and developing economies
3. Amplifying signatory impact by supporting and leading collaborative initiatives
4. Strengthening the enabling environment for RI by influencing government and multilateral policy and financial market practices

The proposed programme of work will require an increase in effort, investment in new capabilities and greater support from our signatory base. Like many organisations, we have experienced significant inflationary pressures over the past few years, but we have limited the effect on signatory fees by targeting operational efficiency and financial stability.

There has also been consolidation within our signatory base, putting downward pressure on the PRI's revenue. The funding we receive to support signatories is predominantly derived from signatory fees, so while we work to keep our fees as low as possible, they must be sufficient to deliver on our strategy and meet signatories' needs.

In addition, the current PRI fee structure no longer fairly reflects the diversity of the signatory base. As the PRI membership has grown and become more diverse, we have signatories with very different quanta of AUM, ranging from less than \$100m through to more than \$1trn.

The Board therefore believes that introducing a more progressive fee schedule will better promote fairness and equity. By implementing a more progressive fee structure, we

01.

can ensure that each signatory contributes proportionately based on their fund size. Ultimately, a more progressive fee schedule will promote fairness, reflect the varying capacities of our signatories, and contribute to a more equitable, effective, and sustainable investor association.

We are therefore proposing two new upper fee bands for asset owners and investment managers, as shown below.

Asset owners	Fee band – by AUM in \$ billion		FY 2024/25
	Band 1	≥ 100+	£20,000
	Band 2	50 – 99.99	£15,000
Investment managers			
	Band 1	≥ 500	£25,000
	Band 2	100 – 499.99	£20,000

01.

QUESTIONS

1.1 How valuable is the PRI's work in each focus area to your organisation?

When answering, please use the scale from 1 to 5, where 1 is 'not at all valuable' and 5 is 'very valuable'.

- Driving progression and streamlining reporting
- Supporting regional RI ecosystems and extending our reach in emerging markets and developing economies
- Supporting and leading collaborative initiatives
- Influencing policy and financial market practices

1.2 Still thinking about how valuable the PRI's work is to your organisation, please add any additional information you would like to share about your responses to the previous question.

Nothing to add

01.

QUESTIONS

1.3 How well positioned is the PRI to drive impact in each of the proposed focus areas?

When answering, please use the scale from 1 to 5, where 1 is 'not at all well positioned' and 5 is 'very well positioned'.

- Driving progression and streamlining reporting
- Supporting regional RI ecosystems and extending our reach in emerging markets and developing economies
- Supporting and leading collaborative initiatives
- Influencing policy and financial market practices

1.4 Based on your response to the previous question, please add any additional information on how well positioned the PRI is to drive impact in the proposed focus areas.

Nothing to add

01.

QUESTIONS

1.5 Please add any further feedback on the PRI's proposed strategic direction and the value it will offer your organisation.

Nothing to add

1.6 If applicable, does your organisation have feedback on the proposed changes to the fee bands?

Nothing to add

02.

SIGNATORY PROGRESSION

As the global RI ecosystem grows, responsible investors are becoming increasingly diverse in their RI objectives and maturity levels. Through consultation, signatories have clearly signalled a desire to be able to demonstrate progress against the RI objectives that are most relevant to them.

In response, and following a co-design process with signatories, the PRI will, over the course of the strategic planning period, introduce a new way for signatories to demonstrate their RI progression.

Progression pathways will allow signatories to advance their RI practices in a way that is relevant and meaningful to them on an individual basis, while also fostering a sustainable financial system. It is proposed that the pathways will be based on RI objectives to recognise diversity of ambition and business models among signatories and across regions. This would also help clarify the intention underlying an organisation's RI practices for all stakeholders. Progression pathways will not provide assessment or ratings in the traditional sense, but will instead provide tools, information and support for signatories

to progress. Individual signatories will voluntarily choose their pathway and the speed and extent of their progression.

In future, progression pathways will influence the way signatories advance and report on their RI activities. While co-design of progression pathways is still underway with signatories, the following terms and ideas may be helpful for signatories in answering the questions that follow.

