

PRINCIPLES FOR RESPONSIBLE INVESTMENT 2024 SIGNATORY GENERAL MEETING MINUTES

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10 September 2024 08:00 – 09:30 BST and 17:00 – 18:30

BST In attendance:

- Conor Kehoe, Chair, PRI Board (meeting Chair)
- David Atkin, Chief Executive Officer
- Cambria Allen-Ratzlaff, Co-Chief RI Ecosystems Officer
- Tamsin Ballard, Chief Investor Initiatives & Collaboration Officer
- Nathan Fabian, Chief Sustainable Systems Officer
- Esther Teeken, Chief Operating Office

WELCOME, PRI BOARD REPORT AND RI LANDSCAPE FROM THE CHAIR

Conor Kehoe, Chair of the PRI Board, welcomed signatories attending via webcast to the 2024 Signatory General Meeting (SGM) and introduced the other five speakers from the PRI Executive Team. Conor Kehoe noted that this was his first SGM and provided an overview of the agenda, question and answer session and housekeeping items.

Board priorities for this year

An overview of the of the Board priorities was provided.

This year the Board's biggest task was to develop and agree PRI's strategy for the next three years in consultation with signatories. Signatories agreed that a year long process every three years might not be responsive enough to our changing world, so there will be an annual strategy 'refresh' as part of the three year process.

The second focus was the organisation structure. The Board supported David Atkin and the Executive Team implemented a management infrastructure to match the size of the organisation and to deal with the heightened levels of risk with the emergence of anti-ESG. The following examples were provided:

- Risk Management: The Executive and the Policy Committee will review sensitive publications to weigh up their benefit and the risks to the Mission, to signatories and to the PRI.
- Managing by Key Performance Indicators / objectives: a system for translating the strategy into individual and team objectives and measuring progress.

Finally, the Board and Executive managed a range of questions as part of the new Chair's induction and learning. Conor Kehoe noted his engineer's excessive curiosity about how things work and thanked the team for their patience.

After a successful year, Conor Kehoe reflected on the need to look forward at where to take RI – longer term and tomorrow. It was noted that David Atkin, CEO would also reflect on the present, the next three-years and longer-term future of RI. Conor Kehoe then provided some historical context and noted that from the past there would be some questions for the future. Twenty years ago, a constitution was written by the UN team proposing the formation of the PRI – a quote from this was provided "*The PRI aim to help investors integrate consideration of environmental, social and governance (ESG) issues by institutional investors into investment decision-making and ownership practices, and thereby improve long-term returns to beneficiaries*". At the time ESG risk factors were known but investors were ignoring them.

Conor Kehoe noted his congratulations for the progress over the past year 20 years which included: identifying gaps and that practices were inconsistent with RI; defining these as ESG and educating investor to integrate them into their thinking; and encouraging companies and policymakers to provide the information needed to integrate into investor decision making.

These results have been very positive. Specialist ESG teams are now installed in all significant investment organisations and large corporations; mandatory reporting of ESG factors is in place or arriving to most major economies and jurisdictions.

Conor Kehoe provided his reflections on the documents from the formation from the PRI and considered if ESG was the only material topic responsible investors were thinking about at that time and concluded both then and now the answer is no. Twenty years ago, the drafters of the PRI mission decided to ignore some important and financially material topics as they were too divisive.

A quote from James Gifford's book (the former CEO and one of the founders of the PRI) was provided: *"however, currently, short-term thinking is embedded in the financial system through compensation structures tied to short-term financial results. The issue of long-termism was certainly on the table when the PRI was being drafted. It was debated by the investors involved, but the lack of a clear commitment to long-termism reflected investors' views at the time that their short-term investment strategies (in particular, hedge funds) were legitimate and shouldn't be seen as 'irresponsible'."* It was noted that at that time hedge funds had more of a role in resolving issue of market inefficiencies which was vital but could be short-term in nature, however, now hedge funds have a wide array of long-term responsible strategies.

Positively, ESG made it onto the RI agenda, however, aligning investor organisations with beneficiaries' time horizons was too challenging at that time.

It was considered what RI could mean in the future, given that ESG asks us to factor in things happening around us, the people and the planet. Conor Kehoe posed the following questions:

- Might responsible investors now look more closely into ourselves and:
 - do something to match our organisations' time horizons with that of the beneficiary
 - ask whether the public Boards we elect, as currently resourced, can govern large complex institutions well and with that same beneficiary time horizon in mind
 - ask have we integrated it into investors thinking and their tools – or just into the specialist ESG support function.
- Might we as responsible investors look closely to ourselves, and the social contract granted to us by the State. States are under pressure to use long term pensions pots for projects that public funds can't afford. Should Responsible Investors have a view and take a stand?
- Might we continue to address new blind spots from the world around us not yet integrated into investor thinking – this could be considered ESG mark 2. The following examples were considered:
 - Do investors think enough about the impact of demographic changes – Japan being the most notable example.
 - Do investors do enough about the confluence of risks hitting us, for example, migration caused by climate change.

Following these questions Conor Kehoe handed over to David Atkin to look to RI today, the next 3 years and longer-term.

WELCOME & STRATEGY: DAVID ATKIN, CEO

David Atkin, reiterated, a warm welcome to signatories and thanked signatories for joining. David welcomed the new Chief Responsible Investment Solutions Officer, Kate Webber, who joined the PRI in August 2024.

Further to Conor Kehoe's comments, David Atkin, highlighted that as the PRI approach's the 20-year mark, since the idea of the PRI was first conceived, it's clear that we now operate in a very different

environment. Whether viewed through the responsible investment lens or from a wider perspective, the world simply is not where it was 20 years ago.

Whilst there are challenges, and it can feel that there isn't cause for much optimism – particularly based on news headlines. From climate change to social inequality, geopolitics to biodiversity loss, human rights abuses to cost-of-living crises, the RI community has grown used to an almost relentless drumbeat of negativity. It is a complicated world, and society is largely not dealing effectively with the issues at hand.

It was highlighted that despite this challenging context, investors are still managing to achieve important progress. However, there is a great deal of frustration, even fatigue and it is a difficult time to be a responsible investor. Whilst this could easily lead to inaction, which some critics would prefer, beneath these issues there might be a different way of looking at this – and that there are reasons to be cheerful. This does not minimise the scale of the challenges faced, and “cheerful” doesn't mean “complacent”. Although there is still an enormous amount of work to do, two powerful forces to utilise in the face of this adversity were highlighted:

- The first was unity – it is important to work together to navigate these complex times.
- The second was optimism, which is truly critical to catalysing the action needed so urgently.

By working together, harnessing the power of unity and optimism, and refusing to be distracted from the task – results will be achieved. The work responsible investors are doing is making a real-world difference – for returns, beneficiaries, and for future generations. The PRI therefore hopes signatories will continue on this journey.

Given the upcoming 20th anniversary of the PRI, the PRI's sees this as an opportune milestone for the stocktake that Conor Kehoe referenced. As a signatory-centric organisation, it's vital that signatories play a central role in helping to shape the next two decades.

David Atkin noted that between now and the anniversary, Conor Kehoe, and the PRI Executive Team will reach out to signatories leading the way in our industry to capture their views – including challenges, opportunities or new ways of thinking and action. This will help to define the path forward. David Atkin encouraged signatories with views about where signatories and the PRI should take RI next to reach out to the PRI via info@unpri.org.

It was highlighted that whilst the PRI is excited about the prospect of what can be delivered together over the next 20 years, there is also a need to think about the steps to take in the more immediate future to lay the foundations for a successful journey.

During the last strategy cycle, spanning 2021 to 2024, the focus was on building a bridge between financial risk, opportunities and real-world outcomes. This was guided by three strategic drivers:

1. The big tent approach, with an emphasis on welcoming a diverse and global signatory base.
2. Accountability, recognising this was critical for signatory credibility and driving progress.
3. Scalability, aiming to support signatory learning and collaboration at scale.

