

POLICY BRIEFING

PRI POLICY PRIORITIES 2024–25

September 2024

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United Nations
Global Compact

ABOUT THIS BRIEFING

This briefing provides country-based policy recommendations to support responsible and sustainable investment. We present recommendations for seven countries covering key policy areas, including global policy priorities. We also outline the PRI's approach to policy development and working with signatories. Key policy areas and priorities per country reflect PRI's strategy, signatory feedback and policymaker agenda in different markets.

The PRI performs policy work because public policy sets the rules that govern the financial system, the stability of financial markets, as well as social, environmental, and economic systems. These factors are central to pursuit of the PRI's Mission for a sustainable financial system.

The PRI's policy work is designed to support the responsible and sustainable investment activities of our signatories. This is because public policy critically affects the ability of long-term investors to generate sustainable returns, making policy engagement central to the fiduciary duties of investors to beneficiaries, clients, and savers. This is increasingly important as governments adopt and pursue sustainability related policy objectives.

Signatory consultation is a foundation of the PRI's policy work. Signatories contribute their experience to our recommendations to ensure they are well-informed and practicable. The PRI proactively develops research and analysis on foundational policy issues at the regional and global levels, always involving signatories at the onset and throughout policy research projects and programmes. The PRI also proactively consults with other non-signatory market stakeholders as appropriate.

We invite our signatories to share further feedback and comments on this briefing by taking part in our [policy collaboration](#) or reaching out at policy@unpri.org.

All PRI policy work can be found at <https://www.unpri.org/policy>.

PRI'S POLICY APPROACH

HISTORY

Since 2013, the PRI has developed a policy workstream to respond to increasing calls for policy support from responsible investors. This work has been developed through policy research projects such as [Fiduciary Duty in the 21st Century](#) and [Sustainable Financial System Programme](#) (2016). A growing body of evidence from these research projects laid the foundation for the first key policy positions on fiduciary duty, corporate ESG disclosures, and more.

By 2018, the PRI had begun monitoring the number and type of policies across the 50 largest capital markets around the world that support or require ESG disclosure and incorporation, storing the information in its [regulation database](#). Building on its UK and EU policy team, the PRI kickstarted policy work in the US and China. In 2021, the PRI expanded dedicated policy work in Canada, Japan, and Australia.

In 2024, PRI has policy teams in seven markets, working closely with signatories, policymakers and key stakeholders to develop strong, effective regional responsible investment ecosystems. The PRI also has a global policy team, supporting regional teams with technical expertise and ensuring PRI speaks with one voice on key issues such as global policy alignment and multilateral policy developments.

The PRI engages directly with governments to contribute policy research and analysis, while also empowering signatories to directly engage on key policy issues.

PRINCIPLES OF POLICY ENGAGEMENT

WHAT WE DO

The PRI develops positions on government policy and makes public statements or submissions in the interests of enabling responsible investment. The PRI:

- publishes policy research, analysis, and recommendations on key sustainable finance policy topics;
- responds to policy consultations where relevant;
- bases its comments on high-quality research containing well-considered arguments and proposals that are rigorously defensible;
- noting our large and global signatory base, does not seek to represent the views of the entire signatory base or indicate that research or recommendations represent the collective views of signatories;
- does not engage in policy activities intended to broadly support a specific national or sub-national political party or parties; and
- remains abreast of UN positions on contentious issues, consults with UN partners when needed, and observes national legal frameworks as required and relevant.

In responding to policy consultations relevant to the PRI's mission and principles, the PRI will:

- publish the consultation on the [PRI Collaboration Platform](#);
- encourage signatories to provide feedback;
- share policy positions with the Global Policy Reference Group and other relevant signatory groups; and
- publish completed consultations, technical briefings and policy-related research to the [PRI website](#).

PRIORITY MARKETS

Priority markets for PRI policy work are determined based on signatory base, size of capital market, and global significance. In 2024, the PRI has dedicated policy staff in seven markets – Canada, the US, the UK, the EU, China, Japan, and Australia – working closely with local Responsible Investment Ecosystems (RIE) teams and national/regional policymakers and regulators.

In non-priority countries with RIE staff, the policy team supports local policy developments by utilising available expertise and resources, including policy research, to respond to consultations and participate in events.

OPPORTUNITIES FOR SIGNATORIES

The PRI enables its signatories to stay updated and provide public support for PRI's policy positions.

- The PRI publishes a monthly policy newsletter sharing key developments, relevant policies and regulations, ongoing consultations, events, and policy publications.
- PRI signatories, academics, and partner organisations are invited to [join the PRI policy collaboration](#). Members receive invites to our quarterly policy update call, where the PRI policy team provides updates from key markets, outlines expectations for the upcoming quarter, and provides links to ongoing collaborations for the consultations the PRI is currently working on.
- Senior policy professionals from PRI signatories can also join the [Global and Regional Policy Reference Groups](#) (GPRG/RPRGs). There are regular GPRG and RPRG email exchanges and meetings, involving detailed policy discussions on national and international policy, where members can share their expertise, knowledge, and feedback with PRI and each other.

COUNTRY POLICY PRIORITIES

This section presents ongoing policy work and policy focus areas in markets where PRI conducts policy research and engagement.

AUSTRALIA

In the past year, the Australian Government has taken critical, much-needed action to progress its sustainable finance and real economy policies to respond to the urgent sustainability risks threatening the strength and stability of the country's economy and global markets. While the current political environment supports the adoption of policies that incorporate sustainability goals across the financial industry, the market faces challenges in ensuring these policies maintain high levels of ambition and integrity to fulfil sustainability commitments.

The Sustainable Finance Strategy, which was opened to public feedback in November 2023, outlined the government's approach to its sustainable finance commitments. The [Sustainable Finance Roadmap](#), published in June 2024, offered a more detailed account of priorities and milestones. However, [gaps remain](#), including how the Treasury addresses and prioritises sustainability outcomes and enables effective stewardship at the policy level.

