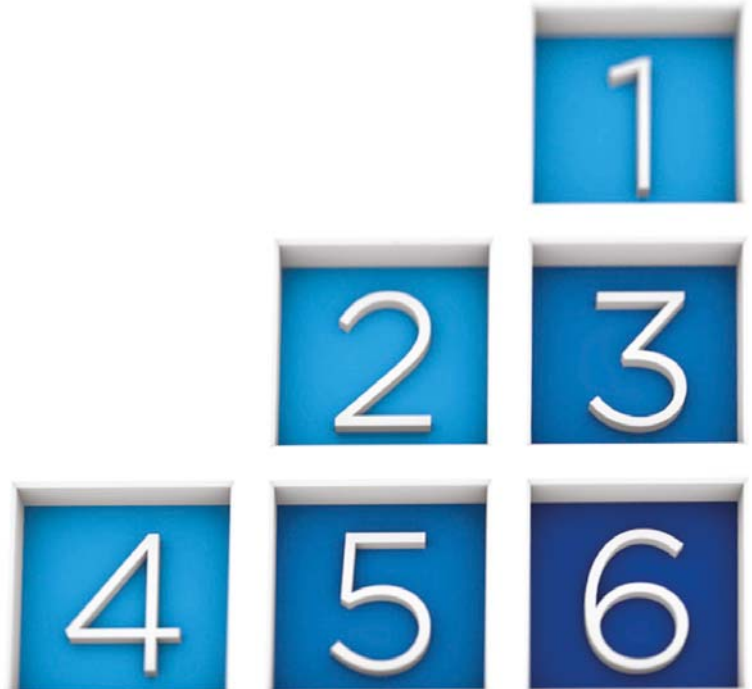


PRI ANNUAL REPORT 2013



THE SIX PRINCIPLES

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



ABOUT THIS REPORT

The 2013 PRI Annual Report was published in August 2013.

It covers the activity of the PRI Initiative, including the PRI Advisory Council (referred to as 'Advisory Council' throughout the report), PRI Association Board (Board) and PRI Secretariat (Secretariat) between July 2012 and June 2013. The financial statements for PRI Association included in this report cover the year to end March 2013, the financial reporting year in the UK.

The PRI Association is a UK-registered not-for-profit company limited by guarantee. UK company number 7207947.

CONTACT

If you have questions or comments about this report, please contact the PRI at: info@unpri.org.

An electronic copy of this report can be downloaded from: www.unpri.org/publications

CREDITS

Edited by: *Matthew McAdam, John Kohut, Isaac Khurgel*
Layout and design by: *Alessandro Boaretto*

CONTENTS

4	So much achieved, so much more to do
6	Secretariat: Reinforcing the PRI to embed responsible investment
8	Advisory Council: Transparency, engagement, bringing down barriers
10	Board: Sharpening our focus, delivering to signatories
12	An overview of PRI governance
14	How the Advisory Council works
16	Advisory Council members
18	How the Board works
20	Board members
21	Collaborations with our UN partners
22	Executive and management team
24	Encouraging transparency and accountability
26	Developing the new Reporting Framework
28	Putting the Principles into action
30	Joining forces to engage with companies
32	A snapshot of 2012/13 engagement activity
35	Overcoming barriers to a sustainable financial system
36	Expanding our reach
38	Bridging research and practice
40	Financing the PRI
41	Board report and audited financial statements
49	New signatories
51	Delisted signatories

SO MUCH ACHIEVED, SO MUCH MORE TO DO

James Gifford says goodbye and reflects on 10 years of working on the Principles for Responsible Investment Initiative.

In November 2003, between Master's and PhD, I thought an internship at the UNEP Finance Initiative in Geneva in winter sounded like a great way to spend four months. Well, here we are 10 years later, and I couldn't have asked for a more amazing ride.

At that time, UNEP FI, set up in 1991 as a partnership between the United Nations Environment Programme and commercial banks with the aim of bringing environmental impact into their operations, under Paul Clements-Hunt, was working with leading brokers to explore how ESG issues can be material to investment returns. In the US meanwhile, Gavin Power at the UN Global Compact had kicked off the "Who Cares Wins" initiative to engage mainstream financial institutions on environmental, social and governance (ESG) issues. I started working with Jacob Malthouse, former head of investment at UNEP FI, on ideas for how the UN could advance responsible investment. One of these was a set of stewardship principles for pension funds based on UN norms. The working title was "Principles for Responsible Pension Fund Engagement". Paul hired me to take the idea forward. It quickly took on the broader ESG integration agenda, and in January 2004, we set out to develop what would become the Principles for Responsible Investment.

A year later, Kofi Annan, secretary general of the UN at the time, invited the heads of 20 of the world's largest asset owner institutions to UN Headquarters in New York to begin the process of drafting a set of principles for investor responsibility. Working with Mercer, we convened a year-long consultation and drafting process, led by these 20 asset owners and supported by an expert group of asset managers, academics, service providers and NGOs. This process resulted in the launch of the Principles for Responsible Investment in April 2006.

With our first 50 signatories, one employee and a big push from our UN partners, we established the PRI Secretariat and got to work.

Our first priority was the PRI Engagement Clearinghouse. Building a platform for collaborative shareholder dialogue with companies was, from the very beginning, a core part of the strategy. Most listed companies have a diffuse shareholder base, with no one shareholder having more than a tiny proportion of total equity. If we were to make the capital markets function, shareholders needed to monitor companies and hold them to account. The only way this was going to happen was for shareholders to come together, pool their resources and influence, and have structured



James Gifford
Executive Director
PRI

dialogue with companies. From day one of the PRI, building a culture of investor collaboration around dialogue with companies was a key PRI goal (Principles 2 and 5). In the years since, more than 410 institutions have participated in 480 collaborations. The Clearinghouse's staff of seven now supports as many as 15 collaborations at any one time.

Our next priority was accountability and transparency. Principles are of little value unless those who sign up are accountable and transparent. In 2007, we put in place the first PRI Reporting and Assessment framework. This process has, not without controversy, dramatically fast-tracked the development of reporting indicators and assessment methodologies for responsible investment capability and progress. While reporting in systematic ways involves a significant effort, it is one of the best learning tools there is. I believe this annual exercise, along with what I expect will be its use by asset owners in evaluating their managers, could be the single most important driver of responsible investment in the medium term.

Before the PRI, the number of organisations reporting on responsible investment in any systematic way could be counted on two hands. In 2007, 104 signatories participated in the first PRI reporting and assessment process. The next year, 156. Then 276, 433, and in 2011, 545. Around half of

these were also reporting in full to the public. In 2014/2015, after moving to a mandatory transparency framework, we expect to reach 1,000 investment institutions reporting their responsible investment progress in quite some detail to the public. This will mark a dramatic increase in transparency and accountability for the whole investment sector.

Our third key priority from the beginning was to drive responsible investment across asset classes and internationally. When the PRI was launched, responsible investment was limited to listed equity and real estate in a few markets. We set up work streams for most asset classes and investment approaches and established networks in Brazil, Australia, Germany, South Africa, Japan and Korea. PRI's work encouraged the private equity industry to take on the responsible investment agenda quickly. We have gone from only a couple of private equity firms as signatories in 2008 to more than 120 today. Signatories have also worked on looking at how responsible investment might be employed in the sovereign and corporate debt markets, where only a few asset managers have so far applied responsible investment approaches.

Underpinning these three priorities was the strategy of empowering and mobilising asset owners, who sit at the top of the investment chain. We put asset owners (the great majority of which are non-profit pension schemes) at the heart of the drafting process and the PRI's governance. These organisations recognised that the PRI could help them fulfil their fiduciary duties and the expectations of their members, and started putting the Principles into practice. The investment management industry is now receiving more ESG requirements in requests for proposals from potential clients than ever before. It is starting to move from "have you signed up?" to a genuine evaluation of responsible investment implementation.