This strategy worked well when the main purpose was to build the movement, recruit new signatories, and instil RI into organisations around the world. Whilst these three pillars are still at the core of who the PRI is and what the PRI does, as we began to look to the future it was clear that this new era of responsible investment demanded going further. Therefore, it was crucial that the next strategy recognised and responded to the changing world and empowers signatories with the tools and agility

to navigate it successfully. To address this the PRI embarked on an in-depth listening journey to understand what responsible investment means in the current context, and the PRI can do to create an enabling environment to deliver sustainable outcomes that align with fiduciary duties. Signatory insights clearly outlined the path ahead.

In response, in August 2024 the PRI launched the new strategy plan. Two overarching objectives were identified:

- To maximise the value the PRI delivers to signatories – in a rapidly evolving environment,
- To deliver on the PRI's mission to create a sustainable financial system that benefits the environment and society as a whole.

To meet these objectives, the strategy will shift the PRI's programme priorities to focus on four specific areas:

1. Driving signatory progression on responsible investment while streamlining mandatory PRI Reporting;
2. Strengthening regional responsible investment ecosystems in both mature markets and emerging and developing economies;
3. Amplifying signatory impact by supporting and leading collaborative initiatives; and
4. Strengthening the enabling environment for responsible investment by influencing government and multilateral policy and financial market practices.

David Atkin explained that he hoped that in the new strategy signatories feel heard, and supported to face whatever comes next and that the PRI looks forward to working with signatories on the implementation of the new strategy in the months and years ahead.

David Atkin, finished by thanking signatories for continuing to trust, support and challenge the PRI, in what is a new and exciting chapter for responsible investment. David Atkin then handed over to the Executive Team to share some key successes over the past year as well as future plans under the new strategy.

RI ECOSYSTEMS UPDATE, CAMBRIA ALLEN-RATZLAFF, CO-CHIEF RESPONSIBLE INVESTMENT ECOSYSTEMS OFFICER

On behalf of Rose Easton and herself, the co-leads of the Responsible Investment Ecosystems, Cambria Allen-Ratzlaff provided an overview of the team's work.

Cambria Allen-Ratzlaff explained that she is based in Michigan and covers the Americas and Asia Pacific, while Rose Easton, based out of London, covers the UK, Europe, India, the Middle East, and Africa.

The RI Ecosystem (RIE) team's work represents the second pillar of the PRI strategy: strengthening regional responsible investment ecosystems in both mature markets and emerging and developing economies. The team represents an evolution of PRI's operating model, brought together to support local priorities and enable effective engagement with signatories.

Three regularly asked questions were highlighted:

1. What are responsible investment ecosystems?
2. Why did you create this team?

3. And what is it that you do?

Cambria Allen-Ratzlaff answered each in turn

It was explained that “*responsible investment ecosystems*” represents the interconnected network of local and regional actors that support the markets in which signatories operate. This puts signatories at the centre of your ecosystem, surrounded by the investors, intermediaries, academic institutions, advocacy groups, market regulators and supervisors, governments, and other key stakeholders that function around you.

The RI ecosystems team was created in direct response to signatory feedback. Responsible investment has grown and matured since PRI launched nearly 20 years ago, and with it signatory needs have also evolved. For the PRI to continue to be effective over the next 20 years and beyond, it needs to meet signatories where they are now, and to better anticipate where they will be in the future.

On the third point, what we do for signatories it was explained that the team serves signatories and the wider PRI mission through three key functions:

1. **Convening signatories and stakeholders** in individual markets through communities of practice, locally within ecosystems, and across ecosystems;
2. **Supporting signatories** in their RI progression by connecting them with resources and advice; and
3. **Supporting meaningful policy outreach** within ecosystems.

Cambria Allen-Ratzlaff then provided further detail on each of the three points.

First, the PRI has unparalleled *global reach* in the investor community, and with this, the power to convene like no other organisation. Signatories told the PRI that you want more spaces to connect with peers both within markets and increasingly worldwide, so the regional teams have been busy building opportunities for signatories. Examples included local communities of practice, high-value networking opportunities, and forums where the PRI can help signatories tackle RI issues that are top-of-mind, like shareholder rights and engagement, and the just energy transition. Two upcoming opportunities were highlighted: a signatory networking event during NYC Climate Week; and the first-ever regional finance day at COP 16 in Colombia. Signatories were encouraged to look out for emails or reach out to the RIE team for more information about these and other events.

Signatories also asked the PRI to magnify our reach and influence by working collaboratively with partners on the ground. To address this the PRI recently signed our first formalised agreement with four key RI organizations in Australia to codify opportunities for coordination and collaboration. There are over a dozen more planned in markets around the world.

Second, on how supporting your progression, structural changes were highlighted including the creation of a new Stakeholder Services Team to provide day-to-day signatory servicing in local languages from regional staff. This shift to a centralized support model better-positions the RIE teams to activate, resource, and engage local markets at scale. Recently, the RIE team partnered with local IFRS representatives on an ISSB capacity-building program in Brazil. The PRI also co-hosted educational seminars for signatories in Japan and Australia interested in system-level investing, and in the U.S. Midwest, the PRI joined PRI signatories, corporates, academics, and state administrators

to discuss the global workforce transition in the face of climate risk mitigation strategies and the rapid adoption of machine learning and AI.

Finally, the PRI regionalized policy work, shifting from a single, central policy team to local teams acting through a local lens to better capture the nuances of local markets. This model enables the PRI to remain strategically aligned with the global priorities while injecting market-specific insights at the regional level. For example, the Canada team is completing a portfolio of robust pro-RI policy reforms to present to the Canadian government during PRI in Person, while the policy teams in China, Japan, and Kenya have submitted comments on critical market structure and disclosure proposals in those countries. The U.S. team continues to champion responsible investment at all levels of government, including sharing PRI views on investor responses to state anti-ESG laws before the U.S. Senate Climate Change Task Force.

Cambria Allen-Ratzlaff, highlighted focussing on the PRI's work in emerging markets and developing economies, which offer the PRI and our signatories unparalleled opportunities to shape responsible investment, often from the ground up. The PRI already includes 640 signatories spanning 46 countries across Asia, Sub-Saharan Africa, Latin America, Central and Eastern Europe and the Middle East, representing \$12.4 trillion in assets under management. The PRI plans to grow its footprint and signatory base in emerging markets substantively over the next three years.

In terms of the global view with signatory recruitment reaching saturation point in many developed markets, global signatory numbers are now levelling off after several years of rapid growth. At the end of March 2024, the PRI had 5,345 signatories to the Principles, including 384 new signatories. That was roughly in line with numbers from the previous year, although an increase in the growth rate is expected as the PRI penetrates deeper into emerging markets. The total signatory AUM remains strong and up from the previous reporting period at over \$128 trillion.

Cambria Allen-Ratzlaff noted that she and Rose Easton were looking forward to working closely with signatories to advance the priorities in developed markets, propel RI in emerging markets, and drive the next chapter in responsible investment. Noting that we go further when we travel together!

Cambria Allen-Ratzlaff handed over to Nathan Fabian.

RI SOLUTIONS & SUSTAINABLE SYSTEMS UPDATE, NATHAN FABIAN, CHIEF SUSTAINABLE SYSTEMS OFFICER

Nathan Fabian explained that providing signatories with the resources and support needed to advance responsible investment practices is a core part of what the PRI does. To this end, the PRI published new guidance over the past year, including on writing an RI policy, new introductory guides on human rights, biodiversity and corporate governance, and case studies on implementing net-zero commitments.

The PRI also completed an in-depth analysis of your responses to the annual Reporting Framework. This provided insights into the changing RI market, including an increased focus on sustainability outcomes and more frequent commitments to net zero across all signatory types.

