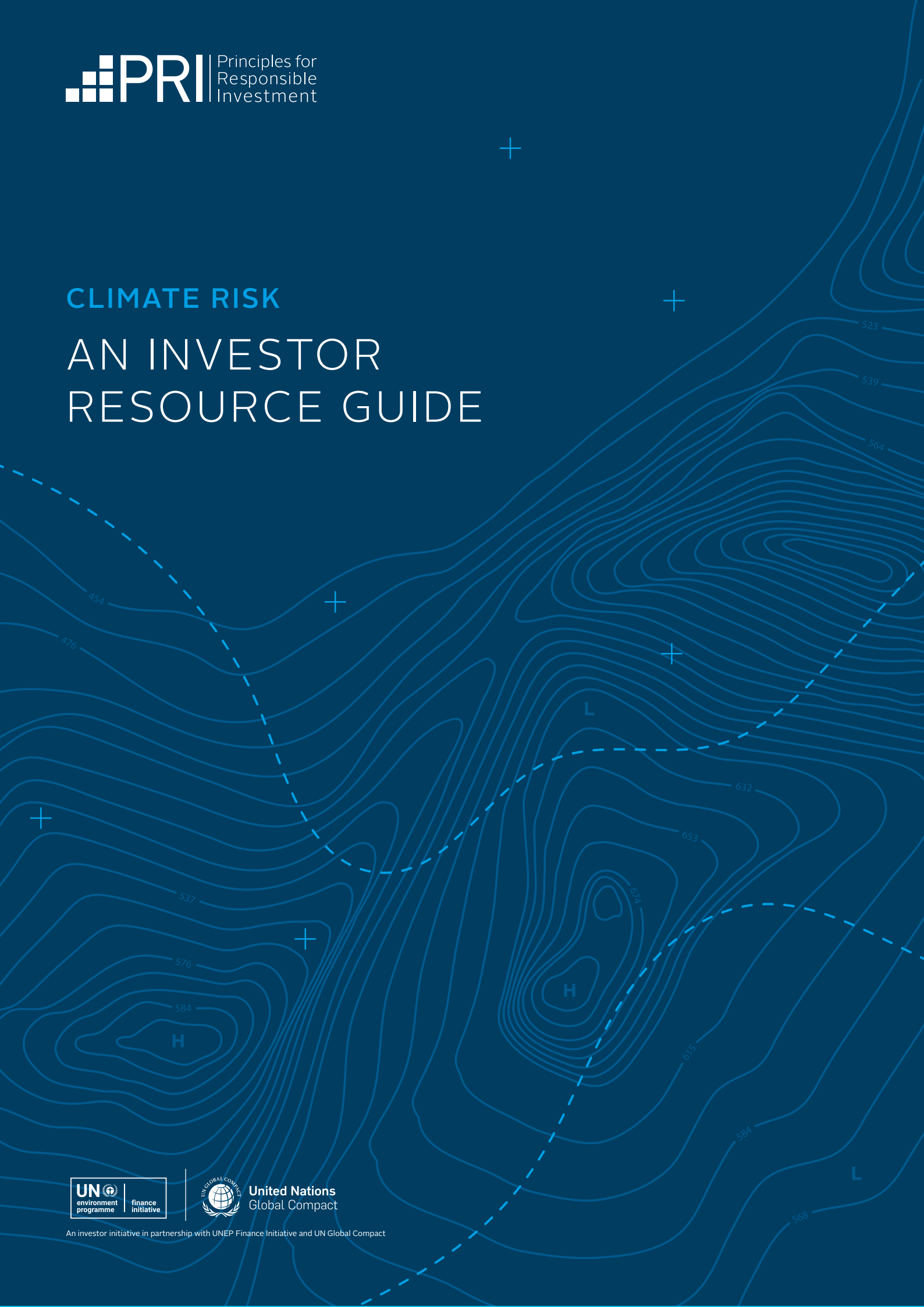
PRI Principles for Responsible Investment