Concurrently, the government is moving forward with cornerstone policies, such as mandatory climate-related financial disclosure based on the ISSB standards and support for the development of a sustainable finance taxonomy. Key financial regulators, including the [Australian Prudential Regulation Authority](#) (APRA) and the [Australian Securities and Investments Commission](#) (ASIC), are also making important progress. APRA has introduced new guidance (SPG 530) clarifying how superannuation funds should consider system-wide ESG risks, and ASIC intends to provide plans addressing sustainability-related product labelling.

In 2024/2025, the PRI will continue collaborating with signatories to enhance the policy and regulatory landscape, helping investors better integrate sustainability risks and impacts into their decision-making. We will prioritise our work around the following key areas:

Supporting an ambitious and durable sustainable finance strategy for Australia

- The PRI will continue to engage with the Australian Government and other key stakeholders to support the development and implementation of an ambitious sustainable finance strategy/roadmap that supports the financial sector's contribution to the aims of the Paris Agreement and other global and national sustainability goals. A durable strategy will require regulators and industry bodies to be appropriately mandated and resourced to achieve these objectives.

Clarifying investors' duties to address sustainability-related system-level risks

- The PRI will engage with the Treasury, APRA, and other stakeholders (including industry bodies) on the need to update standards and guidance to clarify investors' duties. Building on the analysis contained in the [LFI Australia report](#) and broader [LFI publications](#), our work will aim to clarify that as part of their duties, investors should consider sustainability-related system-level risks in their investment governance, risk management, and strategic planning processes.
- The PRI will work with signatories to provide feedback to the Treasury on policy options to ensure that the Your Future, Your Super (YFYS) annual performance tests do not unintentionally inhibit the consideration of sustainability impacts and outcomes by superannuation trustees. Furthermore, we will engage with APRA on the need to introduce explicit covenants under the SIS Act and strengthen guidance within SPG530 and SPS 515.

Supporting the adoption of a comprehensive corporate sustainability reporting framework

- The PRI will build upon its consultation responses to the Treasury ([draft legislation](#)) and the Australian Accounting Standards Board ([ED SR1](#)) and engage with the Treasury, ASIC, other financial regulators and key industry bodies on the timely adoption and implementation of mandatory sustainability-related financial disclosures based on the IFRS S1 and S2.

- Importantly, this will involve engagement to ensure the implementation of complementary policies that provide clear expectations and guidance for the disclosure of transition plans that are aligned with the Paris Agreement goals.

Strengthening the regulatory framework for effective stewardship

- The PRI will continue to work with signatories and engage with the Australian Government and financial regulators to identify key opportunities to strengthen the framework for effective stewardship in Australia.
- This will include the clarification of investors' stewardship-related duties, support for adequate stewardship resourcing and disclosure, and the removal of [barriers](#) constraining efficient and impactful individual and collaborative engagement.

Supporting the development and effective implementation of an Australian sustainable finance taxonomy

- The PRI will continue to support and engage with the Australian Government, financial regulators, and the Australian Sustainable Finance Institute (ASFI) on the development and implementation of an industry-led sustainable finance taxonomy for Australia that is credible, interoperable, and as consistent as possible with taxonomies being developed in other markets. We will monitor developments and identify opportunities to conduct policy engagement on the implementation of the taxonomy.

Supporting strong government action on climate change and human rights

- The PRI will continue to encourage the Australian Government to introduce ambitious national climate policies aligned with the goals of the Paris Agreement, including the revision of its Nationally Determined Contribution. In doing so, we will support the Investor Agenda's Australia country policy group and the PRI's [Collaborative Sovereign Engagement on Climate Change investor initiative](#).
- The Australian Government has recently undertaken a review of the Modern Slavery Act. The PRI will engage with the government to support reforms that enhance the protection and respect of human rights by investors and other stakeholders, including those related to modern slavery.

CANADA

Over the 2023–24 financial year, the Canadian government has demonstrated progress regarding corporate sustainability disclosure and practice, in particular on social issues, as well as financial policy.

In April 2023, the Canadian Sustainability Standards Board (CSSB) was established, and while timelines are uncertain, the intent is for climate risk management disclosure to become mandatory for private entities subject to the Canada Business Corporations Act. The Canadian Securities Administrators (CSA) will also likely implement climate risk disclosure for publicly traded issuers.

In July 2023, the CSA also proposed amendments to expand corporate governance disclosure rules and policy relating to the director nomination process and board renewal and diversity. The federal government passed the [Canadian Sustainable Jobs Act C-50](#) on 20 June 2024. Significantly, on 1 January 2024, [Canada's Modern Slavery Act, Bill S-211](#) came into force. As of 31 May 2024, government institutions and certain Canadian-linked companies and importers will be required to publicly disclose measures they have taken to identify, address, and prevent forced labour, prison labour, and child labour in their supply chains.

In 2024/25, the PRI will focus on the following high-level priorities to improve the alignment of Canada's capital markets with its domestic and international sustainability commitments:

Supporting the implementation of a coherent national corporate sustainability disclosure regime

- The PRI will engage with the CSSB to encourage the adoption of the proposed CSDS 1 and 2, which reflect IFRS S1 and 2. We will welcome adding Canada-specific disclosures on top of the ISSB global baseline (e.g. capex and revenue alignment with the Canadian taxonomy when possible).
- The PRI will pursue engagement opportunities with the CSA, the federal department of Innovation Science and Economic Development (ISED), Department of Finance and provincial legislators to encourage the implementation of the standards to ensure a coherent and robust sustainability disclosure regime for public and private entities.

Ensuring the implementation of a credible 'made-in-Canada' sustainable finance taxonomy

- The PRI will support the development and implementation of an internationally interoperable sustainable finance taxonomy with science-based metrics, including considerations for how activities may impact workers and indigenous communities. This will facilitate the investment of domestic and global capital in sustainable activities that contribute to Canada's transition to an inclusive and equitable low-carbon economy.
- The PRI will proactively engage with the Department of Finance and the Office of the Superintendent of Financial Institutions (OSFI) to encourage the establishment of a Taxonomy Council to oversee the development and implementation of the taxonomy, and to consult publicly on the 'transition' category of the taxonomy.

