

PRI STRATEGY CONSULTATION 2024 – *RESPONDING TO A CHANGING WORLD*

PRI BOARD RESPONSE

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United Nations
Global Compact

INTRODUCTION

The [PRI is launching a new strategy](#) centred around four focus areas that responds directly to signatory needs and the changing world around us.

The Board welcomed the active involvement of signatories in the consultation survey; 926 signatories (17.4%), which represents 38% of total signatory AUM, took part. This response rate exceeds industry standards of 10% for similar surveys and is on par with response rates to our 2021 strategy consultation. The survey participation was broadly representative of PRI membership, whether by signatory category, size, geography or tenure (see Appendix 1 for more detail).

The aim of this PRI Board response is to formally report back to signatories on the PRI's Signatory Strategy Consultation 2024; Responding to a Changing World, give an insight into the Board's discussions about the results of the survey and share how signatory feedback has been factored into the new strategy confirmed at the June Board meeting. The full strategy plan will be published in August prior to the annual [Signatory General Meeting](#).

BOARD RESPONSE

Four strategy focus areas:

1. **Driving signatory progression** - we will concentrate on tailoring our guidance and reporting and assessment to signatories to enable them to progress their responsible investment practices.
2. **Strengthening responsible investment (RI) ecosystems** - we will continue building our presence in mature regions and extend our reach in emerging and developing markets, with the aim of strengthening local RI ecosystems.
3. **Supporting and leading collaborative initiatives** - we will offer more convening opportunities and amplify the impact of collaborative investor initiatives.
4. **Strengthening the enabling policy environment** – we will continue to work with governments and relevant stakeholders to deliver more effective engagement and shape key RI policy and regulatory developments.

The Board welcomed signatory feedback confirming the overall direction of the strategy and the four priority areas (see box above). It was clear from the responses that signatories are expecting opportunities to convene and collaborate, value peer comparison and benchmarking, are eager to see progression pathways move from concept to implementation and ensure that PRI's policy work supports RI reforms in transitioning economies and signatory needs. When asked to rate the focus areas from 1-5:

- 80% of signatories scored the driving progression and streamlining reporting, initiatives and policy focus areas 3 or higher.
- 64% of signatories scored the supporting regional RI ecosystems and extending our reach in emerging and developing markets focus area 3 or higher.
- >83% of signatories agreed that PRI is positioned to drive impact on the progression and streamlining reporting, initiatives and policy focus areas, while 73% agreed PRI is positioned to drive impact in regions.

Whilst agreeing on broad support for the strategy, the Board noted that confusion over the “RI ecosystems” concept needs to be addressed, that PRI should continue to focus on its value proposition for signatories and that there are key areas to focus on in order to remain effective as a signatory-centric organisation. The Board also noted the concerns of large asset owners and asset managers regarding the new upper fee bands. **This further expands on the signals coming from signatories:**

1. STRATEGIC DIRECTION

Further analysis of signatory responses to the value of the RI ecosystem focus area suggested that the term “RI ecosystems” may have caused confusion. PRI’s intention to work with local partners was not made clear and neither was the intention that expansion into EDMs would not be at the expense of mature RI markets. Signatories highlighted:

- An expectation that PRI needs to move toward delivering and taking action (see operational section below).
- A need to strengthen the value proposition for large signatories, including large asset owners within a “big tent” organisation whose aim is to provide value for all and drive responsible investment forward.
- A stronger strategic response is required for four important cohorts – large and influential funds, private markets, service providers and emerging markets (bridging between developed and developing economies).

2. OPERATIONAL IMPERATIVES

Progression and reporting

- Equivalent reporting requirements between regulatory and PRI reporting is a high priority for signatories, along with consolidated RI reporting across the industry.
- Reporting burden remains a concern, but mandatory (streamlined) reporting remains important and the ability benchmark against peers is of notable value to signatories.
- Progression pathways should not create additional reporting and accountability burden for signatories, and we must ensure that some pathways are not deemed more valuable than others.

Convening

- Signatories highly value convening opportunities to collaborate with peers, share best practice and address RI challenges.

Collaboration

- PRI’s work should continue to build on existing collaborative investor initiatives and avoid duplication across the market.

Policy

- Policy remains important, but PRI needs to ensure its work aligns with the majority of signatory needs by promoting long-term value creation in line with the Principles and PRI’s mission.

Regions

- PRI’s work in regions should leverage efforts of local actors, rather than duplicating work.