CLIMATE RISK

AN INVESTOR RESOURCE GUIDE



UN environment programme | finance initiative

United Nations Global Compact

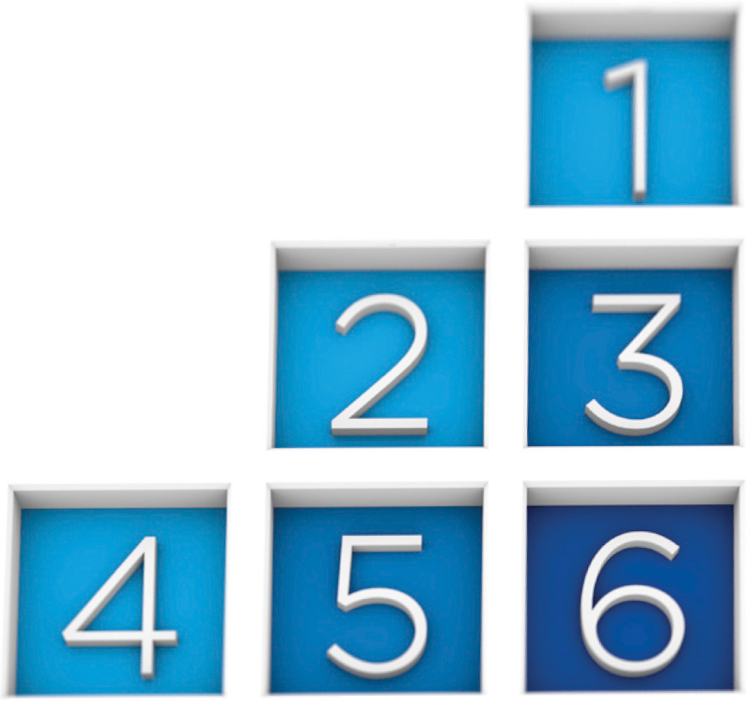
An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

THE SIX PRINCIPLES

PREAMBLE TO THE PRINCIPLES

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.



PRI's MISSION

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

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

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ACKNOWLEDGEMENTS

The PRI would like to thank the signatories who have provided input to make this guide as helpful as possible to those who are seeking to improve their management of climate risk. We would also like to thank Bloomberg Philanthropies, whose funding made this guide possible.