Clarifying investors' duties in pension fund regulation

- The PRI will engage with the Canadian Association of Pension Administrators (CAPSA) and OSFI to adopt final pension risk management guidelines that require consideration of climate and broader sustainability risks and opportunities for pension funds when relevant to financial objectives.
- Depending on capacity, the PRI will also engage with provincial pension regulators to develop targeted policy reforms for specific provincial pension legislation and regulations to enable investing or sustainability impact.

Embedding stewardship into the Canadian financial policy framework

- Using learnings from the PRI policy toolkit and the UK version, the PRI will support a Canadian stewardship code and proactively engage with the Department of Finance, CSA, and provincial ministers of finance to ensure the adoption of such a code to eventually cover all asset types.

Identifying tools to enable the economic transition

- The PRI will publish a Canada-specific report, following from PRI's 2023 [economic transition paper](#). Based on this report, this PRI will proactively engage with a range of policymakers, including the prime minister's office, to encourage commitment to specific recommendations.

CHINA

China is moving forward with policy and regulatory reforms designed to better align its financial sector with national sustainability and carbon-neutrality objectives. Support for green finance objectives can be seen in a range of recent policy announcements and key financial regulations, and industry associations are translating high-level objectives into granular regulations and guidance.

At the broader economy level, the government has now implemented its comprehensive [1+N policy framework](#), which is designed to meet its carbon-peaking and carbon-neutrality goals. The latest [Guiding Opinions](#), jointly issued by seven ministries, provide a clearer cross-ministry policy blueprint for how the financial system could support the transition to a carbon-neutral economy and list policies that will be implemented by 2035, which are in line with the overarching goal of carbon-neutral by 2060. Complementary developments in financial regulation, such as the [Green Finance Guidance for Banking and Insurance Institutions](#), are increasingly encouraging financial institutions to support these objectives through their activities. In addition, three key stock exchanges have jointly issued [corporate sustainability reporting guidelines](#) that align with international frameworks.

The PRI will continue to work with signatories to achieve improvements in the policy and regulatory landscape to support investors in more effectively integrating sustainability risks and impacts into their decision-making. We will prioritise our work around the following key areas:

Clarifying investors' duties to consider sustainability-related risk and impacts

- Building on our recent asset owner-focused [policy briefing](#), the PRI will continue to engage with relevant policymakers and regulators on the development of potential regulations and guidance to support pension funds in pursuing responsible investment and improving their consideration of sustainability-related risks and impacts.

Supporting the adoption of a comprehensive corporate sustainability reporting framework

- The PRI will continue to engage with the China Securities Regulatory Commission, the Ministry of Finance, stock exchanges, and other stakeholders to promote policies that ensure high-quality and comparable sustainability disclosure standards are available and implemented appropriately in China, especially through the alignment of China's disclosure frameworks with ISSB standards. This will be informed by our [analysis and recommendations](#) for the three stock exchanges on the draft guidelines regarding corporate sustainability-related disclosure, [our submission](#) to the Stock Exchange of Hong Kong, and [our submission](#) to the MoF consultation on their Corporate Sustainability Disclosure Standards – Basic Standards.

Strengthening the regulatory framework for effective stewardship

- Building on the recommendations of research published in [June 2022](#) and [May 2023](#), the PRI will continue to engage with key financial regulators, standard setters, and industry associations to support the creation of a stronger regulatory framework for stewardship in China.

Advocating for a stronger policy framework for SDG and sustainability investment outcomes

- Building on the PRI's existing work on [sustainability outcomes](#) and [just transition](#) in China, we will continue to engage with signatories, policymakers, and broader stakeholders on the consideration of sustainability outcomes, including social issues associated with the carbon-neutrality transition.

Advocating for stronger policy action on the economic transition

- The PRI will conduct policy engagement aiming to catalyse policy reform and investor support for an economy-wide transition in China and Southeast Asia. We will engage with policymakers and broader stakeholders to understand how to enable a whole-of-government approach to better support the transition to a sustainable and equitable economy in China and Southeast Asia.

EU

Following the June 2024 European elections, the overarching themes of the next mandate may be impacted by the need to balance policies supporting the green transition, strategic autonomy, economic security, and competitiveness, while limiting social costs for citizens and firms. There are growing concerns among market participants and policymakers that the political pressure to reduce the regulatory burden on key economic sectors and the social impact of the green transition could hinder the EU's climate ambitions.

Therefore, PRI's focus for the financial year will prioritise engaging with newly elected Members of the European Parliament and appointed EU Commissioners to ensure the sustainable finance and green policy agenda is preserved, as outlined in the EU Green Deal. This will require ensuring that the EU regulatory framework supports financing the transition while balancing competing demands and addressing the market's need for greater simplification, consistency, and ease of policy implementation. The PRI will also support engagement with policymakers in Member States, as relevant.

The EU policy work programme for this financial year is structured around the following priorities:

Building policymaker and signatory support for coherent and effective policies to enable the EU's green and just transition

- In anticipation of the elections, the PRI published its [2030 EU Policy Roadmap](#), outlining key recommendations for European policymakers to accelerate private investment in the economic transition. The PRI will continue to promote the recommendations outlined in this report, including those in the annex focused on addressing consistency issues. This is our key starting point for further conversation with the next European Commission (EC), European Parliament, and the Member States.
- The PRI will solicit further support and endorsement from its signatories and other stakeholders, such as industry associations and civil society organisations on the EU Policy Roadmap's main recommendations, building momentum and collective engagement as needed.

Supporting the development and increased usability of disclosure obligations for investors and reducing the risk of greenwashing

- Regarding the Sustainable Finance Disclosure Regulation (SFDR), the PRI will continue to support signatories in implementing the regulation while engaging with the EC and the European Supervisory Authorities to improve the consistency and usability of the regulation through a revised SFDR framework. This should include a baseline of climate and human rights-related disclosures for all financial products and product categories, with proportionate minimum criteria as stated in PRI's SFDR consultation [response](#).
- On the EU taxonomy, PRI, as an observer in the [EU Platform on Sustainable Finance](#) (PSF), will continue to support the work initiated last year on usability and data availability. We encourage policymakers to enhance the taxonomy framework by including additional activities, improving the disclosure of taxonomy alignment data, and extending the framework to increase its effectiveness as a transition tool. The PRI will also support convergence and interoperability efforts between regional taxonomy frameworks and the EU taxonomy as needed and improve taxonomy alignment reporting against common frameworks.