The PRI has become the industry standard for responsible investment, and non-signatories are conspicuous by their absence. Most importantly, we have seen clear and measurable increases in responsible investment activity within our signatories, with more and more professional RI staff being hired, more requests for proposals requiring ESG capabilities, and more collaboration among signatories. We are seeing responsible investment moving from niche to mainstream.

While this is the end of an era for me, it is still the beginning for the PRI. There is so much work to do. While we have made impressive progress, in many markets and within many organisations, responsible investment is still marginal, and buy-in is lacking. There is a lot of talk, and not quite as much action. There is a lot of box ticking. There are too few examples of responsible investment being embedded in the core strategy of organisations. Shareholders are not active enough in engaging in dialogue with companies and, despite the evidence of their material value, ESG issues are still seen as irrelevant by many mainstream portfolio managers. Asset owners are making progress in the request for proposal stage, but in most cases dropping the ball in

their monitoring of investment managers. And there is not enough recognition at the most senior levels of the investment sector that this agenda represents the future of how investment will be done.

The PRI is well placed to take on these challenges. It has global reach, a critical mass of investor capital behind it, leadership from the most respected institutions and a strong executive team with the addition of Managing Director Fiona Reynolds and Director of Policy and Research Helene Winch. The new PRI strategy, with a renewed focus on addressing the barriers to a sustainable financial system, also puts the Initiative in a strong position to deliver the change required to create a financial system that is truly sustainable – in all senses of the word.

I am immensely proud to have led the organisation from the inception of an idea to the institution we have today.

Thank you to you, the signatories, for your amazing support over the years and for your commitment to responsible investment within your organisations. Thank you to the PRI team, whose hard work, enthusiasm and passion is responsible for all we have done and will do at the PRI. Thank you to our UN partners at the Global Compact and UNEP FI for supporting me and backing the PRI as a unique partnership between the UN and the investment sector. And thank you to those signatories who have stepped up to serve on the PRI's governance bodies, in particular the Board and Council. You have put enormous hours into building this institution into what it is today and you should be proud of what we have achieved.

While it is sad to say goodbye, I very much look forward to seeing the PRI prosper over the next 10 years and fulfil its mission of making responsible investment part of the mainstream, and helping to create a more sustainable financial system that delivers its financial goals while at the same time protecting and preserving our precious environmental and social assets.



Dr. James Gifford

SECRETARIAT: REINFORCING THE PRI TO EMBED RESPONSIBLE INVESTMENT

Fiona Reynolds takes up the new role of Managing Director determined to build a PRI capable of embedding responsible investment in capital markets.

James Gifford has been the foundation of the PRI's early formation and success and there is no better place to start my report than by paying tribute to him. James' role in PRI's history will never be forgotten and I wish him every success in the future. The PRI will not be the same without him.

I welcome our new signatories on board. The continued growth in our signatory base is a further indication of the increasing global momentum to embed environmental, social and governance (ESG) analysis as a core factor in investment decisions, an achievement that the PRI can be proud of.

As we prepare for the next phase in the PRI's development, there is no doubt that we have our work cut out for us. We need to assist a growing and diverse signatory base, a base that includes both developed and developing countries and groups of signatories who are at very differing stages of their responsible investment journey. Doing this successfully is both challenging and demanding. But I look forward to playing a part in executing the new Strategic Plan developed by the Council and Board and to contributing to plans as we take the PRI forwards into its second decade.

In my initial six months with the PRI, I have met with a number of signatories and stakeholders in countries around the world. The two most common questions I am asked are: "What brought you from Australia to the PRI?" and "Where do you see the PRI heading over the next 10 years?"

My answer to both questions is the same. My interest in long-term responsible investment and desire for the PRI and its six Principles to become enmeshed across international investment and capital markets is what brought me to the PRI and over the next decade I hope to see this realised. This interest has come about from almost 20 years of working in the Australian pension system and a growing realisation that as it doubles from \$A1.6 trillion now to a projected \$A3.5 trillion by 2017, that medium-size economies can add their voices to those of the US, Europe and other big economies in seeking to improve the governance of global capital.

I fundamentally believe that as the size of the pool of global pension fund assets continues to grow, it is right to expect the increasing weight of workers' capital should be a force for making global markets and investment practices sustainable.



Fiona Reynolds
Managing Director
PRI

It is right that many millions of workers expect those in the privileged position of acting as custodians of that capital should do no harm in how they invest. Returns do not need to come at the expense of environmental sustainability, workers' rights, security and good governance.

Externalities have a habit of eventually forcing themselves into boardrooms and onto balance sheets. The PRI itself will need to grow and mature to meet the mounting demands of the many and varied signatories across the globe in an environment increasingly marked by investment complexity, volatility and risk.

While I have been impressed by the commitment and determination of the staff at the PRI who operate at a very high level despite a narrow resource base, there is no doubt that to take the organisation and the achievement of its objectives to a new level we need to expand our team and add further depth to the organisation. This involves both additional talent and financial resources.

Having been heavily involved in public policy development in Australia over many years, I am looking forward to welcoming both Helene Winchik to our team as Director of Policy and Research and Sagarika Chatterjee as our new

Senior Responsible Investment Specialist. Their experience will help the PRI add further substance to its voice across international policy forums.

As you will see reflected throughout this report, it has been an intense year at the PRI, with signatories active in a number of successful collaborative global engagements, particularly around issues such as anti-corruption. We have released a raft of new publications and guidance documents aimed at assisting signatories in implementing the Principles across all asset classes. We have a growing number of cross border steering committees and working groups and we continue to grow our global networks.

There is no doubt, however, that the largest and most important project we have worked on over the last 12 months has been the new PRI Reporting Framework. Taking this project from pilot to launch has seen the biggest consultation program ever undertaken by the PRI. The project has not been without controversy or criticism; this is neither unexpected nor unwelcome. Healthy debate and robust scrutiny is essential to good policy development. However, developing transparency and accountability around implementing ESG issues is fundamental to the success and credibility of the PRI initiative. Let me take this opportunity to thank Lorenzo Saa, Head of Reporting and Assessment, his team and all staff involved for their dedication. I am very proud of what has been achieved.

I would also like to thank staff, signatories, the Advisory Council and the Board for their warm welcome to the PRI. It's been a fast-paced period absorbing all aspects of the PRI including its governance and operations. I would particularly like to thank Glen Saunders, the PRI Association Board Chair, for his guidance and input and again thank James Gifford.

**In looking to the future of the PRI,
we will remain indebted to James
for his foresight and leadership.**

I look forward to meeting many of you at PRI in Person in Cape Town and to being involved in an exciting new chapter in the PRI's development.



Fiona Reynolds

ADVISORY COUNCIL: TRANSPARENCY, ENGAGEMENT, BRINGING DOWN BARRIERS

The PRI is just over one year into the task of implementing its new strategic focus and mission, agreed by the Advisory Council and launched in June 2012. We are driven by a clear and unique mission: to accelerate the transition to a more sustainable financial system.

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

PRI MISSION STATEMENT

Our role is to act as both an enabler and a catalyst, supporting existing signatories to embed responsible investment within their organisations and raising awareness of the need for others to embrace it. Much is at stake and this report shows what the PRI is doing to rise to the challenge.

Our new mission requires us to act with renewed vigour on three fronts: to encourage adoption of the six Principles and collaboration on their implementation; to foster good governance, integrity and accountability; and to address obstacles to a sustainable financial system that lie within current market practices, structures and regulation.

We have made good progress on all fronts during 2012/13, though we are still in the early stages of our journey and much work remains.

The Council met with the Board and Secretariat twice over the year. In Copenhagen in September, the Council reviewed signatories' feedback on the Reporting Framework, its consultation with signatories on strategic barriers to a sustainable financial system and on strengthening the governance of the PRI Initiative. In Tokyo in March, discussions focused on the PRI's value proposition, partnerships and how we might increase cooperation with the United Nations Environment Program Finance Initiative and the UN Global Compact.

With James Gifford leaving the PRI after a decade of leading the Initiative, I would like to congratulate him on his achievements. Without his efforts, the PRI would not be where it is today, and I would like to thank him for his contributions to the global development of responsible investment.