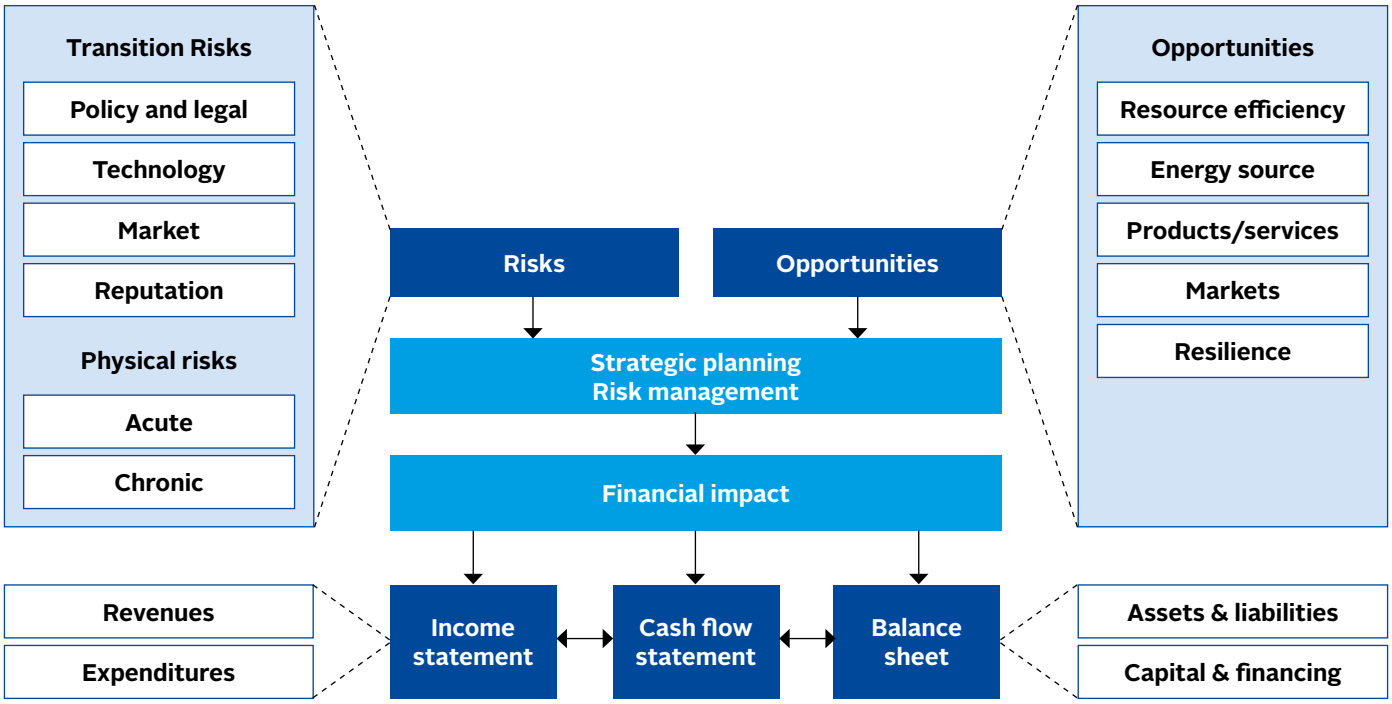
INTRODUCTION

With each passing year, the risks posed by climate change become increasingly clear. The Intergovernmental Panel on Climate Change's 2021 report indicated that the planet is on track to exceed 1.5°C within two decades—radically altering entire ecosystems.

For companies, this means both increased physical risk, arising from changing weather patterns, and transition risk, as economies become less carbon intensive. Both types of risk may affect firms' revenues and expenses, asset and liability values, and/or availability and cost of capital (see Figure 1). Storms, fires and droughts are already damaging real estate and infrastructure holdings and disrupting supply chains for listed companies in many industries.

Transition risk is becoming explicit through climate policy: many governments (including those of major economies Germany, the UK, France and Japan) have adopted midcentury net-zero emissions targets. As the International Energy Agency's Net Zero by 2050 scenario and the PRI's Inevitable Policy Response make clear, achieving decarbonisation of the world economy at this speed will require an immediate end to the exploration for new oil and gas resources, a rapid increase in carbon-free sources of electricity, and a host of related shifts in production methods and consumption patterns. These shifts will also require a redeployment of capital in support of the transition, creating opportunities as well as risks.

Figure 1: Climate-related risks, opportunities and financial impact. Source: Recommendations of the Task Force on Climate-Related Financial Disclosures



In response to these developments, leading investors have been analysing the potential impacts of climate change on their portfolios; engaging investee companies on business model decarbonisation; engaging with policymakers to support public policies that facilitate the accurate pricing of climate risk; and shifting capital toward lower-carbon assets and products. Since 2017, investors have been reporting on their responses to climate risk using the framework developed by the Task Force on Climate-Related Financial Disclosures (TCFD). Since then, the TCFD's recommendations have been adopted in many jurisdictions, including the UK, Hong Kong, New Zealand, Singapore and Switzerland.

PRI signatories are also increasingly responding to climate risk. According to the responses to our 2021 Reporting Framework:

- More than three in four PRI signatories report having established oversight responsibilities for climate change at both the board and management levels.
- A similar proportion has identified specific climate-related risks and/or opportunities facing their organisations.
- A majority of signatories reports having integrated a consideration of climate-related impacts on their organisations into strategy or planning.
- However, only a minority reports having tested the resilience of their business strategies against a variety of climate outcomes, developed metrics for climate impact, or set targets to guide a climate-related business transition.

Investors seeking to manage and disclose on climate risk face a complex and dynamic landscape of organisations, regulations, investor networks and technical guidance. For example, the TCFD updated its recommendations in October 2021; the following month, at COP26, the International Sustainability Standards Board (ISSB) was created to develop a global baseline of sustainability disclosure standards to meet investors' information needs.

This reference guide has been created to help investors navigate the many resources at their disposal and answer common questions about climate risk management. It is designed to provide assistance to investors at any stage of the climate risk management process, but is especially suited to organisations in the process of expanding their climate risk management capacities. It includes short overviews of each of the major areas of climate risk management, along with links to key resources and examples of investor disclosures. The four TCFD pillars of Governance, Strategy, Risk Management, and Metrics and Targets are used as an organising principle.