Supporting the adoption and implementation of a comprehensive corporate sustainability reporting framework, including transition plans, tailored to the industry's particularities

- The PRI will continue engaging with policymakers on the European Sustainability Reporting Standards (ESRS), developed by the European Financial Reporting Advisory Group (EFRAG), in support of the PRI's [Driving Meaningful Data programme](#). This includes focusing on the interoperability between EFRAG and ISSB reporting standards, monitoring the development of future capital market-specific standards, and engaging with exposure drafts to ensure these standards are coherent, fit for purpose, and reflect the needs of various financial market participants, especially asset managers.

- The PRI will contribute to the EU PSF's work on the EU transition plan framework, aiming to clarify the interactions between various requirements, particularly the use of the EU taxonomy within ESRS transition plans. It will also promote the disclosure and implementation of credible transition plans within both the financial sector and the real economy. The PRI will also draw from the findings of this work to inform its engagement on the global alignment of transition plan requirements (see the section on global policy below).
- Following the adoption of an [ESG rating activities regulation](#) and a proposed revision to Credit Rating Agencies Regulation to ensure that relevant ESG risks are systematically captured in credit ratings, the PRI will monitor progress on those files, respond to relevant consultations, and, through policy engagement, support the research and work carried forward through the PRI's [Sustainable Financial System](#) and [ESG in Credit Risk](#) research programmes where relevant.

Strengthening the regulatory framework for effective stewardship and reinforcing investors' responsibilities to incorporate sustainability outcomes

- The PRI will continue to engage with the EC to ensure effective stewardship reforms are advanced, through a possible omnibus legislation that would go further than a SRD II (Shareholders Right Directive II) revision. This approach would acknowledge the essential role of all forms of engagement in sustainable finance policy, support harmonisation efforts such as proxy voting, and address other barriers to efficient investor stewardship.
- The PRI will continue to engage with the EC on actions needed to advance the recommendations made in the EU 2030 Roadmap and the [Legal Framework for Impact EU report](#). This includes necessary improvements to further clarify fiduciary duties and better enable investors to consider sustainability risks, impacts, and outcomes.

Supporting climate-related real economy policy reform for the net-zero transition in line with climate neutrality by 2050

- The PRI will engage with its signatories to continue building the case for strong investor support for climate-related policy reforms aligned with the transition to net zero by 2050. The PRI will continue to advocate for [EU sectoral roadmaps to support transition planning](#) and to adapt national energy and climate plans (NECPs) to facilitate investment decisions. EU and national-level transition strategies, along with sectoral roadmaps, can offer investors clarity, confidence, and direction in accelerating the flow of finance for a net-zero economy. They also provide a strategic opportunity to guide investors in developing their own entity- or product-level transition plans.
- The PRI will continue its work on the global economic transition, assessing how the EU's climate, nature, and social objectives can reinforce one another to achieve a successful European Green Deal.
- The PRI will also seek support for [EU climate targets for 2040](#) aligned with climate neutrality in 2050, along with subsequent changes to the EU Climate Law.
- The PRI will monitor negotiations and engage with EU policymakers and leading think tanks on specific climate- and nature-related files that are key to achieving climate targets. It will also recommend priorities for EU climate, energy, and nature policy and transition finance.

Ensuring due diligence requirements for the financial sector are proportionate and practicable

- Now that the [Corporate Sustainability Due Diligence Directive \(CSDDD\)](#) has been agreed upon, the PRI will support the EC as it develops accompanying guidance by providing case studies and examples to ensure alignment with international due diligence standards. The PRI will also engage on the future impact assessment report that should be published at the earliest opportunity and no later than September 2026 to ensure any recommendations regarding enhanced due diligence requirements for the financial sector are proportionate and practicable.

JAPAN

The Cabinet-approved Grand Design and Action Plan for a New Form of Capitalism remains the foundation for the government's broad economic policies. The 2024 revisions (available only in [Japanese](#)) represent a significant advancement, as they reinforce the government's commitment to clarifying asset owners' duties concerning sustainability impacts. The pursuant [Policy Plan for Promoting Japan as a Leading Asset Management Center](#) has also been developed into a holistic policy package that provides key policy commitments across the investment chain, including consumers and individual investors, corporates, and investors (including asset owners). The Action Program for Accelerating Corporate Governance Reform, most recently updated in [June 2024](#), for example, communicates commitments to enhancing effective stewardship and ensuring international comparability for sustainability-related disclosures.

Japan has also taken significant steps in pioneering new approaches to the climate transition. Most notably, in February 2024, Japan became the first country to issue [sovereign bonds focusing on climate transition](#). The Japanese government is also implementing key policy measures to develop its emerging impact investing market, including the [Basic Guidelines on Impact Investment \(Impact Finance\)](#) and the establishment of the [Impact Consortium](#). It is especially promising that these new policies to enhance capital flow to the transition are beginning to coalesce into a financial policy landscape that progressively integrates sustainability goals into the financial market.

The PRI will continue to work with signatories, policymakers, and broader stakeholders to improve the policy and regulatory landscape, enabling investors to more effectively integrate sustainability risks and impacts into their decision-making. Work will be prioritised around the following key areas:

Identifying opportunities for clarification or guidance relating to investors' duties to support the pursuit of sustainability goals

- Building on the analysis contained in the [LFI Japan report](#) and broader [LFI publications](#), the PRI will continue to engage with the Ministry of Health, Labour and Welfare (MHLW) and the Financial Services Agency (FSA) to better integrate sustainability outcomes and impacts into the duties of investors, especially pension funds.

Strengthening the regulatory framework for effective stewardship

- Building on the analysis contained in the [LFI Japan report](#) and broader [LFI publications](#), the PRI will monitor relevant developments and identify key opportunities to strengthen regulatory support for stewardship. This includes enhancing cross-references to the Stewardship Code in regulatory guidance and rules related to investor duties.
- The PRI will also continue monitoring relevant developments to identify opportunities to enhance the effectiveness of stewardship in Japan. This includes exploring policy opportunities related to revising the Stewardship Code and clarifying and revising legal rules and guidance on collaborative engagement, acting in concert, and filing shareholder proposals.