Wolfgang Engshuber
Chair
PRI Advisory Council

WELCOMING NEW SIGNATORIES

Despite challenging investment conditions in many regions of the world, the PRI's message is reaching more investors than ever before and it was another year of record growth in our signatory base. **A further 190 organisations signed the Principles in the year to June 2013**, lifting the total number of signatories to more than 1,200. While European investment managers accounted for the largest number of joiners, asset owners accounted for more than **US\$2.2 trillion**. This is a tremendous achievement for an organisation which counted just 50 founding signatories among its ranks in 2006.

TRANSPARENCY, ACCOUNTABILITY

One of the PRI's goals is to make reporting on responsible investment standard practice by institutional investors everywhere. We believe standardised responsible investment reporting is the most transparent, systematic and accountable way for them to communicate their progress. Following the most extensive consultation in its history, the PRI will launch its new Reporting Framework in October 2013, bringing greater levels of accountability and transparency to the work of the PRI and its signatories.

OVERCOMING STRATEGIC BARRIERS

It is clear that the Initiative must do more to encourage and support signatories to act themselves and to engage with policy makers who also increasingly have come to the view that markets can help find solutions to global sustainability challenges. That's why the PRI has been consulting extensively with signatories and others over the last year to ascertain the areas of research that would best serve their needs. Short-termism is the area that most of our stakeholders believe the PRI should address. With a new temporary advisory committee and Director of Policy and Research now in place, we are looking at how to address the issues surrounding short-termism and the problems that it creates.

The PRI's move into this area is not without controversy and we may become involved in projects that some of our stakeholders find uncomfortable. But our mission cannot be achieved by maintaining the status quo and an increasing volume of our work will have policy and research aspects. We will continue to support signatories to engage with policy makers to ensure that regulatory frameworks are aligned with and supportive of responsible investment.

LOOKING AHEAD

The Advisory Council recognises that more work needs to be done to engage and communicate with the chief executives and chief investment officers of our signatories, especially of asset owners, and this will also be a bigger focus in 2014. Given its size and importance, the US remains underrepresented within the PRI's signatory base and we recognise it requires a more focused strategy. We are currently seeking advice from our US signatories on how the PRI can better support them.

The PRI will continue to do what it does best over the coming year: providing signatories with the practical tools they need to implement responsible investment; bringing together signatories with common goals to address ESG issues collaboratively via engagements; and collating examples of emerging best practice within our signatory base to share widely with others who are only just beginning to implement the Principles.



Dr. Wolfgang Engshuber

BOARD: SHARPENING OUR FOCUS, DELIVERING TO SIGNATORIES

Since I took over as its Chair in March 2013, the Board has intensified its focus on ensuring the PRI's 2012-15 strategy and work programme - agreed by the Advisory Council in early 2012 - is translated into a properly resourced business plan with a strong Secretariat able to implement it.

Key to achieving these goals is a sharper focus on meeting the real needs of existing and potential signatories, providing value to them while fulfilling our important mission.

We think the PRI's mission and its position are unique and without precedent. Signatory numbers continue to grow rapidly and the signatory base is becoming increasingly complex with many different and evolving demands. We are pursuing numerous work streams, and we are active across many cultures and jurisdictions. This growth in membership testifies to the PRI's success and is gratifying, but the resulting demands on the organisation and the Secretariat are severe. The Board's role is to support the Secretariat and the organisation in pursuing our ambitious plans while holding management to account.

ENSURING GOOD GOVERNANCE

The PRI has a complex governance structure with an Advisory Council and a Board. This framework recognises that, in the long term, asset owners are the PRI's predominant constituency. The structure also ensures the other two main types of signatories, asset managers and investment-industry service providers, along with the UN, are represented in PRI's governance. Finally, the structure draws on a range of skills within the Initiative that should mean we have an Advisory Council and Board capable of carrying out their respective duties to the full. After a difficult start, this is beginning to work well. The Board and Advisory Council have had intensive discussions between themselves and with signatories. One result is the creation of committees, such as the Governance Committee, devoted to specific tasks.

We have provided extensive information to signatories about how the PRI's key governance and decision-making bodies came into being and devoted additional resources to ensuring our governance framework is both well communicated and widely understood by signatories and other stakeholders.

Governance matters and we think the steps we have taken will strengthen the PRI. As we call on signatories to press for



Glen Saunders
Chair
PRI Association Board

improvements in the governance of companies, investment institutions and markets, we must set an example. We welcome questions on the PRI's governance.

NEW MANAGEMENT TEAM

We welcomed Fiona Reynolds, former CEO of the Australian Institute of Superannuation Trustees, to the PRI in February 2013 as Managing Director, a newly created role. Fiona has added considerable depth to PRI's leadership team, and is making excellent progress in ensuring the Secretariat is properly resourced and managed to deliver our strategy and that we have the internal management and structure fit for the demands placed on it.

She has been working alongside James Gifford, who has been the PRI's Executive Director from inception. James has been focusing on thought leadership and new work on research and policy. James is now moving on with our admiration and gratitude after 10 successful years. We are reviewing further changes to the management structure to take account of this change.

AREAS OF FOCUS

The Board has paid close attention to a number of operational areas during 2012/2013, as well to the development of the leadership team and routine review of the Secretariat's work. Among the specific themes:

- **PRI's long-term funding:** After the PRI's move to mandatory fees, the Board is reviewing long-term funding. We are increasing our fundraising as an additional source of income. We decided to dip into our reserves to invest in increased capacity within the Secretariat. But we are taking care to ensure we have a prudent level of reserves.
- **Our remuneration structures:** As the PRI matures, we must take on more staff, on whom we place greater demands and to whom we must pay competitive salaries. We work within an industry that pays very well and we cannot match those levels of remuneration. This is our single largest cost and so we are working carefully to balance these competing requirements.
- **The development of PRI's services:** What should the PRI be doing to help signatories implement the Principles and provide the greatest value? We are not a commercial organisation but we need to use a business approach to respond to this question. We're assessing what we can provide cost-effectively.
- **PRI's reporting and assessment processes:** These are a key part of what PRI does but are complex and often controversial. This has been a main focus.
- **Provide a framework for research and advocacy:** The PRI has no aspirations to become a lobbying organisation and no mandate to "represent" signatories. But part of the PRI's mission is to encourage the development of public policy that supports responsible investment. This should be based on research presented in an objective way. What platform and funding are needed to undertake such a role?
- **Communications are central to the PRI.** We've increased our resources in that area and will continue to do so.

LOOKING AHEAD

Most of this is work in progress. We think we have made some significant improvements this last year but have further to go. The year 2014 will see further substantial change, not least with James' decision to leave the PRI at the end of 2013. We will ensure that the PRI continues to strengthen itself organisationally and financially to do what's needed.

We have had many conversations over the year about what the PRI can reasonably do, and we have listened closely. While we cannot accomplish everything that signatories have asked, we will continue the dialogue and do what we can, especially where the PRI moves into new areas in fulfilling its mission. To support our new work on research

and policy, we must also become a much more effective advocate for change and encourage our signatories to act collectively.

In the end, Boards, Councils and committees don't do so much. The PRI is really signatory-led, and then Secretariat led in responding to signatories' needs. That's the right focus because the Secretariat is dealing day to day with the nitty-gritty of putting the Principles into action. Providing support and holding it to account is important, but it's the Secretariat's work that delivers. Accordingly, I'd like to acknowledge the very hard work and dedication of the staff, which has been superb through a very intensive period.



Glen Saunders

AN OVERVIEW OF PRI GOVERNANCE

The PRI Initiative has established a management and governance framework with documented processes and guidelines to make decisions that create long-term value for signatories and the Initiative. Today, this framework comprises the 16-person PRI Advisory Council and a seven-person PRI Association Board, supported by several committees. The Advisory Council is representative and sets the long-term direction of the Initiative while the smaller fiduciary Board is the legal entity that oversees the work of the PRI Secretariat.

