

Global responsible investment trends: inside PRI reporting data

2024/5



Key findings

Overall summary

- **Investor signatories are expanding their responsible investment practices with the aim of enhancing risk-adjusted returns** (*slide 4*)
- **Asset owners are demonstrating greater action and ambition** (*slide 5*)
- **Analysis of investment managers' approaches to responsible investment is becoming more granular** (*slide 6*)
- **Action in private markets is continuing to expand** (*slide 7*)
- **More investors are taking action to address climate-related risks and opportunities** (*slide 8*)
- **Social issues are rising up the agenda** (*slide 9*)

Key finding: Investor signatories are expanding their responsible investment practices with the aim of enhancing risk-adjusted returns

Indicators: SLS 1 (2024), PGS 41, 47, 47.2

- **C-Suite priorities** – senior leaders identify value creation, long-term value and risk management as key to the investment case for responsible investment.
- **Analysis of material issues** – four fifths of signatories with combined AUM of US\$82.7 trillion¹ are identifying climate-related risks and opportunities.
- **Action on outcomes** – a significant proportion of signatories are taking action to address sustainability outcomes, with almost 50% identifying financial materiality as the key investment case.

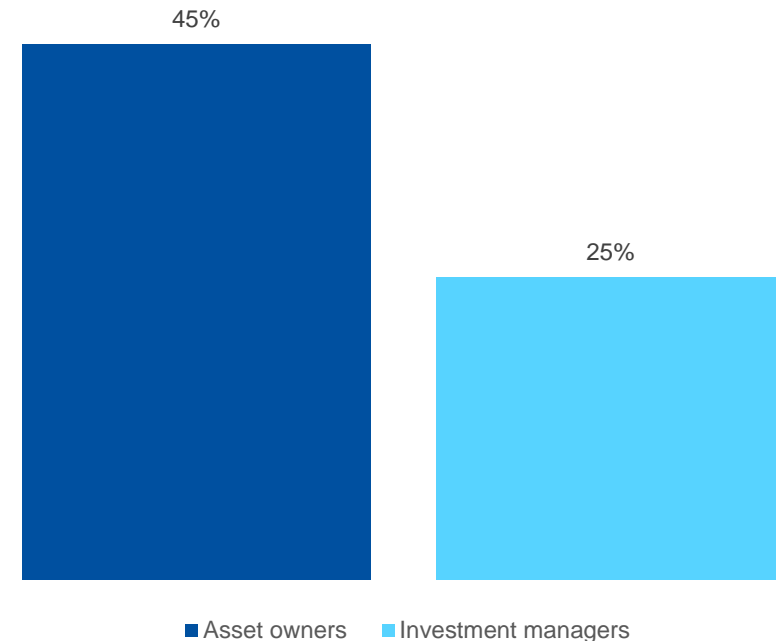
Table 1: Terms most used by signatories in their statements on why they engage in responsible investment	
Term	% of investors referencing the term
Climate change	21%
Due diligence	20%
Sustainable development	20%
Value creation	16%
Long term	16%
Positive impact	15%
Best practice	14%
Risk management	14%
United Nations	13%
Risk-adjusted	11%

Key finding: Asset owners demonstrating greater action and ambition

Indicators: PGS 24, 37, 41, 47.1 (2024)

- Areas of difference with investment managers include:
 - **Collaborative stewardship** – 48% of asset owners prioritise collaborative stewardship over conducting stewardship efforts independently, compared to 19% of investment managers.
 - **Paris Agreement** – a higher proportion of asset owners than investment managers use the Paris Agreement as a framework to identify sustainability outcomes connected to investments (45% vs 25%).
 - **Escalation in stewardship** – almost double the percentage of asset owners are willing to use *public* engagement as a means of escalating dialogues with corporate debt issuers.
 - **Identifying climate-related risks** – asset owners are likelier to take a longer-term approach to identifying climate-related risks and opportunities and to use climate scenario analysis (58% vs 29%).

Figure 1: percentage of signatories using the Paris Agreement as a framework to identify sustainability outcomes connected to investments²

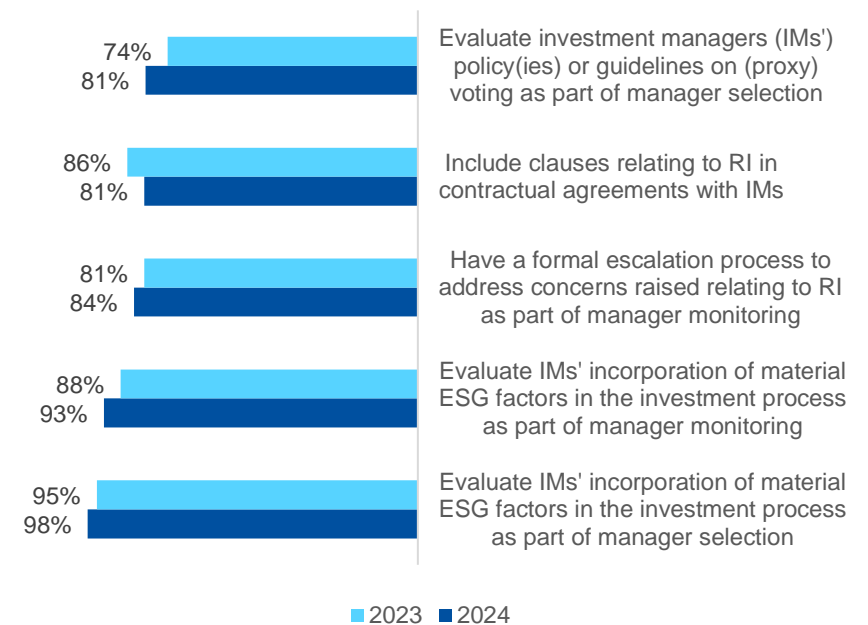


Key finding: Analyses of investment managers' approaches to responsible investment becoming more granular

Indicators: SAM 5, 7, 8, 9, 16 (2024), SAM 5, 7, 8, 9, 16 (2023)

- **Broad-based action** – integrating responsible investment objectives and considerations into the selection of managers is now well developed and the data shows practices continue to mature.
- **Voting alignment** – areas of notable year-on-year change include evaluation of proxy voting policies.
- **Contracts** – most asset owner signatories report including clauses relating to RI in contractual agreements with external managers.