PRI signatories are invited to send any questions not addressed here to their relationship managers, and a member of the climate team will be glad to reply individually.

GETTING STARTED

Climate change is a material risk. The physical risks to assets and supply chains posed by extreme weather are expected to worsen if climate change is not mitigated. At the same time, policy actions taken to decarbonise the world economy are creating transition risk for firms and sectors that fail to adapt. If not managed well, both types of climate risk threaten to reduce economic growth, creating a less favourable environment for investment generally.

Investors need to be aware of not only how climate change affects their investments but also of the impact of their investments on climate. The notion of double materiality acknowledges that investments are both affected by climate change and can play a role in addressing (or worsening) the climate crisis. The list of key resources offers an introduction to the investment materiality of climate risk. General overviews and those aimed at specialised audiences (e.g., portfolio managers, trustees, accountants) are provided.

KEY RESOURCES

- Online courses from the Task Force on Climate-Related Financial Disclosures knowledge hub, which is maintained by the Climate Disclosure Standards Board, provide general information on climate disclosure as well as specific modules on governance, accounting, and scenario analysis.
- The PRI's introduction to climate change for asset owners provides an overview of the subject.
- The Climate Disclosure Standards Board has extensive guidance on climate and environmental reporting.
- The United Nations Environmental Programme Finance Initiative (UNEP-FI) offers an online course on TCFD and climate change and additional resources on those topics.
- The Chartered Financial Analyst Institute has made climate change a recurrent theme of its publications and webinars.
- The PRI Academy's courses on responsible investment place climate in the context of ESG investing generally.
- The website of the Global Association of Risk Professionals provides an accessible introduction to climate risk.
- A recent Carbon Tracker report illuminates the underreporting of climate risk in financial filings.

GOVERNANCE

The wide-ranging impacts of climate change mean that it is changing the entire context in which global business and investment is conducted. This makes climate a strategically important issue requiring attention from the highest levels of both boards and management teams. While many organisations have long had governance structures and processes related to environmental issues, these have typically focused on issues related to investee companies' compliance with traditional environmental regulations. Adapting governance to address climate as a strategic issue is more recent: now, more than 75% of PRI signatories have tasked specific board members, committees or particular managerial employees with climate-related oversight.

Climate change can be integrated into the governance of investment organisations through explicit incorporation into committee charters and employee job descriptions. This makes it possible to clarify climate-related responsibilities, the division of labour between a board (or the equivalent) and a management team, and the specific skills and expertise needed for each to exercise adequate climate oversight. Climate risks and opportunities must then be articulated, taking into account the nature of an organisation's existing portfolio, as well as the state of climate science, public policy, and the views of beneficiaries, clients, or other stakeholders. In many cases, statements of investment policy or belief are adapted to include consideration of climate issues and subjected to board approval. Climate risk can then be fully integrated into strategic planning. To support achievement of climate goals, executive pay can be linked to performance against those goals.

KEY RESOURCES

- The World Economic Forum's Climate Governance Initiative has developed principles directors can follow to effectively manage climate risk and opportunity.
- The International Corporate Governance Network provides guidance to directors on approaching climate change as a systemic risk.
- The Ira M. Millstein Center at Columbia University has conducted a global survey of investors and corporate directors regarding climate change issues.
- The TCFD's 2021 Implementation Guide covers governance, strategy, risk management, and metrics and targets, providing organisational leaders with an overview of climate risk management.
- Similarly, in two sets of guides issued in 2020 and 2021, the UK's Climate Financial Risk Forum provides guidance for leadership on disclosure, innovation, risk management, scenario analysis, and climate data and metrics.

EXAMPLES OF INVESTOR DISCLOSURE ON GOVERNANCE

- **AP2** Fund's 2020 TCFD Report contains information on all aspects of its approach to climate, including governance and its adoption of Paris-aligned benchmarks.
- **CalPERS** mentions climate change in the organisation's core investment beliefs.
- The **Canada Pension Plan's** 2020 Sustainable Investment Report explains in detail the governance of its climate program.
- **Federated Hermes'** 2020 TCFD report includes a detailed discussion of its climate governance.
- Japan's **Government Pension Investment Fund** has published an analysis of climate risks and opportunities in its portfolio.