First, we foresee that Minimum Requirements will remain for all signatories to ensure accountability for PRI signatory status.

Secondly, we expect that all signatories will be required to undertake foundational reporting. This would be a new streamlined, simplified version of the current mandatory reporting requirements. Foundational Reporting could collect core information about implementation of the six PRI Principles from signatories, enabling meaningful, simplified benchmarking of signatory activity.

Third, foundational reporting could be complemented by voluntary progression reporting. Progression reporting could enable signatories to solicit feedback on their progress and allow benchmarking against other signatories who are also reporting on their RI progress.

02.

Finally, recognition of equivalent reporting obligations from regulators and other investor initiatives could further reduce the overall reporting burden for signatories. The application of equivalency to foundational and progression reporting is still being considered, but it is likely to be an important consideration for signatories. A co-design process on progression pathways and reporting will continue throughout 2024. The following questions are intended to provide critical input into the future design of these approaches.

02.

QUESTIONS

2.1 Progression pathways offers a range of opportunities to support signatories' progress towards their responsible investment objectives. Which of the following would your organisation like the PRI to provide? (Select all that apply)

- Guidance more tailored to your responsible investment objectives
- Recommendations and access to the research, guidance and tools of organisations and investor collaborations outside of the PRI
- Suggested KPIs to measure and compare progress with peer signatories
- A platform to report on progress and benchmark against peers with the same RI objectives
- An accountability requirement implemented by the PRI, whereby investors making claims related to their progress and objectives would need to demonstrate how they are progressing
- Validation of progression-related claims, whereby the PRI would require signatories' disclosures to be audited
- Work with regulators to establish an international standard for progression for different investor objectives

Other (please specify)

02.

QUESTIONS

2.2 Progression pathways is a voluntary initiative that will facilitate the creation of signatory cohorts formed around common objectives (selected pathways) and stages of maturity (steps along the pathway). What approach would ensure these cohorts are relevant and useful to their signatories? (Select one option only)

- Cohorts should be open to all, based on self-selection, to ensure accessibility
- Cohorts should be based on meeting certain criteria, based on reporting, to ensure similar maturity levels

Other (please specify)

02.

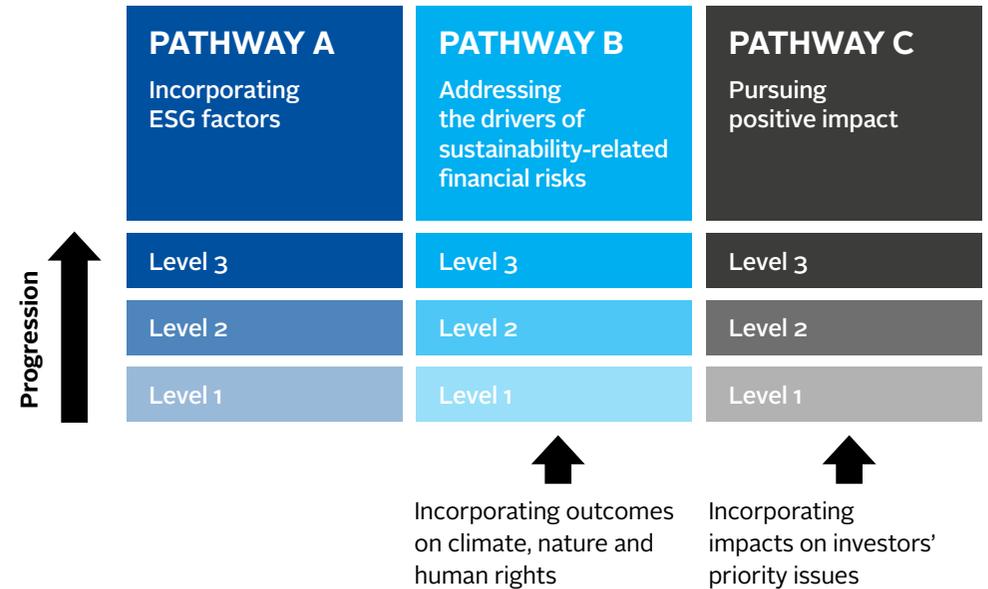
QUESTIONS

2.3 During the initial co-design phase of progression pathways, participating signatories indicated a preference for a concept rooted in investor objectives as summarised in the [Progression Pathways](#) paper from October 2023, and illustrated in the diagram on the right.