The team also undertook a full review of the governance and membership of asset class advisory committees. This resulted in membership better reflecting the broad signatory base, including welcoming a larger number of emerging market signatories.

Something learnt from leading signatories is that ESG expertise needs to extend beyond dedicated, specialist teams. To support the growing demand in upskilling investment teams, this year the PRI Academy developed new on-line courses and made them easier to use. In addition, some of the most popular courses were redesigned to reflect the latest PRI content and industry insight and a more engaging style - this included updating the *Understanding ESG* and *Applied RI* courses. The hope is that this will better support signatories in addressing issues such as the anti-ESG sentiment.

Newly launched products were highlighted, this included the first blended learning programme which brings together in-person teaching and e-learning. The impact of the Academy courses remains strong, with over two-thirds of users reporting they have gained new knowledge and skills they would apply in their work.

Nathan Fabian, then provided an update on Reporting and Assessment, which is of great value to many signatories. This year there was a big focus on improving the reporting experience. The questions and assessment methodology remained stable and consistent with 2023. Pre-filling was introduced to make the experience quicker and more seamless. Several changes in the Reporting Tool were made to improve its performance and avoid the loading and server capacity issues faced last year. The PRI was pleased to hear that many signatories had an improved reporting experience as a result and were delighted to see high submission levels again this year – with 92% of mandatory and 52% of voluntary reporters responding.

The 2024 reporting was voluntary for those that reported publicly in 2023 and met the minimum requirements. For the 2025 reporting cycle, all investment manager and asset owner signatories that have passed their grace period will be required to report on a revised version of the Senior Leadership Statement (SLS) module, and to indicate if they have any other reporting obligations. The latter will help the PRI to better understand the growing requirements signatories are subject to and will inform the future design of Foundational Reporting in the Progression Pathways framework.

Completing the remainder of the Reporting Framework, which will closely mirror that of 2024, will be voluntary for most – except for a small cohort that have not yet publicly reported to the PRI; or those that have not previously met the minimum requirements. Reporting remains completely voluntary for signatories in the grace period.

Progression Pathways

Looking ahead to the longer term, Nathan Fabian shared further detail on Progression Pathways and highlighted, as David Atkin explained, that supporting signatory progression is one of the four focus areas in the new organisational strategy.

This follows recognition that the signatory base has grown both in size and diversity in recent years, creating a need to support different objectives, approaches, and levels of advancement.

Progression Pathways has been co-designed directly with signatories, through the strategy consultation and focus groups with hundreds of signatories. It will be a blueprint to support signatories in advancing responsible investment practices in a more tailored way. Signatories will be able to find guidance, education and collaboration opportunities that are most relevant to them.

The approach will encompass mandatory Foundational Reporting for all signatories, but Progression Reporting will be voluntary.

Nathan Fabian explained that although work on Progression Pathways will continue into next year, to give a preview of how things are starting to take shape an early prototype demonstration of the framework was provided.

Progression pathways demonstration

Nathan Fabian, showed the PRI home page of the website which will be the starting point for Progression Pathways. The website will have a new functionality enabling signatories to sign in and access a tailored experience.

It was explained that signatories will then be able to access a personalised dashboard that reflects signatories own individual pathway, with all functionalities available at a glance. The idea is that this central platform will bring most, of PRI's various offerings together in one place, and the ability to direct signatories to the tools and resources that are most relevant based on signatories goals and current responsible investment stage. Examples included: suggested resources, reporting status and events.

An overview of the pathways was then provided. As a reminder it was explained that the framework will have three types of responsible investment objectives that signatories can align their progression to – those seeking to incorporate ESG factors, those who are aiming to address drivers of sustainability financial risks, and those who are seeking to have positive impact. The pathways were described as A, B and C. The leading practices for investors are being compiled for each of the objectives. The practices are being mostly sourced from existing frameworks, initiatives and policy tools - these will to help investors navigate the complexity of the current landscape.

It was explained that these have been grouped into different practice areas or pillars so that signatories can focus on the areas of most interest. Signatories will be able to see the relevant activities that can be performed under each and present them by level of advancement and pathway.

Importantly, signatories have a choice of which pathway they wish to follow, and are not locked into one. The PRI understands that things change, especially in such a rapidly-evolving landscape, and the PRI wants to support flexibly as a result.

As part of the demonstration an example of an investor that is on Pathway B was shown. The resources available under the Policies & Governance pillar were explored. It showed Incentives, and then Resources, and a number of tools relevant to the specific practice area were accessed. This included links to other relevant PRI tools, like the collaboration Platform and the PRI Academy courses.

Recognising that there is so much content being generated within the RI community. It is increasingly specialised and high quality, but difficult to keep track of. The demonstration showed how the Progression Pathways framework will enable signatories to gain a deeper understanding of different practice areas for different asset classes and ESG issues. Content from both the PRI and other organisations would be available to bring everything together in one user-friendly place.

It was highlighted that how to bring in the Reporting framework and relevant questions into the progression framework was also being considered.

Nathan Fabian hoped that signatories found the whistle-stop tour helpful, and importantly, that it responds to signatories' needs. Signatories will be kept updated as the design progresses.

Sustainable Systems

Nathan Fabian then shared an update on our Sustainable Systems work and explained that this is the work to drive change in the pursuit of a more sustainable financial system – one that enables and rewards responsible investors.

Work from the past year was highlighted:

- The PRI continued to support the development and adoption of global and regional corporate sustainability disclosure requirements.
- Work on addressing barriers to ambitious stewardship by collaborating with the Thinking Ahead Institute to research the level and adequacy of stewardship resources within the industry.
- The PRI's work expanded to focus on wider actors across the financial system, other than investors, for example, research on the role of proxy advisors.
- It was an important year for Global Policy at the PRI. This year there was a focus on engaging with multilateral stakeholders, including the OECD, World Bank and G7, to pursue global policy alignment.
- Work continued to analyse and compare financial regulation globally, using evidence and insights on policy progress in G20 countries to improve regulatory harmonisation for global investors.
- Climate work also continued and last year the PRI accepted an invitation to act as the secretariat to the Taskforce on Net Zero Policy, which will publish a landmark report on net zero policy formation at COP29.
- In March 2024 the policy collaboration was launched to help signatories keep on top of global policy developments, as a direct response to the feedback received in the strategy consultation process.

Nathan Fabian concluded that whatever path signatories are on as responsible investors, there is agreement that environmental, societal and governance changes are continuing at pace. And in the process, they are shaping our economy and financial systems, which informs how we respond to these changes.

Over the past year, the PRI has led work across all three ESG pillars, aimed at helping signatories to better understand and navigate related issues, including the interdependencies between these issues and within investor portfolios. The following examples were provided:

- The launch of three new reference groups, one on Human Rights, one on the Circular Economy, and one on Nature.
- At COP28, co-hosting the Sustainable Finance Forum with UNEP FI and Climate Action, and an investor agenda side event on accelerating climate action with UNEP FI, IIGCC, AIGCC, Ceres and CDP.
- Developing PRI capacity building work in regional markets, such as the climate risk capacity building series in APAC region; and a biodiversity series (webinar/global).

Whilst noting the headwinds this year, it was hoped that signatories agree that in collaboration we continue to make great strides towards the mission of achieving a sustainable financial system.

Nathan Fabian handed over to Tamsin Ballard.

INVESTOR INITIATIVES & COLLABORATION UPDATE: TAMSIN BALLARD, CHIEF INVESTOR INITIATIVES & COLLABORATION OFFICER.

Tamsin Ballard explained that it was both an exciting and challenging year for the Investor Initiatives & Collaboration team at the PRI. The PRI was delighted to see nearly 1,000 signatories participate in investor initiatives led or supported by the PRI over the past year, with many signatories participating in more than one. Despite political headwinds in some markets, there has been a strong and sustained demand for participation in initiatives. There is a shared understanding among signatories that collaboration through investor initiatives strengthens responsible investment practices, enabling investors to both preserve and create long-term value for your clients and beneficiaries. Crucially, this is all aligned with fiduciary duties.