ADVISORY COUNCIL

The Advisory Council is made up of nine elected asset owner signatory representatives, four elected non-asset owner signatory representatives (investment managers and professional service partners), two UN representatives, and an appointed Chair. Six asset owner seats are reserved for representatives from asset owner signatories located in the major regions of the world: Europe, North America, Asia, Oceania, Africa/Middle East and Latin America. Two non-asset owner seats are reserved for an investment manager or a professional service partner based in an emerging market.

This ensures that representatives from signatories in all categories and regions are involved in determining the strategic direction of the PRI and providing oversight of the Initiative. Larger number of seats are reserved for asset owners to ensure they continue to play a dominant role in setting the direction of the Initiative and it continues to serve their needs and interests. However reserved seats for investment managers and service providers mean they are also represented.

ASSOCIATION BOARD

The Board guides the Executive Committee of the Secretariat and is the fiduciary body responsible for the overall effectiveness, performance and conduct of the Initiative. It comprises at least seven directors, including a Chair. The Advisory Council provides additional accountability and guidance. The Board has a broad range of relevant financial and other skills and experience.

SECRETARIAT

The Secretariat is managed by an Executive Committee. An overview of the reporting lines and responsibilities of the Management team can be found on pages 22-23.

HOW SIGNATORIES PARTICIPATE IN PRI GOVERNANCE



- **Nominating** candidates to join the Advisory Council. To be eligible for election, signatory representatives must hold positions of CEO, CIO, board member or trustee. They must also be from the same category of signatory as the Advisory Council seat being vacated that year.



- **Voting** for their preferred representatives during the annual Advisory Council elections (between May and September each year).



- **Attending** the Signatory General Meeting (SGM) to raise matters with members of the Advisory Council, Board and Executive team.



- **Putting** forward resolutions for consideration at the annual SGM and at any other time of the year.

PRI ADVISORY COUNCIL

A representative 16-person Advisory Council determines the strategic direction of the PRI and provides oversight of the Initiative. Asset owner members of the Advisory Council and the Chair appoint the Board.

Number of Advisory Council members: 16, made up of nine asset owners, four non-asset owners, two UN representatives and a Chair.

Frequency: Meets in person two to three times annually.

Committees: Ethics, Governance, Nominations, Election Oversight.

Term: The elected members serve terms of three years with a maximum of three consecutive terms. Additional terms may be served following a one year break from the Advisory Council.

Elected by signatories via rolling annual elections. Signatories vote for candidates in their category. UN representatives are permanent members. The Chair is appointed by the 13 elected members of the Advisory Council.



PRI ASSOCIATION BOARD

The legal, fiduciary Board of PRI Association oversees the activities of the Secretariat.

Number of Board members: At least seven with the requisite skills, with a policy to have a majority of asset owner representatives, and the Chair.

Frequency: Meets in person three to four times annually and by teleconference a further four times.

Committees: Audit and Risk, Membership, Remuneration.

Term: Three years, subject to an annual performance review by the asset owner members of the Advisory Council.

Appointed by a majority vote of the asset owner members of the Advisory Council and the Chair, based on advice from a Nominations committee, following an assessment of skills and availability.



PRI SECRETARIAT

Responsible for the day-to-day operations of the Initiative and the execution of its strategy.

Management Structure: Executive Committee currently made up of an Executive Director, Managing Director, Director of Policy and Research (from October 2013) and Director of Operations and Finance.

The Executive Director and Managing Director report to the Board.

HOW THE ADVISORY COUNCIL WORKS

The Advisory Council represents all types of PRI signatories and their regions and is responsible for guiding the overall long-term strategic direction of the Initiative, protecting and developing the Principles and appointing and holding accountable the PRI Association Board.

Within this framework, the Advisory Council has a number of specific tasks and objectives, including:

- Developing and proposing, with appropriate consultation with signatories and other stakeholders, amendments to the Principles, with a review once every five years.
- Guiding the overall long-term direction of the Initiative and its activities.
- Providing guidance to the Board and Secretariat on the priorities for the work programme, including the development of additional work programmes, projects, partnerships and work streams.
- Encouraging and monitoring overall progress of signatories' implementation of the Principles.
- Ensuring strategic and policy leadership is provided to signatories on emerging issues around implementation of the Principles and responsible investment.
- Holding accountable the Board to ensure that PRI Association is managed effectively, solvent with appropriate sources of funds and is meeting signatories' needs.
- Providing to an annual Signatory General Meeting a report of the progress of the Initiative, including financial information sufficient to show a transparent picture of the finances of PRI Association.
- Reflecting and representing the views of the signatories to the Principles.

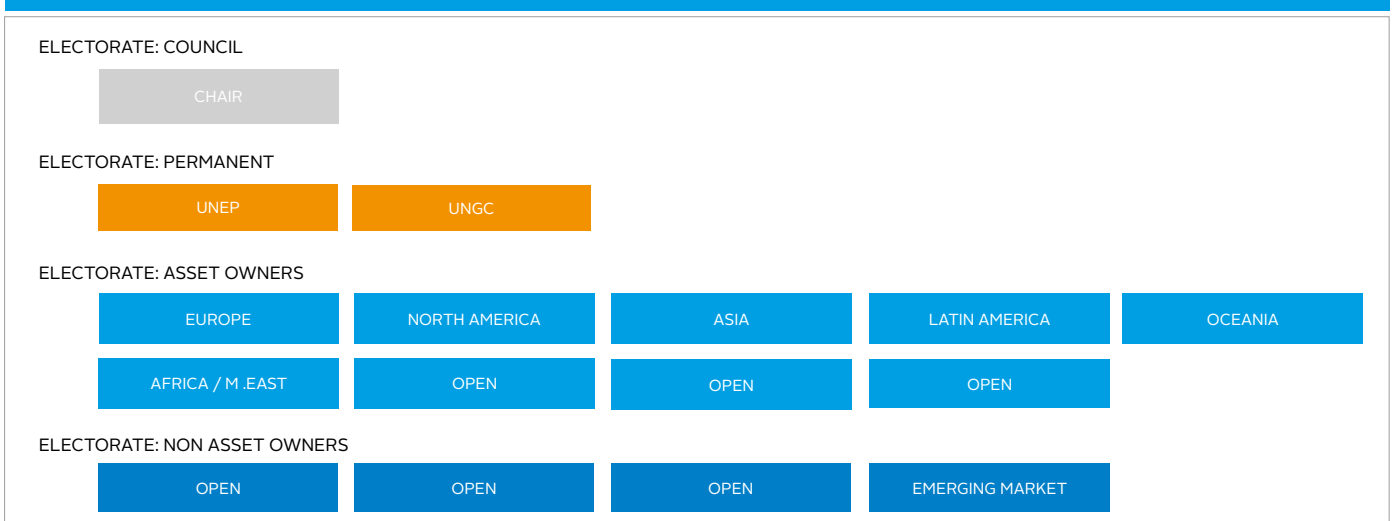
REMUNERATION

All Advisory Council members are unpaid.

ATTENDANCE

All Advisory Council members are expected to commit to a three-year term and to attend a minimum of three in-person Advisory Council meetings in any two-year period after being elected. Delegates may be permitted when the member is unavailable. The signatory organisation that nominated the Advisory Council member is responsible for all of the individual's costs associated with Advisory Council meetings and PRI events.

STRUCTURE



COUNCIL COMMITTEES

GOVERNANCE

MEMBERS:

Ann Byrne, Niels Erik Petersen, Priya Sara Mathur (Chair), Eric Wetlaufer

The purpose of the committee is to assist the Advisory Council by:

- Reviewing best practice Board governance trends for their applicability to the PRI Association (the Company).
- Reviewing and updating the Company's governance principles, policies and practices.
- Potentially consulting with PRI signatories regarding the governance of the Company.
- Ensuring transparency to the PRI's signatories regarding the governance of the Company.
- Reviewing and advising on any governance matter submitted for its consideration by the Council.