Please provide comments on how this model could best be developed or adjusted to support your organisation’s progression as a responsible investor.

Nothing to add

Distinguishing different responsible investment purposes/intentions



03.

FUTURE OF MANDATORY REPORTING

While some signatories face a growing administrative burden in meeting PRI and other reporting obligations, feedback from signatories in less mature RI ecosystems suggests that the PRI's mandatory reporting provides a core service in support of their organisational objectives.

In future, streamlined reporting will preserve accountability in relation to the six principles while reducing the effort required, enabling signatories to use progression to demonstrate learning and, ultimately, support benchmarking.

03.

QUESTIONS

3.1 What activities should be reported to the PRI by all signatories to ensure accountability in implementing the principles? (Select all that apply)

- The current minimum requirements for investor membership to the PRI
- Overall approach and commitment to responsible investment, endorsed by senior leadership of the signatory organisation
- Progress made on responsible investment and specific next steps to advance commitment to implementing the principles, endorsed by senior leadership of the signatory organisation
- Policy and governance approaches related to systematic sustainability issues
- ESG incorporation in investment processes
- Active ownership and stewardship activities
- Responsible investment approach specific to the selection, appointment, and monitoring of external investment managers
- Responsible investment approach for specific asset classes invested in, e.g., listed equity, fixed income, alternative investments etc.
- External reporting made to 3rd parties (for example to regulators or the wider public)

Other (please specify)

03.

QUESTIONS

3.2 What is your preferred frequency for PRI reporting? (Select one)

- Annually
- Every two years
- Every three years

Other (please specify)

04.

SIGNATORY VALUE

As we develop and implement our new strategy, we are looking to ensure that signatories get the value that they need from the PRI.

So that we have an up-to-date understanding of signatory needs, we will periodically collect data on where signatories derive value from the work that we do.

This will inform our understanding of where we have impact and where we need to adjust the strategy.

04.

QUESTIONS

4.1 What is the greatest challenge your organisation faces in implementing responsible investment? (Select one)

- Accessing the knowledge and tools to progress RI practices
- Connecting with peers in local/regional ecosystems
- Participating in collaborative initiatives
- Barriers to RI in the enabling policy and regulatory environment
- Lack of resources

Other (please specify)

04.

QUESTIONS

4.2 Based on your answer to the previous question, when addressing your greatest challenge, where do you look for support? (Select all that apply)

- The PRI
- Other RI organisations (please specify)

- Investor peer organisations
- Other (please specify)

4.3 Still thinking about the greatest challenge you face, what is the one thing that the PRI could do to address that challenge and increase the value we deliver for our signatories?

Nothing to add

04.

QUESTIONS

4.4 How easy do you find the following?

When answering, please use the scale from 1 to 5, where 1 is 'very difficult' and 5 is 'very easy'.

- Engaging with the PRI on reporting and assessment issues
- Engaging with the PRI on emerging issues or topics
- Engaging with the PRI on content
- Collaborating with other investors on issues that are important to you through the PRI
- Engaging with the PRI on service queries
- Finding information on the PRI website

04.

QUESTIONS

4.5 If you have answered 1, 2 or 3 for any of the options in the previous question, please provide further information on how you find these actions difficult.

Nothing to add

4.6 Is there anything else you would like to share about your experience as a PRI signatory?

Nothing to add



THANK YOU FOR ENGAGING WITH OUR NEW STRATEGIC PLANS.

We look forward to hearing your views and working together to advance our shared goals.



The Principles for Responsible Investment (PRI) Initiative

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

UN 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