An overview of the progress of investor initiatives and collaborative engagements have managed to achieve in the past year across a range of thematic priorities – including climate, nature and social issues was provided.

Spotlight on climate

On climate, the PRI's longest running collaborative engagement, Climate Action 100+ (or CA100+), formally launched its second phase in June 2023, unveiling an updated strategy that now extends through to 2030. This is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take appropriate action on climate change in order to mitigate financial risk and to maximize the long-term value of assets. Since unveiling the new strategy, Climate Action 100+ has welcomed new investor members to its steering committee, published lead investors for engagement with over 120 focus companies, and outlined thematic engagement priorities by region for the upcoming year. The initiative also launched the third iteration of its Net Zero Company Benchmark and published two net zero sector standards, one for diversified mining and another for oil and gas.

Despite this success, the small number of investors leaving CA100+ in the past year were acknowledged. It was noted whilst we cannot ignore the undue politicisation of the initiative, which is understood to be a factor in some of these departures, the PRI is reassured to see that the majority of investors continue to support and back this important work, valuing its role in helping them to manage real financial risks to their portfolios. Demand for CA100+ remains high among its existing member base, and the PRI was delighted to have had more than 85 new signatories join the initiative since the launch of its second phase – this far outweighed the number of departures seen. It was emphasised that the PRI and our partners remain wholly committed to supporting investor climate stewardship activity through CA100+, that the work of the initiative continues unabated, and significant resources are being deployed to support those of you targeted by these political attacks.

Spotlight on Collaborative Sovereign Engagement on Climate Change initiative

The work supporting governments to act on climate change was highlighted, this included the PRI-led Collaborative Sovereign Engagement on Climate Change initiative. Since July 2022, the initiative has

undergone a pilot phase, helping signatories engage with Australian federal and state governments. It involved 25 investors from Asia, Australia, Europe and North America, representing US\$8 trillion. In June of this year, the PRI published the first progress report on the pilot, summarising key successes, challenges and learnings. Recognising the value investors reported they had gained from participating in the initiative, as well as the positive results of the pilot more broadly, we look forward to continuing to engage in the Australian system, as well as assessing the potential for expanding to further markets. Further developments to follow.

Spotlight on Net Zero initiatives

Another area where the PRI was delighted to partner with organisations from across the financial services spectrum is around accelerating the decarbonisation of the economy. Through four investment sector initiatives that the PRI leads or supports, we've expanded the number of signatories committed to achieving net zero emissions and supported their learning journey in this space. There is tangible progress as a result. This includes through the Net Zero Asset Owners Alliance's call to action on asset management engagement, sending a clear message to the asset management industry that serving asset owner clients requires climate stewardship. The target-setting frameworks across all groups in the Net Zero Financial Service Providers Alliance were finalised, meaning that all members are getting to work on their own net zero targets or reporting against these. The increased number of asset managers within the Net Zero Asset Managers initiative who have set and disclosed targets was highlighted as the final example - 98% have now set interim targets for 2030 or earlier – with over a quarter targeting as early as 2025.

The highlights demonstrate that there is huge appetite across the sector to be engaging in collaborative initiatives in the climate space. There was insufficient time to highlight all initiatives during the SGM, however, the Initiative Climat International (iCI) was highlighted, this is a PRI-supported practitioner-led community aiming to better understand and manage climate change risks. This year, iCI notably produced new resources, including the Private Markets Decarbonisation Roadmap. This community now brings together nearly 280 private markets investors, including general partners and limited partners, who together represent US\$4.3 trillion.

Spotlight on Nature and Social initiatives

Regarding nature, Spring released its first investor statement at the 2023 PRI in Person conference in Tokyo. Spring provides an opportunity for signatories to address the system-level risks stemming from global nature loss. The initiative opened applications to investors in February of this year, before officially launching at London Climate Action Week in June 2024. In its first three months, Spring was endorsed by 128 investors, representing a total of US\$10 trillion. Since then, the PRI is delighted that the initiative's membership has grown to over 200 members together representing \$15 trillion USD.

Finally, beyond environment and climate, the PRI has supported signatories to protect and enhance risk-adjusted returns by encouraging progress on human rights, including through the PRI-led stewardship initiative, Advance. This year, the initiative published its assessment framework, laying out how it will track progress against its objectives in three parts - monitoring investor efforts and activities, assessing the progress of engagement with focus companies, and monitoring developments in sector-level engagement. The PRI is delighted to report that 265 investors, representing US\$35 trillion, now endorse Advance.

The future

Looking to the future, collaboration will continue to be a central pillar of the PRI offering, always keeping in line with investors' duties and mandates. The PRI is satisfied that the initiatives are structured in a way that complies with all relevant laws, including antitrust laws, and the PRI takes active steps to ensure that the activities of these initiatives are subject to suitable guardrails.

Opportunities to collaborate play a crucial role in changing financial markets, mainstreaming RI, and influencing the behaviour of investees. This was clearly demonstrated through engagement with the PRI Collaboration Platform over the past year, which saw a 74% increase in new users and a total of 119 collaborations, up from 99 last year. Based on feedback, signatories value these opportunities to collaborate, which is why the PRI decided to prioritise them as part of our new strategy. We look forward to amplifying signatory impact through PRI-led and PRI-supported initiatives.

Tamsin Ballard handed over to Esther Teeken.

OPERATIONS AND PEOPLE & CULTURE UPDATE: ESTHER TEEKEN, CHIEF OPERATING OFFICER

Esther Teeken provided an update on the Operations function, including some brief updates on behalf of Lian Hillier, Chief People & Culture Officer.

Financial update

Starting with a financial update, it was reported that in the financial year ending 31st March 2024, the PRI generated a surplus of £0.05 million after interest, tax and depreciation. This is down from last year's £0.45 million surplus, primarily due to costs associated with the internal restructure, as part of the implementation of the PRI's new target operating model. This reorganisation has set up the organisation for success in achieving operational excellence and will be critical to enabling the delivery of the new strategy.

Further detail on those numbers was then provided. £37.1 million income was generated during the 2023/2024 financial year. This represented an additional £2.3 million compared to the previous year. Signatory fees remain the main source of income, accounting for 76% of the total. Of these fees, the largest contributors geographically are the US and the UK & Ireland.

Restricted funding income, was slightly behind prior year due to slower spend, but there was an increase in our events income. This was driven primarily by our annual PRI in Person and Online event, which generated revenue of £3.3 million through ticket and sponsorship sales. There were lower revenues from the PRI Academy with income of £1.3 million compared to £1.8 million in 2022/2023. This was mainly due to reductions in learning and development budgets across the financial services industry.

Expenditure for the 2023/2024 financial year, saw an increase of circa £3 million compared to the previous year, this broadly matched our income, delivering a break-even position. Again, this was largely due to reinvestment into the organisation to set us up for the future and help deliver the new strategy. The highest spending went towards our enabling functions. Within this category, people costs – including contractors – remains the largest expenditure item, accounting for 78% of the total amount. This included people investments that will support the new strategy, including the recruitment

of our first US-based Executive Team member, of local RI managers, and an expansion of our signatory support services into local regions. We also introduced local policy and stewardship initiatives roles.

Looking at the balance sheet, overall net assets are broadly in line with the previous year, with year-end reserves within the PRI's minimum required reserves policy of three times monthly expenditure. Overall, cash balances at the end of 2023/2024 amounted to £28 million, which is significantly higher than the previous year, due to the earlier invoicing of 2024/2025 fees.

2024/2025 budget

The budget for the financial year 2024/2025 was approved by the Board and is expected to deliver an overall break-even position. 75% of funding is budgeted from signatory fees, which is broadly in line with last year's figures. However, income diversification and long-term funding is an area of focus to reduce our reliance in this area.