STRATEGY

Climate change presents both risks and opportunities to investments across asset classes. About three-quarters of PRI signatories are analysing portfolio exposures to physical risks, such as increased incidence of storms, droughts, and wildfires that could damage assets or disrupt supply chains. They are also studying transition risks and opportunities, including climate-related regulations, incentives, and taxes; changes in technology; and demand shifts occasioned by the energy transformation. Many are also conducting scenario analysis as part of strategic planning.

SCENARIO ANALYSIS

Climate-related scenario analysis for investment portfolios is the practice of envisioning future trajectories for the development of the Earth's climate system and estimating their potential impacts on the value of an investment portfolio. Only a minority of PRI signatories have completed this process, although it is rapidly becoming best practice as it is one of the recommended disclosures under the TCFD.

Q. How do investors conduct scenario analysis?

A. Some investors develop investment beliefs about the likely future trajectory of climate change (e.g., that a continuation of business-as-usual is likely to have severely detrimental effects). Then they decide on appropriate investment actions that should be taken in response (such as allocating capital to climate solutions and engaging carbon-intensive firms regarding business model change).

Other investors use formal scenarios developed by well-known institutions such as the International Energy Agency, Intergovernmental Panel on Climate Change, or the Inevitable Policy Response, which envision changes in policy, consumption, and business activities resulting in a certain degree of temperature rise by a certain date. In the latter approach, each company whose securities an investor holds may be examined to determine whether its future trajectory appears aligned with the development a given scenario lays out for its industry. Some methodologies also examine macroeconomic factors, providing inputs at the sector rather than the company level, and some are designed to measure portfolio-level alignment with certain temperature outcomes. The scenario analysis process can be conducted by portfolio managers or investment officers, or it can be done with the help of specialised research providers.

Q. How do scenarios vary?

A. Key differences among scenarios include:

- the levels of temperature rise they envision, and by which target date;
- how quickly and forcefully they imagine governments enacting climate-related regulation;
- whether and to what extent they imagine a target temperature being temporarily exceeded (in an "overshoot" scenario); and
- whether and to what extent they rely upon the removal of carbon dioxide from the atmosphere (using technologies that will need to be developed in the future).

Investors may choose to use only those scenarios they believe are likely or prudent, and it is common to use multiple scenarios, given the inherent uncertainties involved.

Q. How can the results of scenario analysis vary?

A. An assessment of any given investee company's alignment with a particular scenario may vary due to methodological choices. These may include the way data gaps are handled and the relative weight accorded to different and possibly contradictory aspects of corporate performance (e.g., climate governance vs. capital expenditures). It is important for investors to fully investigate the methodologies of external data and research providers.

Q. How can the results of scenario analysis be used?

A. Investors are using the results of scenario analysis to inform asset allocation, security selection, research processes, and stewardship. For example, after considering the future trajectories for climate change, investors might increase investment in renewable energy; divest from holdings that have higher emissions profiles than peers; investigate the vulnerability of investee companies' supply chains to climate-related disruptions; and engage carbon-intensive firms regarding business model transitions.

KEY RESOURCES

- The TCFD's guidance on scenario analysis.
- UNEP-FI's 2021 review of data providers, scenarios, and tools for assessing climate risk.
- The PRI's Inevitable Policy Response including Forecast Policy Scenario and 1.5C Required Policy Scenario
- The PRI's list of tools and providers of climate data and analysis.
- Scenario planning tools and resources from the Network for Greening the Financial System, the World Bank, and the Senses modeling consortium

EXAMPLES OF INVESTOR DISCLOSURE ON SCENARIO ANALYSIS

- Japan's **Government Pension Investment Fund** describes the use of scenario analysis in developing portfolio metrics.
- **APG AM's** recent climate report includes a discussion of scenario analysis.
- **Development Bank of Japan** describes conducting scenario analysis starting in 2019 as part of its climate risk reporting.
- **Universities Superannuation Scheme's** most recent sustainability report describes its climate scenario analysis work.
- **Mirova** has a recent report describing scenarios used in portfolio alignment.
- **Neuberger Berman** highlights scenario analysis in its climate strategy report.