Between July 2012 and June 2013 the committee met four times.

ETHICS

MEMBERS:

Marcel Barros, Melissa Brown, Niels Erik Petersen, Daniel Simard

The Ethics Committee is in charge of enforcing the PRI Code of Ethics, which constitutes rules made by the Directors of PRI Association pursuant to Article 41 of PRI Association's Articles of Association.

Between July 2012 and June 2013 the committee met once.

NOMINATIONS

MEMBERS:

David Atkin, Else Bos, Wolfgang Engshuber, John Oliphant (Chair), Gavin Power, Daniel Simard

The purpose of the committee is to establish a formal, rigorous and transparent procedure for the appointment of new directors to the Board.

Between July 2012 and June 2013 the committee met three times.

ELECTION OVERSIGHT

MEMBERS:

David Atkin (Chair), Wolfgang Engshuber, Glen Saunders, Daniel Simard

The purpose of the committee is to oversee the annual Advisory Council elections. The Advisory Council authorises the Election Oversight Committee to:

- Determine eligibility of nominees for the Advisory Council elections.
- Develop and document precedents on eligibility decisions.
- Decide on election procedures, methods and methodologies.
- Review and amend election rules as appropriate and refer questions to the Association Board or Advisory Council if necessary.
- Review the election timeline and ensure it is adequate and on schedule.
- Determine issues around staggering of Advisory Council members.

Between July 2012 and June 2013 the committee met three times.

ADVISORY COUNCIL CHAIR SEARCH

MEMBERS:

Paul Abberley (Chair), Melissa Brown, John Oliphant

Following the announcement in March 2013 that Dr Wolfgang Engshuber had decided to step down as Chair of the Advisory Council when his current three year term expires in 2014, the Advisory Council and Association Board appointed a Chair search committee to help co-ordinate the search for a successor.

Since March 2013 the committee has met formally once, during the June 2013 Advisory Council call.

PRI ADVISORY COUNCIL MEMBERS

CHAIR



Dr. Wolfgang Engshuber
Chair, PRI Advisory Council

Appointed
Term expires: 2014

Experience:

- President, Corporate Centres, Munich Re America
- Director, MEAG New York

UNITED NATIONS



Achim Steiner
Executive Director, UNEP

Permanent

Appointed: 2006

Experience:

- Director General of the World Conservation Union (IUCN)
- Advisory Board, China Council for International Cooperation on Environment and Development



Georg Kell
Executive Director, UN Global Compact

Permanent

Appointed: 2006

Experience:

- Executive Office, UN Secretary-General Kofi Annan
- UN Conference on Trade and Development (UNCTAD)

ASSET OWNER



David Atkin
CEO, Cbus

Asset Owner – OCEANIA

Elected: 2012
Term expires: 2015

Experience:

- CEO, Emergency Services and State Super
- CEO, JUST Super
- National Marketing and Communications Manager, STA



John Oliphant
Principal Executive Officer, Head: Actuarial and Investments

Asset Owner – AFRICA/MIDDLE EAST

Elected: 2011
Term expires: 2014

Experience:

- Chairman, IoDSA CRISA
- Member of the Investment Committee, PAIDF
- Head of Investments and Actuarial, GEPI



Marcel Barros
Board member, PREVI

Asset Owner – LATIN AMERICA

Elected: 2011
Term expires: 2014

Experience:

- General Secretary, Contraf-CUT
- Coordinator, UNI-Global Union
- Member of the Board, Cassi



Niels Erik Petersen
CIO, Unipension

Asset Owner - EUROPE

Appointed
Term expires: 2013

Experience:

- Head of Equities, ATP
- Head of Equity Research, Danske Bank
- Chairman, The Danish Society for Financial Analysts



Else F. Bos
CEO, PGGM

Asset Owner – OPEN

Elected: 2011
Term expires: 2014

Experience:

- Deputy CEO, Chief Institutional Business PGGM,
- CEO Investments, PGGM
- COO/CFO, NIB Capital Asset Management
- COO, ABN-AMRO Asset Management



Daniel Simard
CEO, Bâtirente

Asset Owner – NORTH AMERICA

Elected: 2012
Term expires: 2015

Experience:

- Registered Group-Annuity Advisor, Québec's Financial Market Authority
- Member, Global Union's Committee on Workers' Capital
- Member of the Board of Directors, SSQ Life Insurance Company



Priya Sara Mathur
Board member, CalPERS

Asset Owner – OPEN

Elected: 2011
Term expires: 2014

Experience:

- Member of the Investor Advisory Council, Astia
- Principal Financial Analyst, Bay Area Rapid Transit District
- Consultant, Public Financial Management Inc.



Eric Wetlaufer
Senior Vice President - Public Market Investments, Canada Pension Plan Investment Board

Asset Owner – OPEN

Elected: 2012
Term expires: 2015

Experience:

- Member of the Board of Directors, TMX Group
- Group CIO, International at Fidelity Management & Research
- Partner, Oxhead Capital Management

NON ASSET OWNER



Paul Abberley
Head of Investments, Aviva Investors

Non Asset Owner – OPEN
Elected: 2011
Term expires: 2014

Experience:
 ■ CEO/CIO, Aviva Investors London
 ■ CIO FI, ABN AMRO Asset Management
 ■ Head of Fixed Income, Lombard Odier



Melissa Brown
Partner, Daobridge Capital Limited

Non Asset Owner – EMERGING MARKET
Elected: 2011
Term expires: 2013

Experience:
 ■ Executive Director, ASrIA
 ■ Managing Director, Citigroup
 ■ Vice President, JP Morgan



Ann Byrne
CEO, Australian Council of Superannuation Investors

Non Asset Owner – OPEN
Elected: 2011
Term expires: 2013

Experience:
 ■ CEO, UniSuper
 ■ CEO, Superannuation Trust of Australia



Luciane Ribeiro
Executive Director, Santander Asset Management

Non Asset Owner – OPEN
Elected: 2011
Term expires: 2014

Experience:
 ■ Director, Santander Asset Management
 ■ Executive Director, ABN AMRO Asset Management Argentina
 ■ Executive Director, Banco Safra

ADVISORY COUNCIL ATTENDANCE (JULY 2012-JUNE 2013)

MEMBER

ADVISORY COUNCIL MEETINGS

Wolfgang Engshuber	2/2
Achim Steiner (Yuki Yasui) *	2/2
Georg Kell (Gavin Power) *	2/2
Niels Erik Petersen	1/2
Daniel Simard	2/2
David Atkin	2/2
John Oliphant **	1/2
Rene Sanda / Marcel Barros	2/2
Priya Sara Mathur **	1/2
Eric Wetlaufer	2/2
Else Bos	2/2
Melissa Brown	2/2
Ann Byrne	2/2
Paul Abberley	2/2
Luciane Ribeiro	1/2

* Achim Steiner and Georg Kell were represented by designates at both meetings.

** John Oliphant and Priya Sara Mathur were represented by designates at one Advisory Council meeting when they were unable to attend.

HOW THE BOARD WORKS

The Board guides the Executive Committee of the Secretariat and is the fiduciary body responsible for the overall effectiveness, performance and conduct of the Initiative. The Board is skills-based and comprises at least seven directors, including the Chair.

APPOINTMENT

Board members are appointed by a majority vote of the asset owner representatives serving on the Council and the Council Chair, based on advice from the Nominations Committee (a committee of the Council) following an assessment of the skills needed. The majority of Directors on the Board will be representatives of asset owner signatories.

ASSESSMENT

A Board review process takes place every year, the results of which are reported to the Council together with any recommendations arising from the review in respect of the Board's composition. The review will alternate between an internal review, conducted via self-assessment under the leadership of the Chair, and an external review conducted by a third-party expert.

The Board composition is guided by the skills matrix outlined below. The objective is to have at least one Board member with a skill level of "expert" in each of major skills sets identified.