Supporting the adoption of a comprehensive corporate sustainability reporting framework

- The PRI will continue to engage with the FSA and the Sustainability Standards Board of Japan (SSBJ) regarding the proposed SSBJ standards and the legislative measures under deliberation at the Working Group on Disclosure and Assurance of Sustainability-related Financial Information of the FSA Financial System Council.

Enhancing transparency and market discipline on responsible investment claims

- The PRI will continue to engage with the FSA and other stakeholders to emphasise the need for continued improvements in regulatory frameworks to address transparency and market discipline in relation to responsible investment claims. This will include consideration of investor disclosure requirements on the entity and product levels and whether Japan should consider developing a [framework to enhance transparency on the degree to which investments are green](#).

Advocating for strong, whole-of-government action on climate and economic transition

- The PRI will continue to encourage the Japanese government and relevant ministries to strengthen national climate change and energy policies in line with its stated objectives and commitments under the Paris Agreement. A key focus for its engagements with the government will be updates to Japan's Strategic Energy Plan and the revision of the Nationally Determined Contribution (NDC).
- The PRI will also continue its engagement with the Japanese government on the [investing for the economic transition](#) project. This will include a Japan jurisdiction discussion paper that reviews the current status and offers recommendations for improving transition policy.

UK

Following the COP26 presidency and delays in the implementation of the October 2021 [Greening Finance Roadmap](#), the UK government and regulators have made progress on some sustainable policy files, such as the Financial Conduct Authority's progress on the [Sustainability Disclosure Requirements \(SDR\)](#), the publication of a [Disclosure Framework and Implementation Guidance for Transition Plans](#) and associated guidance led by the Transition Plan Taskforce, and the updated [Green Finance Strategy](#). However, the UK continues to lag behind on issues such as the development of the [UK Green Taxonomy](#) – a tool designed to help investors assess the environmental sustainability of economic activities and guide the transition to a low-carbon economy, which has not been published for consultation – as well as the implementation of ISSB standards.

No longer a first mover on many topics such as disclosures and taxonomy, the UK's focus is firmly on interoperability and usability: learning from the experiences of the EU framework in particular and identifying key areas of expertise that can be leveraged to adapt and influence international regulation.

The general election in July 2024 ushered in a new UK government, which has committed to an ambitious sustainable finance agenda through the [Financing Growth Plan](#). The PRI will focus on implementing these priorities, as well as on stewardship and real-economy climate issues. Additionally, we will build on the findings of the flagship [LFI report](#) to guide policy recommendations aimed at more effectively integrating sustainability impacts into UK financial and sectoral policies.

We will also work closely with colleagues in other markets and institutions to ensure as much coherence as possible, especially for new regulations.

The PRI will work with its signatories and other partners to engage the UK Government (His Majesty's Treasury, the Department for Energy Security and Net Zero, the Department for Business and Trade, the Department for Work and Pensions (DWP), the Financial Conduct Authority (FCA), and the Financial Reporting Council) on upcoming policy reviews. Our priorities include, but are not limited to:

Supporting the effective implementation of sustainable disclosure frameworks

- Building on our involvement with the Green Technical Advisory Group and our responses to public consultations, the PRI will prioritise promoting the integrity and efficacy of the taxonomy in the upcoming consultation. We will also encourage policymakers to ensure that its implementation positively influences the timely delivery of the net-zero agenda and coherence with other regimes, including the EU taxonomy, to avoid creating new regulatory burdens for financial actors.
- During the implementation of the SDR, the PRI will support regulators, notably the FCA, in the roll-out of disclosure frameworks through our seat on the Disclosures and Labels Advisory Group, engagement with investors and regulators, and responses to public consultations. We will also focus on extending the SDR to portfolio management services, overseas funds, and pension products. We will recommend a sufficient degree of consistency and interoperability with related frameworks both domestically and across the EU and other jurisdictions, initiate discussions on the next steps for implementing the TCFD-aligned disclosure requirements for relevant actors, and support the development of transition plans standards.
- The PRI will also support international interoperability, including following the work of the [Sustainability Disclosures Technical Advisory Committee](#) and supporting the integration of IFRS standards into UK regulation.

Identifying opportunities for clarification or guidance concerning investors' duties in supporting responsible investment and sustainability goals

- Building on the LFI work programme and the [LFI UK report](#), the PRI will continue to engage with the DWP, the Financial Markets Law Committee (FMLC), the Financial Reporting Council, investors, lawyers, and other stakeholders to build on the momentum from the recent FMLC paper on [Pension Fund Trustees and Fiduciary Duties](#) and DWP round-tables to address the remaining barriers to sustainable investing in the UK.

Strengthening practices for effective stewardship

- The UK [Stewardship Code review](#) provides an opportunity to build on the UK's strong position as a global leader on stewardship, heighten ambition, and further guide investors to pursue positive sustainability outcomes in their investment activities. The review should also help guide investors in supporting the economy-wide transition, incorporating the latest industry advancements and more effectively aligning the code with other stewardship initiatives and broader frameworks within the UK.
- Labour's Manifesto and Financing Growth Plan for Financial Services do not include reference to stewardship. The PRI will engage with UK policymakers and regulators to ensure the continued facilitation of effective stewardship through the development of guidance and relevant policy instruments. Key topics will be assessing the quality of investment managers' stewardship, appropriate resourcing levels for stewardship activities, and expectations for trustee monitoring of manager stewardship.

Advocating for strong government action on climate change domestically and internationally

- The PRI is committed to maintaining momentum in aligning the UK economy with net-zero goals and conserving biodiversity. This commitment involves actively supporting the achievement of the UK's ambitious 2030 Nationally Determined Contribution targets, aiding in the setting and realisation of national carbon budgets through 2040, facilitating the execution of the [updated Net Zero Strategy](#), exploring both domestic and international avenues for developing low-emission and climate-resilient pathways, and supporting the implementation of the Government's [International Climate Finance Strategy](#).
- The PRI will continue to engage with UK policymakers on the [investing for the economic transition](#) project, producing a UK-specific report outlining the UK's transition strategy, delving into policy approaches to overcome barriers, and accelerating the transition.