RISK MANAGEMENT

At the portfolio level, investors evaluate risks to particular sectors (such as oil and gas) and asset classes (such as real estate). They also consider climate's potential impact on a range of familiar risk types (credit risk, liquidity risk, legal risk, supply chain risk, insurance risk, operational risk and reputational risk). On the individual security level, investors are investigating how well investee companies are managing climate risk and opportunity. Moreover, many investors are comparing the materiality and priority of climate-related risks to other types of risk over a variety of time frames to be able to integrate climate issues into a comprehensive risk management system.

Q. How can climate-related risks be managed?

A. The Investor Agenda, a collaboration among seven major groups working with investors, has created an Investor Climate Action Plans Expectations Ladder to clarify expectations of investors on climate, with four tiers leading investors towards alignment with net zero emissions and a 1.5°C future. It recommends that asset managers and asset owners:

- manage systemic climate risks in investor portfolios and shift investments away from coal and other fossil fuels towards renewable energy and climate solutions in line with a 1.5°C future;
- engage with companies to drive and demonstrate real progress in line with a 1.5°C future;
- engage with governments to enact policy in line with the Paris Agreement; and
- disclose how their climate risk management activities align with the TCFD framework, while encouraging investee companies to do the same.

Governance cuts across the four areas above to ensure that all climate-related considerations are embedded in investors' top-down governance arrangements in line with TCFD recommendations. Asset owners with external managers can query them about whether they are taking these actions as well.

KEY RESOURCES

- TCFD Recommendations on risk management provide guidance for asset owners, asset managers, banks and insurance companies.
- The Investor Agenda's Investor Climate Action Plans Expectations Ladder and Guidance provides a step-by-step pathway to managing climate risk.
- The 2021 Global Investor Statement to Governments on the Climate Crisis specifies risk-reducing public policies for which investors can advocate.
- The Global Association of Risk Professionals' 2021 Survey of climate risk provides an overview of current practice in the financial sector.
- A report from the US Commodity Futures Trading Commission recommends ways to mitigate climate risk.
- The Climate Action 100+ investor network engages the world's most carbon-intensive companies on climate risk, and produces a benchmark assessing company performance on climate risk management.
- The climate program of the Interfaith Center on Corporate Responsibility uses engagement to manage climate risk.
- Asset-class specific guidance from PRI can help to manage risks to real estate, infrastructure and other real assets.
- The Coalition for Climate Resilient Investment provides resources on physical climate risk.

EXAMPLES OF INVESTOR DISCLOSURE ON RISK MANAGEMENT

- **CalSTRS:** The California Teachers' Retirement System's Green Initiative Task Force report contains TCFD-aligned disclosures regarding its Low Carbon Transition Work Plan, including its evaluation of different aspects of climate risk and its stewardship activities.
- **New York State's** Climate Action Plan includes investment analysis, engagement, advocacy and targeted divestment.
- **Norges Bank** Investment Management's 2020 Sustainability Report describes its approach to climate change, stressing its advocacy.
- **Aware Super's** Climate Change Portfolio Transition Plan, which offers a three-pronged strategy to decarbonisation.
- **Nuveen's** Responsible Investment Engagement Report stresses the value of engagement for risk mitigation.
- **Candriam's** engagement report stresses engagement with fossil fuel financiers.
- **Dai-ichi Life Insurance Co.** includes engagement in its climate reporting.

METRICS AND TARGETS

Different metrics can be used to gauge a portfolio's exposure to climate risk or opportunity, or its contribution to amelioration of climate change. Some are backward-looking (such as portfolio emissions measurements, which are based on disclosures or estimates of past emissions) while others are forward-looking (such as estimates of the implied temperature rise associated with an investment strategy).

Metrics are needed to assess progress against company-set targets regarding the level of performance that an organisation hopes to achieve by particular dates. Increasingly, net zero carbon emissions targets by mid-century or sooner are being set by both asset owners and asset managers, as well as investment consultants and other service providers. While only a minority of PRI signatories currently use metrics and targets, their adoption is rapidly increasing, including through initiatives such as the UN-convened Net-Zero Asset Owner Alliance and the Net Zero Asset Managers Initiative. These initiatives go beyond the management of portfolio risk to ensure that investment activity is aligned with the goal of a net zero economy.