- **Strategic thinking and leadership.** Understanding of and experience in implementing business strategies. Experience in leadership roles.
- **Global organisations.** Appreciation of the unique challenges facing an organisation operating globally across a wide range of regulatory and cultural environments. Experience in working across multiple jurisdictions.
- **Knowledge of the pension and investment industry, including responsible investment.** Understanding of the way in which asset owners and asset managers approach investment, including an understanding of different asset classes and different investment styles. Understanding of the various components of the investment chain and the nature of the commercial relationships within the investment process. An understanding of responsible investment, and the various ways in which investors may approach responsible investment.
- **Financial acumen.** Understanding of and experience with the interpretation of financial reporting, particularly as it applies to a UK-based association.

Understanding of appropriate financial controls. Ability to challenge financial reporting and adequacy of financial controls.

- **Governance and risk management.** Understanding of and commitment to the principles of good organisational governance and of risk management.
- **Marketing and communications.** Understanding of effective marketing, public relations and customer service, and particularly as these relate to a complex and diverse signatory base. Ability to communicate on responsible investment issues at differing levels across the investment sector.
- **Remuneration and human resources.** Understanding of principles of effective human resource management, including remuneration structures, and the ways in which these may be complicated by the geographical diversity of the staff.
- **Understanding and experience of a mission-led organisation.** The PRI is a relatively small organisation which is run using conventional business approaches and methods, but uses these to achieve specific mission objectives. Knowledge and direct experience of the particular challenges presented by these organisations and the motivation of staff and others is essential.

REMUNERATION

For the year ending 31 March 2013, three members of the Board received remuneration (including James Gifford, who stopped serving as a member of the Board in October 2012).

Two Board members currently receive remuneration, in addition to reimbursement for travel, accommodation and reasonable expenses associated with attending Board meetings and PRI events.

BOARD COMMITTEES

AUDIT AND RISK

MEMBERS:

David Russell (Chair), Glen Saunders

The purpose of the Audit and Risk Committee is to provide assurance to the Association Board as to the veracity of the financial statements, the efficacy of risk management and the strength and appropriateness of control processes across the PRI Association.

Between July 2012 and June 2013 the committee met twice, including the meeting with the auditors.

MEMBERSHIP

MEMBERS:

Paul Abberley, Glen Saunders (Chair), Daniel Simard

The purpose of the Membership Committee is to oversee all matters relating to the status of PRI signatories, potential signatories and other organisations in relation to the categories set out in the Articles of Association, Administrative Rules and other categories.

Between July 2012 and June 2013 the committee met seven times.

REMUNERATION

MEMBERS:

David Atkin, Else Bos, Wolfgang Engshuber

The purpose of the Remuneration Committee is to ensure that remuneration arrangements support the strategic aims of the PRI Association and enable the recruitment, motivation and retention of staff while complying with the requirements of regulatory and governance bodies, satisfying the expectations of its members and remaining consistent with the expectations of the wider target employee population.

Between July 2012 and June 2013 the committee met twice.

DIRECTOR REMUNERATION YEAR ENDING 31 MARCH 2013

	GLEN SAUNDERS (A)	JAMES GIFFORD* (B)	WOLFGANG ENGSUBER (C)	TOTAL
Fees	£12,000	£44,897	£49,992	£106,889
Honorarium	£1,244	-	-	£1,244
Medical Insurance	-	£198	-	£198
TOTAL	£13,244	£45,095	£49,992	£108,331
Pension fund contribution	-	£2,244	-	£2,244

(A) Board Chair
 (B) Executive Director
 (C) Council Chair and former Board Chair
 * James Gifford stopped serving as a member of the Board in October 2012

PRI ASSOCIATION BOARD MEMBERS



Glen Saunders
Chair, PRI Association Board
Appointed to March 2016

Experience:

- Senior adviser to the executive Board, Triodos Bank
- Chairman, Sustainalytics
- Executive Chair, Prometheus Finance

Qualifications:

- BSc, University of Sussex



David Russell
Co-Head of Responsible Investment, USS
Appointed to September 2013

Experience:

- Member of Responsible Investment Advisory Board, British Venture Capital Association
- Founding Steering Committee member, Institutional Investors Group on Climate Change
- Corporate Environmental Manager, FTSE listed retail company

Qualifications:

- MSc, University of Aberystwyth



Dr. Wolfgang Engshuber
Chair, PRI Advisory Council
Appointed to September 2014

Experience:

- President, Corporate Centres, Munich Re America
- Director, MEAG New York

Qualifications:

- Ph.D, University of Munich
- Masters of Law, University of Munich



David Atkin
CEO, Cbus
Appointed to September 2013

Experience:

- CEO, Emergency Services and State Super
- CEO, JUST Super
- National Marketing and Communications Manager, STA

Qualifications:

- Diploma of Financial Services
- MA, Latrobe University
- BA (Hons), University of Melbourne



Else F. Bos
CEO, PGGM
Appointed to September 2013

Experience:

- Deputy CEO, Chief Institutional Business PGGM
- CEO Investments, PGGM
- COO/CFO, NIB Capital Asset Management
- COO, ABN-AMRO Asset Management

Qualifications:

- Drs., Rotterdam Erasmus University



Priya Sara Mathur
Board member, CalPERS
Appointed to October 2015

Experience:

- Member of the Investor Advisory Council, Astia
- Principal Financial Analyst, Bay Area Rapid Transit District
- Consultant, Public Financial Management Inc.

Qualifications:

- MBA, Haas School of Business, University of California, Berkeley
- BA, Connecticut College

RECRUITMENT

There is currently one open position on the Board. Recruitment efforts are underway to fill the vacancy.

ATTENDANCE

Board member terms are for three years and subject to an annual performance review. Board members may have their positions terminated with one month's notice. The Board meets in person three to four times a year and by teleconference a further four times.

BOARD ATTENDANCE (JULY 2012-JUNE 2013)

MEMBER	BOARD MEETINGS
David Atkin	9/9
Else Bos	6/9
Wolfgang Engshuber	8/9
James Gifford *	3/3
Priya Sara Mathur **	4/6
David Russell	9/9
Glen Saunders	9/9

* James Gifford stepped down from the Board in October 2012
 ** Priya Sara Mathur joined the Board in October 2012. At meetings she could not be present in person, Bill McGrew attended as a guest.

COLLABORATIONS WITH OUR UN PARTNERS

The United Nations has been supporting the Principles for Responsible Investment since inception, through our UN partners, UNEP Finance Initiative and the UN Global Compact. Our work with our UN partners is an important element of the delivery of the PRI's strategy of empowering signatories to incorporate ESG issues into their investment decision making and ownership practices. The UN partners provide signatories with additional avenues to learn, collaborate and take action. The PRI continues to work with UNEP FI and the UN Global Compact on a range of initiatives, particularly within the PRI Clearinghouse and Implementation Support work streams.

CLEARINGHOUSE

- Since 2010, the PRI has worked with the Global Compact on the Pilot Project on Responsible Business in Conflict-Affected and High-Risk Areas, including a company and an investor pilot group - to test the operational relevance of guidance on responsible practices in challenging environments and to pilot concrete steps companies and investors can take to implement the guidance. Work has been focusing on the launch of a new resource **Responsible Business Advancing Peace** featuring examples of how companies, investors and Global Compact Local Networks have used the **Guidance on Responsible Business in Conflict-Affected and High-Risk Areas** to align their policies and implement responsible business practices, engage with investee companies and advance peace in difficult operating environments around the world. This report is due to be published in September 2013.
- The Global Compact, PRI, UNEP FI, and UN Conference on Trade and Development are the four organisations driving the Sustainable Stock Exchanges (SSE) initiative, which has now signed up eight stock exchanges. The SSE is a peer-to-peer learning platform for exploring how exchanges, in collaboration with investors, regulators, and companies, can enhance corporate transparency – and ultimately performance – on ESG issues and encourage sustainable investment.
- The PRI worked with Global Compact LEAD programme companies on the ESG Investor Briefing Project, a series of briefings (company presentations to PRI signatories on ESG issues and strategy, co-organised by PRI and the Global Compact), along with a corresponding publication. More work is being done to assist companies in communicating the financial relevance of their ESG actions. Guidance on integration of ESG issues into executive pay was also published, as well as the launch of a new Global Compact work stream focusing on the issue of short-termism.
- For the post-2015 Millennium Development Goals, the PRI worked with the Global Compact on collaboration for the Global Compact 2013 Leaders Summit on long-termism in financial markets.