Ensuring ambitious social, human rights, and governance policy reforms

- The PRI will continue our engagement on social issues, including working closely with the UK DWP to address policy and guidance gap. We will leverage investor stewardship to highlight social issues and identify opportunities for policy engagement to shape and elevate awareness of ESG priorities.
- The PRI will continue to monitor the developments on the 2015 Modern Slavery Act, following the House of Lords Select Committee [call for evidence](#) regarding its effectiveness. We will also engage with the incoming UK government on the issue of human rights and environmental due diligence.
- The PRI will address key corporate governance issues, including UK government plans for [corporate governance](#) practices, the ongoing review of [non-financial reporting rules](#), and upcoming changes to the UK Companies Act, and identify ways to support progress on these issues.

US

As the United States presidential and congressional elections approach in November 2024, the PRI will continue to focus on educating regulators and lawmakers across the political spectrum on responsible investment. In 2025, The PRI will engage the new administration and congressional leadership to continue support for the legal and regulatory environment needed for signatories to advance their responsible investment practices and to ensure responsible investor interests and sustainable finance regulations are preserved.

On 6 March 2024, the Securities and Exchange Commission (SEC) adopted its [Final Rules](#) on climate-related disclosures to provide investors with decision-useful information on climate risks and mitigation strategies through a requirement to disclose Scope 1 and/or Scope 2 greenhouse gas emissions. However, the SEC voluntarily paused implementation of the rule in early April, facing a consolidated lawsuit seeking to overturn the rule. While the outcome of the lawsuit is uncertain and may stretch on for the foreseeable future, many businesses will continue to face pressure from investors to disclose such information via [similar disclosure regimes](#). In addition, PRI anticipates continued promotion of both pro- and [anti-ESG legislation at the state level](#). The PRI will continue to support progress across the US by supplying evidence-based recommendations on policy to advance responsible investment while working to support investors considering the scrutiny to ESG incorporation from some lawmakers and states.

With the passing of the Inflation Reduction Act (IRA) in 2022, the United States has provided USD 265bn in funding in the past year alone for clean energy, carbon management, electric vehicles, and buildings, moving towards the 2050 net-zero goal set by President Biden. Other federal government entities continue to incorporate climate action in their objectives, encouraging equitable transition plans, facilitating emissions reductions, and enabling better management of climate-related risks and opportunities by the private sector. The PRI will further engage the leading agencies in this area, including the Department of the Treasury, Financial Stability Oversight Council, Federal Reserve System, Federal Insurance Office, and Comptroller of the Currency, among others, to help design policy that enables responsible investment.

In addition to climate and sustainability related disclosure obligations, other areas likely to attract attention in the US are human capital management, anti-greenwashing, investment labels, and stewardship activities. The PRI will continue advocating for government action to design a regulatory and legal environment that supports responsible investment in these sectors.

The PRI will prioritise its US policy work around the following areas:

Fiduciary duties: Incorporation of all value drivers in investment decision-making

- The Department of Labor's (DOL) finalised Prudence and Loyalty in Plan Investment rule, which went into effect on 1 December 2023, clarified that private pension managers can consider ESG factors, where useful, in securing returns for clients and beneficiaries. The PRI will support the DOL in building on the existing rule to further develop a sustainable pension system in the US.
- Over half of US states have passed either pro- or anti-ESG laws or regulations or have implemented other actions pertaining to sustainable finance, a trend that will likely continue considering the necessity of climate action and the growing prominence of social justice issues in US society. The PRI will continue to monitor state- and federal-level policy developments that aim to restrict the freedom of investors to consider all material information during their decision-making processes, work to engage and educate policymakers, and support pro-ESG legislation where helpful.
- The PRI will develop research building on the [Legal Framework for Impact](#) project to discuss the opportunities and limitations to considering and acting on investment outcomes in the United States.

Stewardship: The use of ownership rights by investors to maximise long-term value

- Proxy voting, enshrined in fiduciary responsibility, enables investors to engage with corporate leadership and encourage transparency and accountability in relation to sustainability issues, as outlined in the recently published [PRI Stewardship Implementation Guide](#). The PRI will continue to advocate for clear and consistent regulations that enable investors to effectively carry out their

fiduciary duty by engaging with companies on sustainability issues, including the submission of proxy proposals as outlined in [SEC Rules 14a-8](#).

Disclosure: Access to consistent, comparable, and standardised issuer information

- On 6 March 2024, the SEC adopted its [Final Rules](#) to require public companies to disclose certain climate-related information in their annual reports. The final rule is a positive development that will help satisfy long-standing investor demand for consistent, comparable, and decision-useful information on companies' climate-related risks. The PRI will support the implementation of the rules and continue to engage with the SEC to encourage further alignment with international disclosure standards, such as the ISSB.
- The PRI will continue advocating for government action on the [disclosure of human capital management](#) metrics, including diversity, pay, benefits and eligibility, and health and safety, disaggregated by race and gender.
- The PRI will encourage the harmonisation and standardisation of sustainable investment-related terminology and definitions across the US market for greater consistency.

The economic transition¹: Advocating for a sustainable and equitable economy

- The US Department of the Treasury published its [Principles for Net-Zero Financing and Investment](#), which provides voluntary guidelines and best practices for financial institutions dedicated to reaching net-zero emissions targets. The Treasury Department's principles are aligned with PRI's mission of promoting responsible investment practices and PRI will continue to engage with the Treasury Department and signatories to promote these principles.
- Building on the PRI's existing work on the [economic transition](#), the PRI will engage with federal government agencies including the Department of the Treasury, Financial Stability Oversight Council, Federal Reserve System, Federal Insurance Office, Comptroller of the Currency, Municipal Securities Rulemaking Board, and other stakeholders to map investor needs for a just transition in the US.
- The PRI's just transition work will focus on advocating for effective government action on issues relating to climate, labour rights, and gender equity and equality, in accordance with [the US Government's National Action Plan on Responsible Business Conduct](#) to support investor needs for clear and consistent policies to align investment activities with the transition to net zero.
- The PRI will continue to support the global harmonisation of financial policies to enable responsible investment and create market efficiencies that support equitable transition to sustainable financial systems.