Metrics are most useful when they are presented with sufficient context to make their meaning clear and their relationship to organisational strategy and risk management apparent. For example, reporting on portfolio-level carbon emissions (or the intensity of these emissions when scaled by market capitalisation or revenues) is more meaningful if a comparison to an appropriate benchmark is provided and the data is placed in the context of the organisation's plans, if any, for portfolio decarbonisation. Trendline data including values from past years may also be useful to illustrate progress. Given that data and methodologies used to estimate climate risk are evolving, it is valuable to review metrics periodically and consider updating them when appropriate.

Q. What are some of the most commonly used portfolio analysis metrics?

A. TCFD recommends disclosure of the following seven cross-industry metrics for all organisations, as well as target-setting related to each:

1. operational carbon emissions, both in absolute and intensity terms and including scopes 1, 2, and 3;
2. carbon price assumptions, both external and internal;
3. the percentage of assets and/or activities vulnerable to physical climate risks;
4. the percentage of assets and/or activities vulnerable to climate-related transition risks;
5. the percentage of assets and/or activities aligned toward climate-related opportunities;
6. the percentage of executive remuneration impacted by climate considerations; and
7. the level of expenditures or capital investment driven by climate considerations.

On the first point, investors are encouraged to use the Partnership for Carbon Accounting Financials to report emissions associated with their portfolios and their financing activities. In addition to the items listed, some investors track and disclose sector- or industry-specific metrics, or metrics related to stewardship, such as number of corporate and public policy engagements, shareholder resolution filings, and proxy votes in support of climate progress. Some also disclose their portfolio's degree of alignment with scenarios associated with particular levels of average temperature rise compared to pre-industrial levels.

Q. What are the methodological issues associated with measuring portfolio carbon emissions (TCFD recommended metric 1 above)?

A. There are three categories of carbon emissions. Scope 1 refers to emissions arising from company operations; scope 2 refers to emissions tied to energy purchases; and scope 3 captures emissions from the company's supply chain and from its customers' use of its products or services.

The voluntary nature of emissions reporting leads to inconsistency in data availability. Investors estimating portfolio emissions typically use the services of external data providers who collect data on issuers' disclosed emissions and estimate emissions when disclosure is lacking. Investors should query data providers about these estimation methodologies, given the variety of approaches used, and should include in their own disclosures a summary of the methodology chosen.

Q. What are the methodological issues associated with metrics on carbon price (TCFD recommended metric 2 above)?

A. Carbon price assumptions may be external prices currently in effect or "shadow" (estimated) prices used for internal calculations. In either case, carbon prices should be assumed to increase over time, to reflect a decreasing carbon budget, that is, the amount of emissions the planet can tolerate each year. Carbon price assumptions should be aligned with temperature goals used in an investor's scenario analysis. The World Bank is a valuable resource for more information on carbon pricing schemes.

Q. How do you calculate the percentage of assets exposed to physical and transition risks (TCFD recommended metrics 3 and 4 above)?

A. Some investors may restrict their definition of securities affected by physical risk to sectors most directly exposed to extreme weather, such as real estate, infrastructure, and insurers. However, extreme weather is also disrupting the production of raw materials, complicating supply chain management for manufacturers. Investors who have analysed this aspect of physical risk may have a broader definition of the securities affected. Transition risk, as well, will be defined differently depending on the climate scenarios the investor believes are most likely to unfold.

Q. How do you calculate the percentage of assets aligned with climate opportunities? (TCFD recommended metric 5 above)?

A. Climate-related opportunities can be defined in a variety of ways. The European Union's green taxonomy and the International Finance Corporation's green bonds framework are used by some investors, while others present their own rationales. A number of investors are now also disclosing metrics gauging the impact of their investments, including some linked to the UN Sustainable Development Goals, which include mitigation of climate change. Disclosure on any metric should illustrate the investor's own thinking and strategic approach in sufficient detail to allow comparison with the approaches taken by others.