For the 2024/2025 budget the PRI is aiming to align expenditure and investment with the four focus areas of the new PRI strategy. A slide showed the activity to deliver in the 2024-25 financial period.

Next chapter

Esther Teeken concluded that following the updates and plans outlined it is hoped that signatories understand that the PRI has great ambitions for the next chapter.

In the nearly 20 years since the PRI was conceived, we've come an incredibly long way already. The 20 investors that came together in early 2005 have grown to more than 5,000 global signatories, representing over half the world's institutional assets under management. What was once a niche idea is now a mainstream activity around the world. But as you heard from Conor Kehoe, in what is an increasingly complex and ever-changing environment, we are now readying ourselves for the next phase of responsible investment, and of the PRI.

To ensure that the PRI can focus on delivering against the four focus areas of our new strategy, and in doing so help strengthen the value proposition of the PRI, we require funding that will match these ambitions. The last significant adjustment to fees beyond inflation was nearly 10 years ago. Since then, the PRI has expanded our operations to better meet the needs of a rapidly changing and fast-maturing responsible investment landscape, while also making some major operational changes to streamline the organisation to better deliver value for a signatory base that has nearly doubled since 2019.

This year the PRI introduced a modest increase in fees for most signatories and, after consultation, introduced higher fee bands for the largest asset owners and investment managers. Ahead of introducing these increases, the PRI conducted a direct comparison to similar organisations, as well as non-RI membership organisations. In a benchmarking exercise against peer organisations, the PRI's fees sit at the middle level of the cohort reviewed.

The adjusted fees will enable the PRI to invest in the medium-to-long term to deliver the PRI's new strategy. To name just a few, the revenue will help the PRI deliver streamlined mandatory reporting, invest in the building and delivery of Progression Pathways, expand our footprint globally to further support regional RI Ecosystems, establish policy positions and influential relationships with policy makers and regulators in additional markets, invest in platforms to enable better collaboration

between signatories, and modernise our internal systems to deliver an improved signatory experience. The new fees also ensure signatory fees are more equally distributed across the diverse signatory base and are more proportionate to fund size.

The PRI understands that these changes have come at a challenging time, but we appreciate the trust signatories have placed in the PRI and your support as we work together to ultimately create a sustainable financial system that benefits the environment and society as a whole.

As the PRI enters a new chapter for the organisation, we remain committed to maintaining financial stability and maximising value for our signatories. Whilst signatory fees will be a key enabler for realising the next phase of our strategy, we recognise that the value proposition has to support us in achieving the long-term mission we have set out. In order to do so, we must become less reliant on signatory fees and pursue more diverse income streams.

To maximise our impact and make the best use of signatory fees, we are beginning to consider the broader funding model. This includes a review of peer organisations' funding models and reviewing income from grants, investor education, events, partnering and other services.

As a signatory-based organisation, signatory input will be critical to shape the operating model and deliver on our shared objectives. We therefore plan to engage with signatories on the future of the PRI funding model through a variety of forums in the months ahead.

Convening update

A convening update was provided – which was highlighted as something the PRI has heard signatories particularly value. PRI in Person remains the premier global event for responsible investment professionals. Our Tokyo conference saw over 1,300 delegates from 51 countries come together under the theme “*Moving from Commitments to Action*”. Evidence of this theme in action came in the form of a commitment from the Prime Minister of Japan, who announced that seven public pension funds would start preparations to become signatories to the PRI. The Prime Minister also highlighted his support of sustainability outcomes in his address, which set a new benchmark for government commitment to responsible investment at PRI in Person.

With thanks to our lead sponsor Nippon Life Insurance Company, the PRI brought together industry leaders, policy makers and experts from around the world to discuss the latest trends, challenges and opportunities in sustainable finance. With 40 conference sessions and 50 side events, we also heard from the former Executive Secretary of the United Nations Framework Convention on Climate Change, Christiana Figueres.

To maximise participation and reach, there were a number of digital sessions throughout the year. One example was highlighted; the “*Moving from Principles to Practice*” digital forum which welcomed just under 2,000 attendees from 76 countries, accumulating over 10,000 views live and on-demand across 2023 and 2024. This five-part series was the first time that the PRI has secured sponsorship for a digital forum, with generous support from BB Asset Management in Brazil.

Looking to 2024, PRI in Person will be heading to Canada for the first time in a decade. The 16th annual conference will be taking place between the 8th and 10th of October in Toronto, supported by the lead sponsor Mackenzie Investments. We'll be bringing attendees together across 35 breakouts and plenary sessions under the theme of “*Progressing global action on responsible investment*”,

building on the outcomes of the 2023 Tokyo conference. With over 1,100 delegates already registered, and 145 speakers already confirmed, signatories have until 16 September to register to attend in-person. Digital tickets will be available to secure right up until the event.

Finally, looking ahead, the PRI is looking forward to organising a regional event in Europe in May 2025. Please look out for further details.

People & Culture update

An update on people and culture was then provided. At the PRI, we think it is critical that we set the right example, living and breathing the values we stand for. The PRI's work in Diversity, Equity and Inclusion (or DEI) was highlighted.

There has been substantial progress in tracking and improving our DEI efforts. As of the end of March 2024, the PRI had 253 employees, representing 43 different nationalities and based in 21 countries worldwide. The employee networks, now each benefitting from an executive-level sponsor, have been championing DEI in practice. For example, the Disability Network developed guidance for requesting disability-related adjustments and organising disability-inclusive events. The 2024 DEI data and pay gap report showed a reduction in both gender and ethnicity pay gaps, and steady progress in growing the Black, Indigenous and People of Colour and LGBTQ+ employee populations.

Esther Teeken, handed back over to Conor Kehoe.

GOVERNANCE: CONOR KEHOE, CHAIR

Conor Kehoe explained that the last agenda item before the Q&A was governance including information on signatory voting and timelines, and announcement of the 2024 PRI Board election candidates.

The PRI Board

A reminder on the Board composition was provided. The Board includes:

- One independent Chair
- Seven directors elected by asset owner signatories
- Two directors elected by investment manager signatories
- One director elected by service provider signatories
- And two permanent UN advisors

Since taking up the role of Chair at the start of the year, Conor Kehoe highlighted that he felt fortunate to have gotten to know such an engaged Board. Earlier Esther Teeken talked about living and breathing our values, and we're proud that our Board is gender-balanced and globally representative.

Signatory voting and PRI Board Director elections

Signatory voting, will open next week, on 17 September, and close on 26 November 2024– lasting a total of 10 weeks.

Signatories will be asked to:

- Vote to receive the PRI Annual report and accounts.
- Vote to approve the signatory general meeting minutes.

- And – according to your signatory category – to vote for you representatives on the PRI Board, three asset owner representatives and one investment manager representative.
- Vote to confirm the appointment of a new auditor – MHA – which the PRI Board’s Finance, Audit and Risk committee has selected following a thorough process.

Regarding the PRI Board annual elections, this year there are positions open for three asset owner representatives, and one investment manager representative. Throughout the process we encouraged candidates with governance skills and demonstrated leadership in responsible investment; global representation and expertise to enable the Board to appropriately represent our diverse signatory base.

Conor Kehoe was pleased to see the diversity of candidates that applied, and would like to thank all of them for taking the time to prepare and submit their nominations.