¹ The Principles for Responsible Investment and the Grantham Research Institute on Climate Change and the Environment published [Climate change and the just transition: A guide for investor action](#) in 2018. They state, 'At its core, the just transition is a forward-looking, action-oriented framework that identifies opportunities for public and private investment in economic development that is both sustainable and inclusive'.

GLOBAL POLICY

Policy effectiveness, coherence, and global policy alignment are key priorities for the PRI in 2024. In a goal-oriented world facing multiple environmental, social, and economic crises, governments and regulators must develop ambitious and comprehensive policy frameworks to enable markets to contribute to sustainable, inclusive growth that is aligned with global sustainability goals.

FINANCIAL POLICY REFORM

In 2020, the PRI and the World Bank published a report proposing [a toolkit for sustainable investment policy and regulation](#) (the policy toolkit). It provides a high-level overview of five foundational sustainable investment policies. Considering the evolving regulatory landscape and sustainable investment practices, the PRI will update the report to develop a more comprehensive toolkit to support government endeavours in reforming and enabling capital markets to respond to sustainability-related risks and opportunities. We aim to present this updated toolkit at the PRI in Person 2024 Policy Conference. This update will focus on the following objectives:

- Examining the role financial authorities should play in tackling sustainability risks; and
- Proposing a list of policy reform recommendations to support financial authorities in achieving varied levels of sustainability-related objectives.

To implement this research, we will conduct extensive desk-based research and consult key stakeholders – including academics, signatories, international organisations, and financial regulators – to gather feedback and build connections with organisations sharing the same goal.

NEW EMERGING MARKETS WORK

As part of PRI's ambition to strategically increase our presence and improve the relevance of our work in emerging economies, we will also aim to develop policy research and analysis in areas relevant for those markets. As in markets currently covered by PRI policy work, we will work closely with signatories 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.

POLICY FRAMEWORK FOR THE ECONOMIC TRANSITION

In October 2023, the PRI published a [white paper](#) outlining how governments can adopt a coordinated, 'whole-of-government' approach to the economic transition.

This white paper describes the economic transition as '*the process by which the economy is transformed from its current extractive and unsustainable state to one that is sustainable and equitable, and that benefits both the economy and natural and social systems*'. It also presents a high-level conceptual framework to support governments in pursuing the economic transition, which stresses the importance of collaboration, consistency, and making it a central goal of public policy.

The PRI will build on the economic transition white paper through:

- A series of jurisdiction reports (Australia, Canada, China, EU, [Japan](#), UK, US) tailored to economic context; economic structure; political and institutional capacity and expertise; the sources and types of finance available to the country; domestic economic, social, and environmental priorities; and the relationships between the various actors involved in the policy development and implementation processes.
- A research report that explores the social dimensions of the economic transition. Through this research, the PRI will seek to better understand the extent to which social issues inform the economic transition, potential policy solutions for managing social effects, and how to achieve cross-society buy-in for these policies. The study will also examine the role investors play in supporting the integration of social issues into transition policies. Ultimately, the research paper will provide practical guidance to policymakers and investors on how to drive policy change and achieve alignment across all sectors of the economy and society.

ESG POLICY

Climate Change

Climate change poses a major systemic risk to the global economy and the financial systems that support it. Its effects are already being felt, impacting lives, livelihoods, ecosystems, and economies across every continent and ocean on earth. The world experienced the [hottest year on record](#) in 2023 and is currently off track to deliver the Paris Agreement's temperature goals. Meanwhile, the economic effects of physical climate impacts are evident and growing. In 2023, 76% of the USD 250bn [economic losses](#) from natural disasters related to weather events, with notable examples including Typhoon Doksuri, which led to USD 25bn in losses in China, and Hurricane Otis, which led to USD 12bn in damages in Mexico. Recent [evidence](#) indicates that even with rapid decarbonisation, the warming already locked in by historical emissions is sufficient to reduce global GDP by 19% (compared to the baseline) by 2050 and cost USD 38tn annually in damages.

To guide our work, the PRI will develop and implement a new global climate policy strategy with a focus through the end of COP 30 in Brazil. This will steer PRI's global policy engagement on climate, whilst amplifying and supporting policy activities through PRI-led or -supported climate initiatives.

This will include ongoing work to strengthen and align climate-related financial policy and regulatory standards and frameworks, including taxonomies and disclosure frameworks, the integration of transition planning into sustainable finance frameworks, support for NDC enhancement, and the implementation of the UNFCCC and G20/G7 commitments on the energy transition. Additionally, it will focus on integrating climate, nature, and resilience policies and ensuring that all financial flows are aligned with net zero.

Nature

Nature provides ecosystem services that benefit society and businesses, playing a crucial role in supporting investors' ability to generate returns and create value. It is [estimated](#) that USD 58tn of economic value generation – more than half of the world's total GDP – is either moderately or highly dependent on nature. However, an unprecedented loss of biodiversity, a key component of nature, is occurring globally. The [Network for Greening the Financial System](#) has noted that nature-related risks could have significant macroeconomic implications, and failing to recognise, mitigate, and adapt to these risks poses threats not only to individual financial institutions but also to overall financial stability.

The Kunming–Montreal Global Biodiversity Framework, also known as the Biodiversity Plan, outlines a roadmap for reaching the global vision of a world living in harmony with nature by 2050. The Biodiversity Plan emphasises the crucial role of finance in supporting nature restoration and conservation goals.

The PRI will develop a nature policy strategy with key policy positions aimed at creating a supportive policy landscape that enables investors to effectively address nature-related risks and pursue positive outcomes, incentivising actors to align with the goals of the Biodiversity Plan. In the lead up to COP 16 and beyond, the PRI will engage in policy efforts to support the design and implementation of enabling policies for nature.