- Building a bridge between developed and EMDEs is difficult in practice and clarity is needed on how it is intended to implement this work, including how service levels in developed markets will be maintained.

3. PREFERENCES FOR FUTURE MANDATORY REPORTING AND PROGRESSION PATHWAYS:

- 75% of signatories expressed a preference to move away from an annual mandatory reporting cycle.
- >73% signalled that minimum requirements, overall approaches and commitment to RI and ESG integration in investment processes should be part of mandatory reporting.
- Strong signals were received on what PRI should offer as part of progression pathways, with 70% wanting suggested KPI's to measure and compare progress with peer signatories, and 69% wanting guidance more tailored to their responsible investment objectives.

To address these issues, the following actions will be taken:

- Further clarification of PRI's value proposition will be undertaken for specific signatory groups. This will include large asset owners and investment managers to ensure PRI is delivering value to them. The Board has also asked for work to be completed in 2024 to further develop the value propositions for service providers, EMDEs and private markets.
- The "RI ecosystem" priority area will be clarified and distilled further for signatories. This will include a clear articulation of what is meant and PRI's approach to this priority in the full strategy plan publication.
- Work is underway on a strategy and implementation plan that will further clarify our role, ambition and effort levels in emerging and developing markets.
- Feedback on what PRI needs to get right will be incorporated into the relevant work. This includes addressing clear signals on equivalent reporting requirements, preferences on progression and reporting, convening in regions and working differently on investor initiatives and policy.
- Further explanation of the value PRI has created together with large asset owners and investment managers, and will continue to co-create in the future, will accompany the introduction of the new upper fee bands.

On this basis, the Board has approved the new strategy, and the PRI will now move quickly to start delivering on the next phase of RI together with signatories. The Board thanks all signatories who provided feedback via the survey or one of the workshops hosted by the PRI. As a signatory-centric organisation, your feedback is critical to ensure PRI continues to deliver value for global signatories and work toward the mission.

APPENDIX 1: SIGNATORY PARTICIPATION AND TRANSPARENCY

926 signatories (17.4%), which represents 38% of total signatory AUM, took part. This response rate exceeds industry standards of 10% for similar surveys. The survey participation was broadly representative of PRI membership, whether by signatory category, size, geography or tenure.

Table 1: Survey participation

2024 Strategy Consultation – Responding to a Changing World			
Signatory Category	Total No. of PRI Signatories	No. Complete	% Complete
Asset Owners	738	208	28.2%
Investment Managers	4,078	646	15.8%
Service Providers	508	72	14.2%
Total	5,324	926	17.4%

In addition to the online survey, 595 signatories took part in dedicated consultation workshops, with a further 73 signatories engaging in conversations via our asset owner and asset class advisory committees' quarterly meetings.

A high proportion of comments from signatories impacted by the changes to the upper fee bands was received. In total, over 50% of impacted signatories provided comments, with a slightly higher rate of responses from asset owners.

Table 2: Response to changes in fee bands by impacted signatories

Signatory category	# Fee comment	#No fee comment
AO Band 1 AUM >9.99 = £10054	65	58
IM Band 1 AUM > 50 = £16283	58	63
Total responses	123	121
Total responses %	50.4%	49.6%

The majority of responses expressed concern that PRI's new fee bands for large asset owners and investment managers come at a challenging time and that our value proposition was unclear to support the uplift in fee bands.

The results were analysed by an independent organisation, Opinium Research, alongside PRI. Signatory responses have been analysed as a whole, as well as by signatory category, assets under management, length of signatory status and geographic region.

As part of its commitment to transparency, alongside the Board response, the PRI publishes a summary of the feedback received from signatories, and their full consultation responses, after each consultation period closes:

- [Signatory consultation survey summary](#)
- [All signatory responses to the strategy consult](#)

APPENDIX 2: STRATEGY CONSULTATION BACKGROUND AND DOCUMENTS

As a signatory-based organisation, the PRI encourages all signatories to participate actively in its governance and strategic direction and provide feedback on strategically important matters via formal consultations. The PRI's [Articles of Association](#) require it to formally consult with signatories on the strategic plan at least every three years. Annually the Directors must report to signatories on the progress of implementing the strategic plan. For each consultation, the PRI must publish a consultation document, allow for a consultation period and provide multiple channels for signatories to provide feedback.

- PRI Consultation document in [Chinese](#), [English](#), [French](#), [Japanese](#), [Portuguese](#), and [Spanish](#);
- [PRI Strategy Consultation 2024: Responding to a Changing World webinar](#)