Asset owner election

For the asset owner election, which asset owner signatories will vote for, there are six candidates for three positions:

- Leong Cheung, Chief Strategy Officer, Hong Kong Monetary Authority (China)
- Xolisa Dhlamini, Head: Sustainability Operations & Impact, Sanlam Ltd (South Africa)
- Sharon Hendricks, Board member, CalSTRS (USA)
- Bertrand Millot, Head of Sustainability, CDPQ (Canada)
- Wilhelm Mohn, Global Head of Active Ownership, Norges Bank (Norway)
- Laetitia Tankwe, Union trustee, CFDT (France)

Investment manager election

For the investment manager election, which investment manager signatories will vote for, there are two candidates for one position:

- Wendy Cromwell, Vice Chair and Head of Sustainable Investment, Wellington Management Company (USA)
- Pia Gisgård, Head of Sustainability & Corporate Governance, Swedbank Robur (Sweden)

All nominated candidates have submitted statements and videos, which are available to view on the PRI website. For both elections, the candidates who receive the highest number of votes for the available positions in each category will be elected.

Future of the Board

Looking to the future, the Board has agreed that considering the addition of one further investment manager representative to the Board should be a governance priority for 2025. The Board strongly believes that the PRI should remain an asset owner led organisation, however it also recognises that adding one additional investment manager representative on the Board would have the following benefits:

- Better represent the signatory base - in 2014 for example when the last governance review was conducted, investment managers represented 63% of the signatory base and in 2024 that has grown to 77%;
- Reflect the increasingly important role and diversity of investment managers in the investment chain;
- Enable investment managers to be represented on all Board committees, and

- Ensure the investment manager perspective is better represented in PRI's Policy work.

This will not affect the upcoming signatory voting period. The Board will engage with signatories, particularly asset owner signatories, before determining the next steps.

Online signatory voting

The online signatory voting will open on Tuesday 17 September and all *main contacts* of signatory organisations will receive a voting ballot via email, signatories were requested to look out for this.

As a signatory-centric organisation, signatory views are important to the PRI, and critical to ensuring the PRI continues to deliver value for signatories. So the PRI encourages signatories to take an active role in the signatory voting and PRI Board Director elections.

Conor Kehoe thanked everyone for their attention so far and noted it is so encouraging to look back on the past year of progress we've managed to achieve together, and look forward to the opportunities – as well as challenges – that lie ahead. Conor Kehoe expressed thanks to all signatories for giving him the opportunity and privilege to lead signatories along the way in his role as Board Chair, in partnership with the Executive Team.

Question and answer

The SGM presentation was concluded, and it was explained that the Q&A portion of the session would start. It was also explained how to post questions and if questions cannot be answered due to time constraints that these would be provided after the [SGM in the minutes](#).

SIGNATORY QUESTION AND ANSWER

Signatories asked questions on a range of topics across both SGMs. The following questions and responses have been ordered and grouped by topic to increase legibility for the readers.

STRATEGY

Could you share the PRI's agenda in emerging markets like India or South Asia, where the signatory list has been growing, yet the local ESG market remains rather stagnant. Where can I find the engagement outcome details with governments and organisations if any in the region? For context the objective of the strategy was provided. The objective is to make a significant and enduring real-world impact on the sustainable development of emerging and developing economies - this will mean more global capital is aligned with the PRI Principles. The PRI work on the barriers and priority conditions for a sustainable financial system will be applied to the emerging markets context. This will improve responsible investment practices in the markets and effectively use this framework along with the PRI's own global perspectives to drive better financial flows from developed markets to emerging markets. Common market challenges such as sustainable development, climate resilience, social equity and regulatory frameworks will be the focus of the guidance – these are relevant for all signatories.

In terms of India specifically, David Atkin, CEO has a planned trip to India in November 2024 and will meet with signatories, policy makers and key stakeholders. The PRI has been working with the CFA Institute and the CFA Society of India on this visit. The PRI has also been working with several partners on capacity building events that we hope to be able to announce soon.

Regarding the rest of Asia, James Robertson, the PRI's Head, Asia (ex-China & Japan), has a planned trip to Singapore and Thailand where he will be running collaborative events with local stakeholders on different topics such as climate change and stewardship. There has also been an Academy training event, and we have been working capital markets, Malaysia.

The PRI is supporting signatories on their progression and policy outreach including working with regulators and policy makers.

Given the unique context that PRI signatories in the Global South (i.e., South Africa) operate in, where issues of data accessibility and availability for ESG integration are pertinent, how is the PRI supporting signatories within this context overcome such challenges? In May 2024 the PRI published a joint statement calling for regulatory adoption of the International Sustainability Standards Board (ISSB) standards across all jurisdictions. This was done in collaboration with the PRI, London Stock Exchange Group (LSEG), the United Nations Sustainable Stock Exchanges Initiative (UN SSE) and the World Business Council for Sustainable Development (WBCSD) and alongside 120 different investors, companies and other organisations.

The PRI spends a lot of time convening signatories to share insights, challenges and solutions around the adoption of ISSB. This is because this harmonisation and global interoperability is so important.

The Glasgow Financial Alliance for Net Zero (GFANZ) have also recently helped with the provision of free data for emerging market signatories' markets.

David Atkin provided some recent reflections from his recent trip to South Africa. It is a sophisticated marketplace and has expertise particularly on social inclusion challenges, and this could be showcased in other markets. South Africa has historically had progressive regulatory sustainability standards. The challenge is moving from a good principles based regulatory environments to a practice-based system. The PRI can support with this transition. There are about 75 signatories in the South African market with another 75 in the rest of the African continent. There is the opportunity to grow this further if the PRI works in a deliberate and active way. The PRI is excited by the opportunities in the global south.

What is the strategy in the US and what are the numbers of US signatories? Around a fifth of signatories are based in the US and they account for just under half the assets under management. Even though it is a large market it operates a slightly differently to some of the other markets. Firstly, it is one of our most mature markets and has been so since the PRI was launched. US signatories have continued to provide critical support and direction to the PRI.

The fund dynamics often depend on the politics and the operating environment, especially at public funds. This was the case well before anti ESG and will continue to be the in the future. At funds where there are more frequent shifts in priorities or they have always operated in a more challenging environment, sometimes it's been a challenge for these investors to commit to responsible investment in the way that we expect of signatories. Currently about 29 out of the top 50 pension funds are in these kinds of environments and elections will have a significant impact. So, growth has stalled until the elections have taken place.

Much of the PRI's recent US growth in terms of numbers of signatories is largely among smaller asset

owners. These smaller signatories can have resourcing challenges and that is one of the top reasons for attrition because of the reporting burden. The PRI is looking reduce the barriers by streamlining Reporting and Assessment, it is also hoped that Progression Pathways will be more suited to the diversity of investors. There is increasingly robust engagement in our policy environment and the US policy team has grown to strengthen support and relationships with signatories. The US signatory base is very active and so we launched the North American asset owner community of practice series. Engagement with US signatories facing less political sensitivity such as endowments and foundations continues.

The PRI is focussing on pockets of growth, for example, there has been an increased interest in responsible investment from insurers.

What is the impact of anti-ESG, what do you see behind it and how do you see it evolving?

(Question from Conor Kehoe, Chair, whilst awaiting questions from signatories). Anti-ESG has become a growing challenge for signatories, particularly in the US market. This appears to be driven by those who are pushing back against efforts to get companies to think about their carbon footprint, particularly fossil fuel companies who are high carbon emitters. They are pushing back because their business models are being impacted by investors asking how they are delivering long-term value and dealing with issues like climate change.

Those pushing back are funding deliberate political processes and campaigns, they seek to stop investors from being able to work in this space, particularly on a collaborative basis. The PRI is providing support to signatories and as Tamsin Ballard explained in the presentation all PRI collaborative initiatives are built on strong foundations and comply with all relevant laws.

The PRI recognises that the transition of our economy to deal with a decarbonised environment is going to create friction because it's a change process. However, the just transition is critical. The issue of stranded assets and stranded communicates was highlighted – investors need to understand the impact on these.

There is a fiduciary risk for investors if they no longer factor in climate change and other ESG issues into their decision-making processes. Positively this isn't happening as despite small numbers of investors leaving some collaborations, they are continuing to work on sustainability issues.