Q. What should investors setting climate-related targets know?

A. It is important for target-setting processes to incorporate the latest scientific knowledge and to include short and medium-term targets as well as long-term goals (e.g., a net zero by 2050 target should be accompanied by interim steps for 2025 and 2030). As noted in the key resources list, many investor networks now exist for peer support in target setting and transition planning.

KEY RESOURCES

- The TCFD's 2021 Guidance on Metrics, Targets and Transition Plans provides a general approach to these three topics.

Metrics

- The Partnership for Carbon Accounting Financials is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments.
- PRI provides an explanation of how portfolio carbon footprinting can assist in climate risk mitigation.
- TCFD has resources for both cross-industry and industry-specific metrics.
- Academics affiliated with ETH Zurich have conducted a review of financial metrics available from for-profit and non-profit climate data providers.
- The UK's Climate Financial Risk Forum has a 2021 guide to data and metrics.

Targets

- The UN's Race to Zero initiative joins together a range of net-zero coalitions, including those focused on finance, business, regions or cities, and universities, with a focus on net-zero targets.
- The Science-Based Targets Initiative shows organisations how much and how quickly they need to reduce their greenhouse gas emissions to prevent the worst effects of climate change, and has specific guidance for net zero in the financial sector.
- The Net-Zero Asset Owner Alliance's Target-Setting Protocol and 2025 Member Targets provide valuable guidance and examples of how targets can be chosen based on no/low overshoot pathways. Twenty-seven asset owners have already published near-term 2025 targets based on the target-setting protocol as of COP26, held in November 2021.
- The Net Zero Asset Managers' Initiative seeks to assist asset managers in reaching net zero targets.
- The Paris Aligned Investment Initiative's Implementation Guide provides guidance for investors setting targets aligned with limiting temperature rise to the levels of the Paris Agreement.

Transition Plans

- The Marrakech Partnership for Global Climate Action's Finance Pathway and the Investor Agenda's Investor Climate Action Plans Expectations Ladder illustrates transition planning.

EXAMPLES OF INVESTOR DISCLOSURE ON METRICS AND TARGETS

- **CBUS Superannuation's** Responsible Investment Supplement provides extensive and clear climate metric reporting.
- **Ilmarinen** details its climate-related metrics and targets in its metrics and targets.
- **Manulife Investment Management** discloses climate metrics and targets in its sustainability reporting.
- **Allianz's** sustainability report has detailed disclosure on metrics and targets.
- **Tokio Marine's** sustainability management methodology includes targets made public in its TCFD disclosures.
- **Fama Investimentos** provides reporting on its portfolio climate metrics.

NEXT STEPS

The coming year is likely to see additional developments in the management of climate-related financial risk, as regulation and business practice evolve around the globe.

Key developments for investors to monitor:

- Beginning in April 2022, large companies and financial institutions in the United Kingdom will be required to disclose information in alignment with the TCFD framework.
- As part of the European Commission's proposal for a Corporate Sustainability Reporting Directive (CSRD), new mandatory EU sustainability reporting standards are to be adopted by October 2022. These standards are currently under development by the European Financial Reporting Advisory Group (EFRAG) and will amend the existing Non-Financial Reporting Directive (NFRD).
- The US Securities and Exchange Commission may issue new regulations or guidance on climate disclosures, following its 2021 request for public comment on the topic.
- The newly formed International Sustainability Standards Board is preparing prototype climate change disclosures. The PRI will continue to provide information on the evolving context on our website.
- Regulators in Japan, China, Australia and other jurisdictions are also considering implementing mandatory climate disclosures, and the PRI will provide updates as these situations evolve.
- The Glasgow Financial Alliance for Net Zero (GFANZ) brings together net zero finance initiatives under a sector-wide coalition. It will continue to work on areas critical to the transition, including sectoral pathways, transition plans, portfolio alignment measurement, mobilising private capital, policy advocacy and building commitment.

CREDITS

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The Principles for Responsible Investment (PRI)

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

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

More information: www.unpri.org

PRI Principles for Responsible Investment

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

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United Nations Global Compact

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

More information: www.unglobalcompact.org

United Nations Global Compact