Figure 2: Action staircase - the percentage of asset owners taking the actions specified as part of the selection, appointment and monitoring of external managers³



³ Figure 2: Indicators: SAM 5, 7, 8, 9, 16 (2024), SAM 5, 7, 8, 9, 16 (2023). Denominators: 216 (SAM 5 2024), 98 (SAM 7 2024), 241 (SAM 8), 225 (SAM 9 2024), 225 (SAM 16 2024), 374 (SAM 5 2023), 168 (SAM 7 2023), 403 (SAM 8 2023), 397 (SAM 9 2023), 397 (SAM 16 2023). The data points on manager monitoring are in relation to actively managed listed equity.

Key finding: Action in private markets is continuing to expand

Indicators: OO 5, 8 (2024), RE 2 (2024), INF 2 (2024), PE 2 (2024)

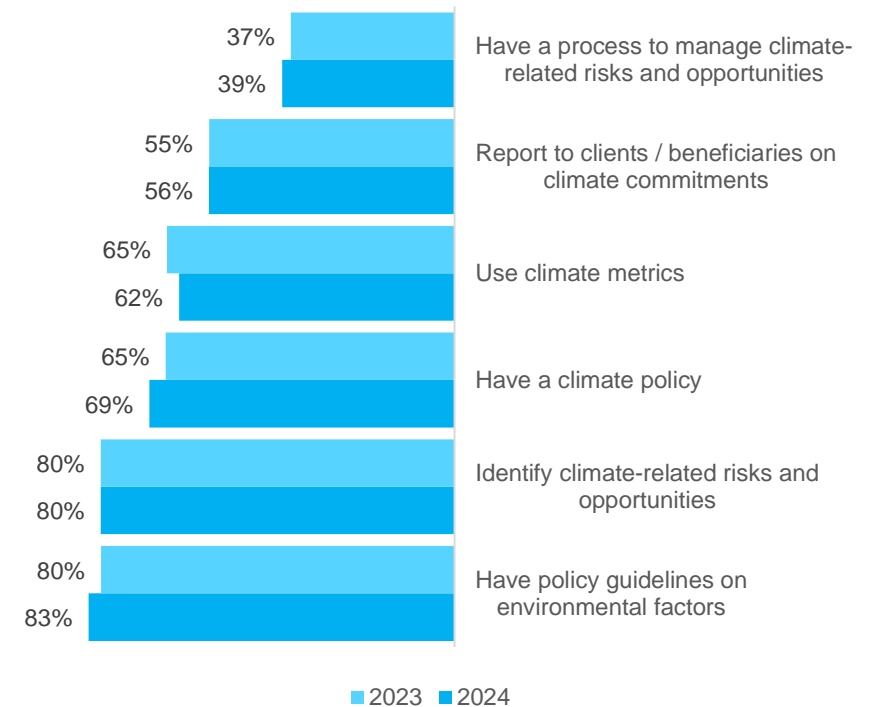
- **Growth in private market assets** – in the last five years, PRI signatories have increased allocation to private markets, resulting in the increasing frequency of private equity terms such as ‘value creation’ in signatory responses.
- **Contractual agreements** – a large and increasing number of private markets investors incorporate RI commitments within limited partnership agreements (LPAs), with infrastructure investors leading the way.
- **Stewardship** – the data shows widespread stewardship activities being undertaken by LPs and GPs in private markets with common steps including implementing 100-day plans, introducing ESG roadmaps and using benchmarks.

Key finding: More investors are taking action to address climate-related risks and opportunities

Indicators: PGS 1, 2, 3, 11.1, 16, 41, 44 (2024); PGS 1, 2, 3, 11.1, 16, 41, 44 (2023).

- **Taking action** – senior leaders continue to focus on climate as a key priority for responsible capital allocation and stewardship.
- **Stewardship** – stewardship is seen as a primary tool to meet climate commitments. For example, most listed equity signatories have specific proxy voting on environmental factors and more than 500 signatories participate in or support the [Climate Action 100+](#) initiative.
- **Investment** – Signatories have also been developing capital allocation strategies to implement commitments, including investment exclusions, allocation to climate bonds and transition finance strategies.

Figure 3: Climate action staircase – percentage of signatories taking the below actions on climate change⁴



Key finding: Social issues are rising up the agenda

Indicators: PGS 1, 2, 3, 11.1, 16, 41, 44 (2024) PGS 1, 2, 3, 11.1, 16, 41, 44 (2023)

- **Policies** - social issues feature in an increasing number of RI policies. For example, 64% of signatories have specific guidelines on human rights.
- **Implementation** – approaches to governance, oversight and action on social policies are still developing with almost a third of signatories conducting human rights due diligence.
- **UNGPs** – leading signatories use the UN Guiding Principles on Business and Human Rights as a guiding framework and have put this into action by, for example, enabling access to remedy.

Figure 4: Human rights staircase – percentage of signatories taking the below actions on human rights⁵