Noting that as part of the PRI's 20th anniversary plans the PRI will ask investors what responsible investing might mean over the next 10 years, Conor Kehoe, Chair, asked David Atkin, CEO, what he expects to come out of the interviews (this question was asked whilst awaiting signatory questions). David Atkin explained that it is important to use the opportunity of the 20th anniversary to not only acknowledge the significant achievements of the signatory base to create the responsible investment momentum that is now mainstream, but also to look forward. There is a need to keep an open mind about the future, however, as noted in the presentation the time horizon and being focussed on the long-term remains a challenge.

Systemic risks are not being dealt with appropriately enough, there is market failure with systemic risk issues that are going to impact the ability to deliver returns over the short, medium and long term. The hurdles or barriers that are preventing progress were highlighted. For example, the lack of global pricing on carbon is an impediment to being able to properly price this into investment decision making processes.

The 20th anniversary interviews are expected to generate common interests and ambitions as well as other ideas and thinking to move the dial on responsible investment and better integrate ESG into mainstream investment decision making. The feedback will form the new vision statement of the PRI for the next 20 years. Signatories were encouraged to send feedback to David Atkin by contacting info@unpri.org.

What are the intentions for service provider signatories (like investment consultants/advisors) in terms of evolving guidance and reporting? Recent updates and focus appears to be very much focused on asset owners and asset managers? Are there any plans to increase the involvement of service providers, such as consultants? If so, what would be the timeline, also concerning foundational reporting and progression pathways? A summary of existing opportunities for service providers was provided. There are opportunities through the net zero initiatives - this includes the Net Zero Financial Service Providers Alliance and also the Net Zero Investment Consultants Initiatives. Both now have target setting frameworks and are open for more members to join.

At PRI in Person 2024 a side event is being organised, focussed on service providers and climate scenario modelling and there is also a dedicated event that the PRI is co convening at COP 29.

More broadly across the PRI service providers are involved in various reference groups. For example, the global policy reference group and activity in some other collaborative engagements such as Climate Action 100+ where they have a clear mandate to engage on behalf of their clients.

Looking into the future and opportunities for further involvement, the PRI is in the process of exploring more opportunities for service providers as part of the new strategy. In term of Reporting both as part of Foundational Reporting and Progression Pathways, the PRI is working on the scope and purpose. This will be discussed at upcoming Board meetings. At this stage, service providers aren't proposed to be in scope for Foundational Reporting in 2026. However, it is hoped that service providers will benefit from investor signatories following their responsible investment objectives and pathways in a clearer way.

As a follow-up question Conor Kehoe asked if there is a need to do more for service providers or the balance is right at this time. It was explained that this is currently being scoped. Opportunities are also dependent on how engaged service providers want to be. Different levers are being considered under the new strategy to identify where service providers can play a valuable role. It was noted there are a wide range of different service providers, from stock exchanges through to the investment consultants, so opportunities are being explored with signatories to identify and develop further. Signatories were encouraged were encouraged to provide any suggestions or ideas for opportunities to: info@unpri.org.

Can you address how you are improving integration of private real estate unique issues, approaches and collaboration into PRI activities and reporting? The PRI is starting to expand activities in private equity, which we recognise as necessary because of the growing number of private equity signatories. It is also hoped to provide the same level of asset class coverage that we have in other asset classes in the months ahead.

On private real estate specifically, the PRI has not yet announced the focus areas of the new private equity guidance areas – so watch out for further details on this.

PROGRESSION AND ACCOUNTABILITY

Whilst noting that the PRI's work on progression pathways is continuing, do you have an indication of when this will be released to signatories and when they will have the opportunity? Subject to Board approval and consultation with signatories it is projected that the pathways will be available for signatories to use in 2025. Foundational reporting will become available to asset owner and investment manager signatories in 2026, and progression reporting would be available within a year to two years after that. There are still some outstanding questions such as what will be included foundational and progression reporting but there will be continuing opportunities for signatories to feedback. Signatories were encouraged to join the progression pathways event at [PRI in Person 2024](#) in Toronto.

The Chair, Conor Kehoe, asked the Executive for further clarity on the design principles noting that more complex questions have additional costs for signatories and asked if the design will be able to take into account the impact on signatories to gather the data and the cost to them. The Executive explained that they have listened and are mindful that signatories experience with reporting has changed over the years. Although many signatories find value in reporting and receiving a rating because they use it in their business activities, some of the questions are costly and require a lot of internal review to provide answers. The new framework will provide the accountability that's required for implementing the Principles, but in a more streamlined and cost-effective way for signatories. Given that many signatories still want to receive feedback and assessment on their activities the PRI is trying to find the right design and approach to serve the signatory base. Especially in this time of additional legal review which can add significant cost.

Conor Kehoe also asked for clarity on the equivalency of reporting requirements. The Executive explained that as part of 2025 Reporting and Assessment all signatories will be asked to provide details on regulatory and substantial voluntary reporting obligations. The purpose is to obtain a picture of total reporting obligations. The PRI will then use this information to inform future PRI reporting, avoid duplication and provide more useful feedback to signatories. The PRI is considering equivalency, as well as jurisdictional differences across markets, and how to provide greater recognition of the reporting that signatures are already do.

On Progression Pathways - how will PRI ensure this will not turn into a labelling method (similar to what essentially happened with Sustainable Finance Disclosure Regulation (SFDR), Article. 6, 8 and 9 established by the European Union)? The origin of Progression Pathways comes from the practices that investors say they have and the intentions they have on responsible investment. This is typically what they think of in terms of their organisational approach and practices. Whereas SFDR, is a product level tool which is different to an organisational level tool.

The European Commission is a market supervisor which through SFDR provides performance benchmarks in environmental terms for financial products. The PRI has a different role and approach. Whilst there is diversity in the signatory base the pathways are designed for investors who have some commitment to responsible investment. Through considering long-term risk adjustment returns and impact and the pathways will encourage, promote and hopefully support all signatories on their own journey.

Is it going to be available for asset owners to report voluntarily on direct investments in PRI Report 2025?

It will not be possible for an asset owner to report on direct investments in 2025 Reporting and Assessment in the asset class modules. Asset Class reporting for asset owners was removed in 2023 in response to feedback received. The PRI is actively reviewing this in the context of Foundation and Progression Reporting.

Will PRI give consideration to its reporting window in 2025? The change for 2024 was provided with only a few months of notice for a new deadline that was moved to nearly 2 months earlier than in prior years. For PRI signatories that had both their PRI assessment and Global Real Estate Sustainability Benchmark (GRESB) assessment(s) to complete in 2024, PRI's timing change made things especially difficult. GRESB reporting window spans 2Q of every year (this doesn't change), with their submission deadline July 1st. This affects your signatories who are real estate and infrastructure asset managers as well as investors who may choose to report to GRESB. The 2025 reporting cycle be the same as it was in 2024, with signatories having a 12-week reporting window opening in May 2025. We aim to release the Reporting Framework and associated guidance in the first quarter of the year and to deliver reporting outputs in the fourth quarter and will confirm exact dates in due course to aid signatories with their planning.

The PRI is actively considering signatory feedback in the development on Progression Pathways including varying reporting windows.

POLICY

How do you plan to reconcile a range of views among signatories as you increase policy

engagements? Both in the US and outside, especially in emerging markets? As the PRI has grown and the signatory base has become larger and more diverse, these questions become more pertinent. Some reflections were shared: most signatories care about some market fundamentals such as transparency on ESG factors and sustainability risks. It's seen as being part of a well-functioning market and there's common views so limited contradiction. However, there are differences of views at the margin, for example, how standards might be designed and processes, but it was felt these could be resolved.