- For the investor statements on climate change in 2010 and 2011, and in an open letter to governments ahead of the Conference of Parties in 2012, the PRI and UNEP FI worked with other investor groups to encourage governments to take action on climate change.
- Since 2008 the Leaders and Laggards engagement has asked non-reporting Global Compact companies to submit their Communication on Progress to regain active status, or, conversely welcome advanced-level reporting. The fifth year of this engagement closed with 76% of companies regaining active status as Global Compact participants. Also as part of the PRI for Rio engagement, a coalition of investors encouraged approximately 1,900 companies, located in 44 countries, to consider joining the Global Compact.

IMPLEMENTATION SUPPORT

- The UNEP FI Property Working Group (PWG) was initiated in 2006, before the PRI was launched. Since 2007, the PRI has been working with the PWG, observing attendance at PWG quarterly calls, promoting and disseminating PWG resources through PRI's webinar platform and PRI in Person panels, and providing access to the PRI's Academic Network.
- The PRI Sovereign Fixed Income Working Group contributed to the UNEP FI Ecosystem Management Group as a member of the Advisory Group on the E-RISC project (2012). Since 2013, UNEP FI has been a member of the PRI Sovereign Fixed Income Working Group.
- The PRI Initiative's Principles for Investors In Inclusive Finance (PIIF) is a member of the UN Interagency Group on Financial Inclusion, coordinated by the UN Capital Development Fund and led by the UN Secretary-General's Special Advocate for Inclusive Finance for Development, Her Majesty Queen Máxima of the Netherlands.
- The PRI contributed to the Global Compact's **A framework for action: social enterprise and impact investing** in 2012. The framework offers investors, large corporations and governments a valuable resource for engaging with and supporting the rising number of for-profit social enterprises whose goods and services address social and environmental needs - an escalating global business trend.

We thank our UN partners for their support.

PRI EXECUTIVE & MANAGEMENT TEAM



MANAGING DIRECTOR

Fiona Reynolds

Fiona Reynolds joined the PRI as Managing Director in February 2013. In this newly created role, she is responsible for the organisational development and growth of the PRI. Prior to joining the PRI, Fiona was the Chief Executive Officer at the Australian Institute of Superannuation Trustees (AIST) for six years. Fiona has more than 16 years' experience in the pension sector and has played a role in advocating pension policy change on behalf of working Australians. Fiona has formerly been a Director of AUSfund, Industry Funds Credit Control, and the National Network of Women in Super. Fiona is also on the Board of Australia for UNHCR – United Nations High Commission for Refugees. In September 2012 she was named by the Australian Financial Review as one of Australia's top 100 women of influence for her work in public policy. Fiona has a range of superannuation qualifications and a Graduate Diploma in Public Policy.



DIRECTOR OPERATIONS AND FINANCE

Mark Blair

Mark Blair joined PRI as Director of Operations and Finance in July 2010. For many years Mark was Chief Finance Officer of General Atlantic (the business arm of the Atlantic Philanthropies) in the UK and also CEO of a luxury goods division within the group. Mark began his professional career as an Investment Analyst in the City before becoming a Chartered Management Accountant. He has since combined several international Managing and Finance Director roles, predominantly in fashion, leisure, retail and online. Mark is involved with Child's i Foundation, a charity dealing with baby abandonment in Uganda, which was set up in 2009.



HEAD OF IMPLEMENTATION SUPPORT

Katie Beith



Acting Head

Emilie Goodall



HEAD OF PARTNERSHIPS

Peter Boonman



HEAD OF HUMAN RESOURCES

Craig Fergusson



HEAD OF COMMUNICATIONS

Matthew McAdam



HEAD OF SIGNATORY RELATIONS AND OUTREACH

Maria Lettini



HEAD OF NETWORKS

Maria Laura Tinelli



HEAD OF EVENTS AND COMMUNICATIONS MANAGER

Anastasia Guha



HEAD OF REPORTING AND ASSESSMENT

Lorenzo Saà



HEAD OF INVESTOR ENGAGEMENTS

Valeria Piani



Acting Head

Olivia Watson



EXECUTIVE DIRECTOR

Dr James Gifford

James Gifford has been guiding the PRI Initiative since its inception in November 2003. He worked with UNEP FI and the UN Global Compact leading the PRI drafting process, and after the launch and the establishment of the Secretariat in 2006, became its first Executive Director. He has a PhD from the Faculty of Economics and Business at the University of Sydney on the effectiveness of shareholder engagement in improving corporate environmental, social and corporate governance performance and is an Honorary Research Fellow in the School of Management at the University of St Andrews. He has a background in IT and environmental protection. James has degrees in Commerce and Law from the University of Queensland, and a Master's of Environment Management from the University of New South Wales. He was named in 2010 by the World Economic Forum as one of 200 Young Global Leaders.



DIRECTOR OF POLICY AND RESEARCH

Helene Winch

APPOINTED JULY 2013

Helene Winch has recently been appointed to the role of Director of Policy and Research, where she will develop and implement the PRI's newly formed policy and research work stream, supporting signatories to identify and overcome barriers that currently prevent financial markets from functioning more sustainably. Helene was previously Head of Policy at BT Pension Scheme Management and has held roles at Refco London, ANZ Investment bank and Rabobank.



ACADEMIC NETWORK MANAGER

Natalie Beinisch



Acting Manager
Robert Harding



From left to right: Matthew McAdam, Fiona Reynolds, James Gifford, Craig Fergusson, Laura James (Events manager), Peter Boonman, Emilie Goodall (Acting Head of Implementation Support), Mark Blair, Maria Laura Tinelli, Lorenzo Saa, Olivia Watson (Acting Head of Investor Engagements), Robert Harding (Acting Academic Network Manager). Not shown: Maria Lettini, Head of Signatory Relations and Outreach.

ENCOURAGING TRANSPARENCY AND ACCOUNTABILITY

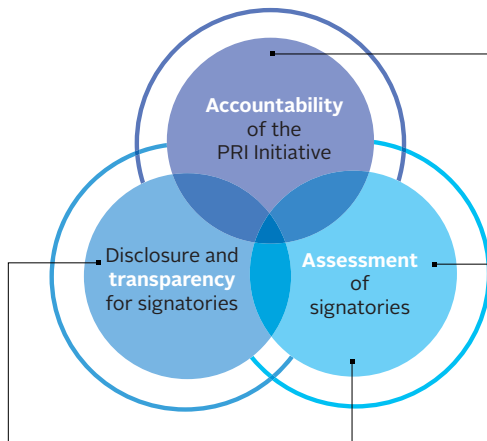
Since 2006, the PRI has worked with signatories to encourage a culture of transparency and accountability around their responsible investment activities via the annual reporting and assessment process.

It is a requirement for PRI signatories to report on their activities and progress towards implementing the Principles. Last year marked the culmination of more than two years of research and development by the Reporting and Assessment team, working with signatories to pilot and finalise the new PRI Reporting Framework ahead of its launch in October 2013. The new Framework has been designed to capture how each signatory governs and implements responsible investment.

OBJECTIVES

The new Framework seeks to achieve three objectives:

1. **Accountability of the PRI:** to ensure transparency and accountability of the PRI initiative and its signatories.
2. **Signatory transparency:** to encourage signatory transparency on responsible investment activities.
3. **Signatory assessment:** to provide tools to allow signatories to measure their own performance with objective indicators.



The Framework meets these goals by providing a set of standardised indicators across 12 modules that all asset owner and investment manager signatories must complete, with separate pathways for direct and indirect investors and specific asset class modules. A combination of mandatory, voluntary, closed and open-ended indicators allows signatories at different stages of implementation and utilising different approaches to responsible investment to evidence their approach. The reporting period runs for six months each year, giving signatories the flexibility to report at a time best suited to their organisation.