Furthermore, the PRI will seek to amplify investors' voices on the issue of plastic pollution as we head into the final rounds of negotiations, namely INC-4 and INC-5, to develop an international legally binding instrument on plastic pollution.

Human Rights and Social Issues

Human rights and social issues will remain central to the PRI's work on ESG issues policy. The adoption of regulations such as the EU CSDDD, along with increased interest surrounding modern slavery acts and forced labour import bans, underscores the current relevance of protecting human rights throughout value chains. At the same time, the mounting evidence of the social impacts of the net-zero transition in both developed and developing countries highlights the necessity for coordinated policy responses at the national and multilateral levels.

The PRI will also explore the intersection between ESG issues. This will be achieved by addressing the socioeconomic aspects of the transition highlighted above, along with a forthcoming discussion paper, to be published later in the year, that will explore the nexus between social issues and nature preservation.

Another focus area is improving the quality and availability of data related to social issues. This will build on the PRI's paper on [data to manage human rights risks](#), and the response to the ISSB [Consultation on Agenda Priorities](#). It will be conducted through engagement with the ISSB on its upcoming standard on human capital management, and through the PRI's participation in the Taskforce on Inequality and Social Related Financial Disclosures.

All of this closely intersects with PRI's other global policy projects, including initiatives related to the economic transition and the Net Zero Policy Taskforce.

GLOBAL POLICY ALIGNMENT

Taxonomies

With over 40 national or regional taxonomies either in development, discussion, or use worldwide, investors face significant challenges in understanding and navigating their diverse definitions, metrics, and criteria. The PRI has launched a collaboration with the Climate Bonds Initiative and UNEP FI to support global interoperability and the implementation of sustainable finance taxonomies and other frameworks. This collaboration aims to build consensus on taxonomy definitions and concepts among standard setters, policymakers, and taxonomy users; support the development of taxonomies; and provide tools for implementation.

Investor disclosure

Building on PRI's upcoming sustainable finance policy toolkit and the Driving Meaningful Data programme, new research into investor disclosures will explore what constitutes 'meaningful' reporting for various users of both entity-level and product-level investor disclosures. The project will seek to engage with key external stakeholders (IOSCO, G20, etc.), signatories, and policymakers and support global alignment and interoperability of investor disclosure regulations.

Due diligence

Building on the experience gained throughout the development of the EU CSDDD, the PRI will continue research on how to create appropriate and effective due diligence policies. This work will also be informed by investor expertise and feedback, using case studies and in collaboration with PRI's Guidance, Social Issues, and Advance initiative teams.

Transition plans

Updates to the PRI sustainable finance policy toolkit (see the section on financial policy reform above) will outline how transition plan requirements can be embedded into broader sustainable finance frameworks. The PRI will use this understanding to engage in the SSE's Advisory Group on Climate Transition Plans and other relevant initiatives.

Regulation database

PRI's regulation database tracks both existing and developing sustainable finance policies around the world. In the latest update, published in May 2024, we focus on the comprehensiveness of policies in 29 key jurisdictions. A greater number of increasingly diverse policies are being introduced to support the economic transition. In fact, in the past decade, the number of regulations supporting the economic transition has more than quadrupled across our key markets.

MULTILATERAL POLICY ENGAGEMENT

The PRI will develop an engagement strategy and key asks for multilateral organisations. We will conduct policy engagement, informed by a growing body of research, with institutions including the G7 and G20 host countries, World Bank, IMF, OECD, and IOSCO. The PRI will continue to publish yearly [G7 briefings](#) providing key recommendations based on our transition research. We will also explore synergies between the financial policy work of the OECD and others, as well as the Net Zero Policy Taskforce (see below).

INVESTING FOR SUSTAINABILITY OUTCOMES

Collaborative engagement

The PRI will develop guidance and provide capacity building on issues like fiduciary duties and antitrust laws to enable investors to participate in sustainability initiatives. This will involve identifying policies and challenges for signatories across key markets and discussing solutions via a network of academic institutions, signatories, and legal experts. The PRI will use this research to engage in key markets to support the establishment of an enabling policy environment for investor collaboration.

Legal Framework for Impact final report

The PRI, UNEP FI, and Generation Foundation will publish the final Legal Framework for Impact report in June 2024. This report is the final repository of the findings of this multiyear research project. It:

- summarises the legal analysis on the relevance of sustainability outcomes for investors and the barriers they face in contributing to sustainability impact goals;
- examines the types of policies necessary for investors to achieve positive sustainability outcomes and analyses the progress made since 2019 by reviewing key policies in the five focus jurisdictions;
- presents examples of how investors are addressing system-level risks and sustainability goals through asset allocation, investee engagement, and policy engagement; and
- provides conclusions from the entire LFI project, including a discussion on the shift from ‘is investing for sustainability impact allowed’, to ‘how policymakers can ensure investors are increasingly able to contribute to overcoming urgent sustainability challenges and achieving sustainability goals in tandem with delivering financial returns for clients and beneficiaries’.

TASKFORCE ON NET ZERO POLICY

The integrity of non-state actors’ commitments to net zero and the enabling policy and regulatory framework for delivering on them continues to be a focus of PRI’s climate work. At COP 28 in Dubai, PRI was appointed Secretariat to a new [Taskforce on Net Zero Policy](#), which aims to realise the recommendations of the UN Secretary General’s High Level Expert Group (HLEG) on Net-Zero Emissions Commitments of Non-State Entities.

UN Secretary General Antonio Guterres recently acknowledged the vital role that non-state actors have to play in realising the global shift to net zero and the importance of the HLEG recommendations as a framework to facilitate this activity.

The Taskforce will work to establish collaboration and the sharing of insights and good practice amongst policymakers and regulators, and to identify opportunities for greater alignment of the regulatory landscape with the HLEG recommendations. It will produce landmark analysis ahead of COP29, taking stock of the policy environment for non-state actors across the G20 and examining cross-border justice dimensions of policy targeting financial institutions, businesses and other non-state actors. Its insights will provide critical input to the formulation of policy priorities for PRI from 2025 onwards and to the wider net zero policy landscape.