The bigger questions are generally on which economic policy tools different regions will use to support the transition; whether a market will rely on a lot of regulation; if there will be target setting for private actors; whether they'll be economic stimulus or fiscal / trade measures. These are challenging points, and the PRI does not encourage signatories to form one view but instead works with signatories in their markets. The PRI has implemented this through changing its policy approach, previously there was a central policy team located in London. This changed earlier in 2024 to diversify and spread the policy teams into country-based teams working with signatories in their market and ecosystem to try and build the dialogue with local signatories to understand better their priorities. This allows the PRI to better shape, target and prioritise work in those markets.

In terms of the more challenging question about what role the PRI has where harmonisation is needed for global investors, the PRI will work with signatories and international forums and institutions like the Financial Stability Board, the G20, and the G7. The Organisation for Economic Co-operation and Development (OECD) is working with these groups to try and share views on how to harmonise and reduce the transaction cost for signatories on sustainability related policies.

The PRI will continue discussions with signatories through the Global Policy Reference Group, Regional Policy Reference Group and increasingly local investor policy organisations in markets.

As a follow-up question Conor Kehoe asked about managing the challenge of a policy position in one market being picked up in another. The Executive explained that the PRI has tried to prioritise signatories based in their home market or contributing substantially to a policy view in that market. This is how the PRI works with the regional policy groups. However, given the external challenges the PRI is getting more feedback and undertaking more checking and testing of policy reforms. This can include asking one market about any unintended impacts it could have on other markets.

As a broader point at a time of significant change in financial regulation and policy, these policies don't always work as intended so there is a cost of for signatories. Signatories want to know that new policies and improvements to existing policies will increase efficiency this is why dialogue between jurisdictions is important.

There's been concern on diverging approaches in addressing social and governance issues in different markets and this might create increasing difficulty for PRI to bridge the gap in policy engagement initiatives or in signatories' expectations. How to do plan to tackle this in future work? The PRI starts from the point of principle that signatories are interested in a sustainable system. This means incorporating ESG and sustainability factors into investing and the way financial actors consider risk and opportunity in markets. However, how countries will do that varies as there are different political traditions.

Other types of market regulation, competitive positioning and the transition are going to be competitive. The PRI believes its role is to have good local dialogue and to listen to signatory priorities - this is why the PRI now has local policy teams. The second thing the PRI is uniquely placed to do as a global platform is to bring all of those perspectives together. This exchange brings learning and builds understanding to help form views on what the most efficient and best approaches. This information is then be played back to signatories. One way the PRI is doing this is through its role as the secretariat for the Net Zero Policy Task Force. The taskforce has most of the large financial, economic, global institutions steering the programme and 25 experts from around the world so is geographically diverse. The taskforce is reporting to the United Nations Secretary General on net zero policy. These types of forums enable the PRI to support signatories to understand these policies, identify best practice and make the experience better for the market.

In summary, the PRI looks at the data and sees what's working whilst being aware of the context. This is then used to feedback and have informed policy decisions that are adapted for local circumstances.

Does the PRI board agree that this year's International Accounting Standards Board (IASB) board decision regarding IAS is 37 and company net zero commitments is a positive step towards that to the shared goal of a sustainable global financial system? The PRI supports the IASB decision and believes that this provides important clarification to the market that climate related commitments like net zero commitments can create a constructive obligation to be recognised in financial statements. This should give investors better information to consider in their decision making. The PRI supports the decision and the recent illustrative examples on climate accounting and proposes to engage regulators on how to better enforce these accounting rules, as they relate to climate change.

The IASB decision provides important clarification on how accounting requirements should be better applied to accurately reflect the financial indications of net commitments. However, ultimately it is up to investors to make their own decisions on how to use this information alongside other financial and sustainability reporting.

Does "the joule is mightier than the dollar" resonate with PRI? If so, how, please? We know that climate risk is badly priced by financial markets. We need a more fundamental construct, energy which obeys physics laws in a way that money does not. Noting the ambiguity of the question the Chair interpreted as a question about scenario-based decision making and if investors are thinking hard enough about the confluence of risks faced such as demographics, climate change and migration of people. The Executive responded that the investment community has done a lot of work to bring scenario planning into risk management, for example, on climate driven migration. However, using these long-term models to deal with complex problems can give false certainty as we don't fully understand how these environmental and natural systems will evolve. The question is thoughtful as it encourages us to think more about complex uncertainties in these systems and where our economy and finance system interacts with the natural economy.

Bringing science into decision making is a prudent fiduciary consideration to achieve returns for clients. This is already happening as investors are dealing with environmental targets on nature and climate, and as they grapple with how transition plans might influence capital expenditure judgments and whether companies are going to be well placed on their emissions exposure in the years ahead. So, the joule is an important consideration to incorporate.

INITIATIVES

Initiatives such as the PRI Advance have a waiting list due to limited capacity. Will the be launching more of these initiatives in the future? The PRI welcomes the demand from signatories for more opportunities for engagement on social and other issues. Early in 2024 [Spring](#) was launched as a new initiative focussed on nature and there has been a lot of interest from signatories so we hope to add some additional companies and sectors next year. This will be explored with the advisory groups.

When scoping potential new initiatives that the PRI leads or supports we assess what is already in the market to avoid duplication. The PRI is one part of the ecosystem, so signatories are also signposted to other initiatives. Next year there will be potentially more opportunities to participate in Advance.

Is the PRI or its partner organisations planning counter defensive measures against the criticisms of Climate Action 100+ (CA100+) etc from fossil fuel lobby groups? The pushback of these groups is a sign of the initiatives' success. CA100+ is an investor initiative that's seeking to engage companies around decarbonising their business models, so it is seeing a response. This can be challenging particularly for the US market. It is therefore important that the PRI continues to provide the support required. Despite the challenges, growth continues and the number of signatories joining the CA100+ has increased by about 75 in the last 12 months and there are still over 100 US headquartered signatories in the membership.

Initiatives are structured in a way that complies with all relevant laws, including antitrust laws. It is important that the work of CA100+ continues because it is having a positive impact. It plays a valuable

role in addressing the systemic risks that that investors are facing. Climate risk is financial risk and the aim of CA100+ is to help investors to navigate and manage that risk using stewardship activity.

In terms of wider PRI support around anti-ESG actions the PRI does this through its policy work and continues to support signatories with their engagement through CA100+ and offers more tailored support if required.

GOVERNANCE

This year, there are elections for new members of the PRI board, specifically for asset owners and investment managers. Could you please clarify when elections for new service providers will be held? The next election for service providers on the PRI board will be in late 2025, with the new term starting in 2026.

There is mention in the Annual Report of the Board receiving regular signatory sentiment reporting coming out of the review in 2023. How is this sentiment gathered and presented to the Board? Outside of formal consultations, how is this sentiment measured? The report is developed from a range of interactions across the whole of the PRI, including direct feedback, meetings, conversations and events and any surveys to signatories which includes strategy consultations and the reporting tool survey. There is also a geographic focus which shows how PRI is being received across markets. This information is aggregated to provide the Board with insights and helps inform decisions around how to better support our signatories.

Signatories were encouraged to provide any further feedback by contacting info@unpri.org or via their PRI contact.

From a governance perspective, I find it strange that non-elected advisors can serve on Board Committees and in the case of UNEP FI, they actually Chair the Policy Committee. These individuals are not accountable to signatories and I am wondering if this will be reviewed as part of the next governance review or next SGM? Conor Kehoe explained that being relatively new to the role (having started in January 2024) he has been looking back at how the PRI was formed. The United Nations led the formation of the PRI and invited a group of the world's largest institutional investors to join the process to develop the PRI. The PRI maintaining this close working relationship with the UN enables the PRI to work closely with the world's finance ministries. This is particularly important at a time when some cash strapped states are wondering if they should have say in asset allocations of pension funds.

The two UN advisors Sanda Ojiambo, UN Global Compact, and Eric Usher, UNEP FI, both make outstanding contributions and add value to the Board. They are, however, conscious that they are not elected and contribute appropriately.