RAISING TRANSPARENCY

Calls for the investment community to increase transparency have increased steadily since the global financial crisis. The PRI has responded by developing a new Framework with elements of mandatory public disclosure by signatories for the first time. In 2011, 44% of signatories published their submissions online, up from 40% in 2010 and 25% in 2009. With the launch of the new Framework, 100% of the PRI's asset owner and investment manager signatories will have disclosed their responses to a subset of mandatory indicators on the PRI's website by mid-2014.

DELIVERABLES SIGNATORIES CAN USE

The Framework delivers three valuable outputs for signatories designed to reinforce accountability and transparency and place meaningful information about responsible investment activities in the hands of clients, beneficiaries and other stakeholders. These include the PRI's annual Report on Progress, individual signatory data (shared for example via RI Transparency Reports) and confidential signatory Assessment Reports.

REPORT ON PROGRESS - 2013/14

A public Report on Progress will be produced from the aggregate results of the 2013/14 reporting cycle

ASSESSMENT REPORTS - 2013/14

Private assessment reports will be piloted for signatories based on their responses to the 2013/14 reporting cycle

RI TRANSPARENCY REPORTS 2013

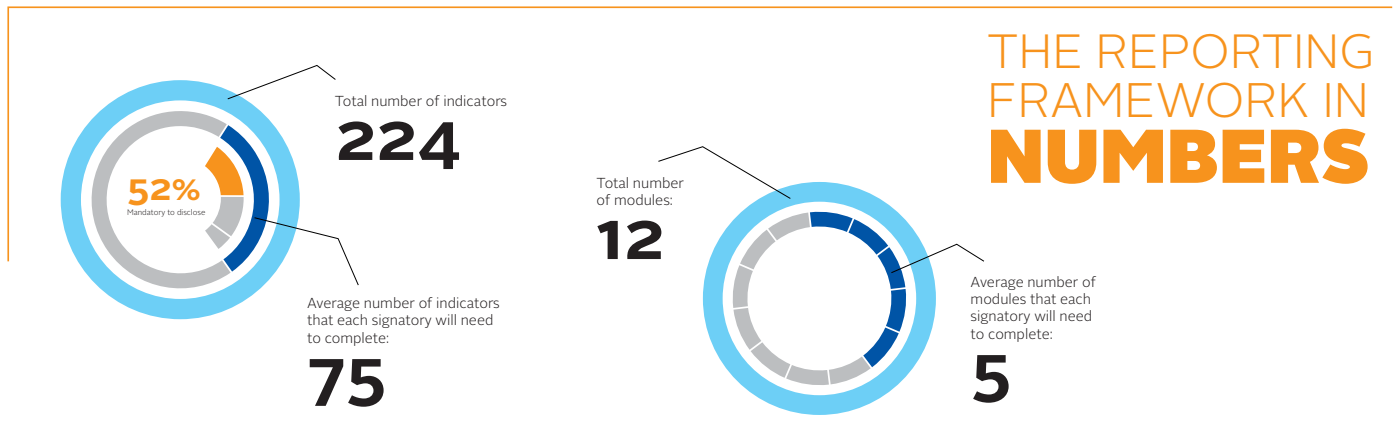
PUBLIC RI REPORTS (FROM 2013)
Consisting of "mandatory to disclose" indicators, these reports will be publicly available on the PRI website

LEARNING AND DEVELOPMENT

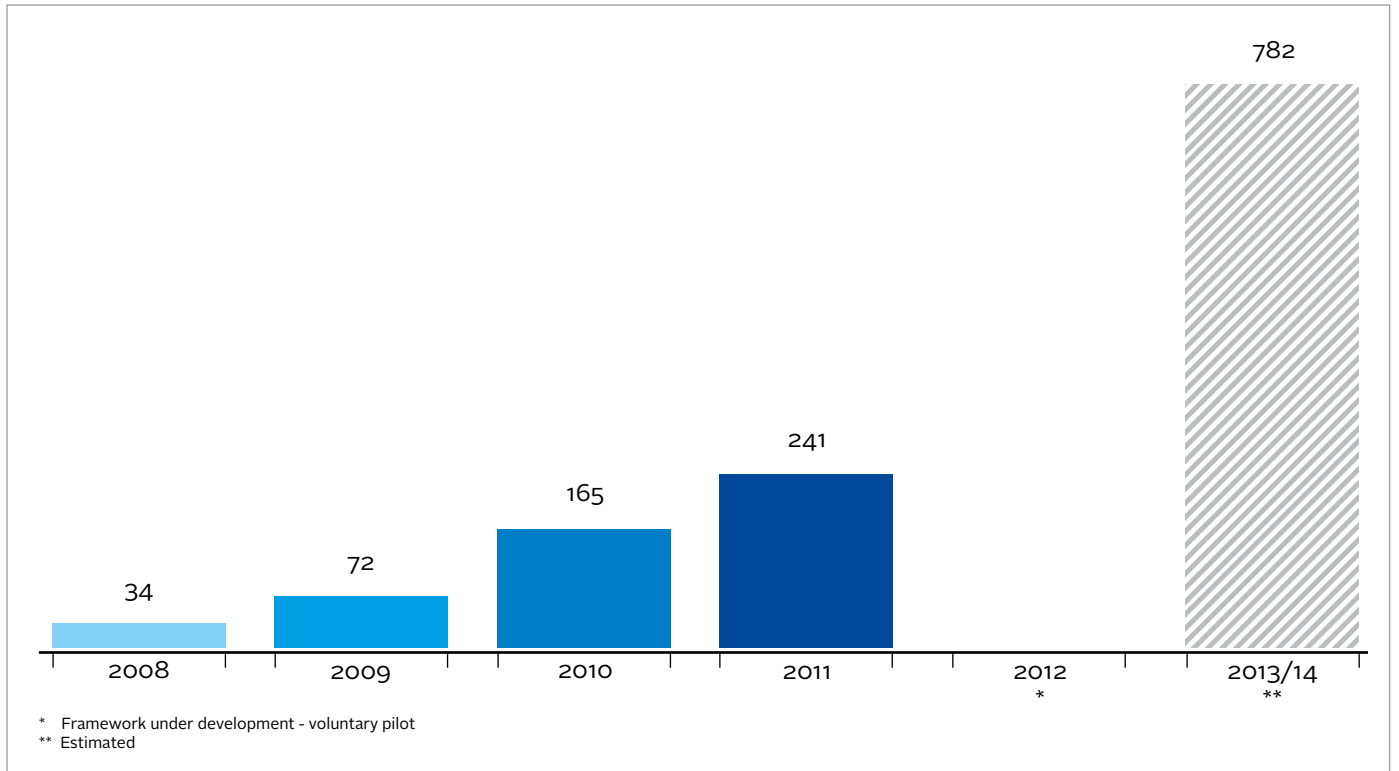
A new assessment methodology to support the Framework's learning and development objectives is being developed, led by the PRI's Assessment Technical Committee.

An overview of the proposed assessment methodology was released in May 2013.

In a recent consultation on assessment, 92% of respondents supported the concept of assessment, primarily as a learning and development tool.



NUMBER OF SIGNATORIES PUBLISHING THEIR PRI REPORTS



DEVELOPING THE NEW REPORTING FRAMEWORK

The redevelopment of the reporting and assessment process has seen the PRI undertake the most extensive consultation in its history. At its core, the new Framework asks signatories one major question: **How do you govern and implement responsible investment?**

Signatories have been involved from the outset in its design and in the governance bodies and committees that have overseen its development.

Two technical committees, the Reporting Technical Committee (RTC) and Assessment Technical Committee (ATC) made up of representatives from asset owner, investment manager and service provider signatories, guided the development process with support from several external consultants, many of whom were previously employed by signatory organisations.

SAMPLE INDICATORS FROM THE NEW REPORTING FRAMEWORK

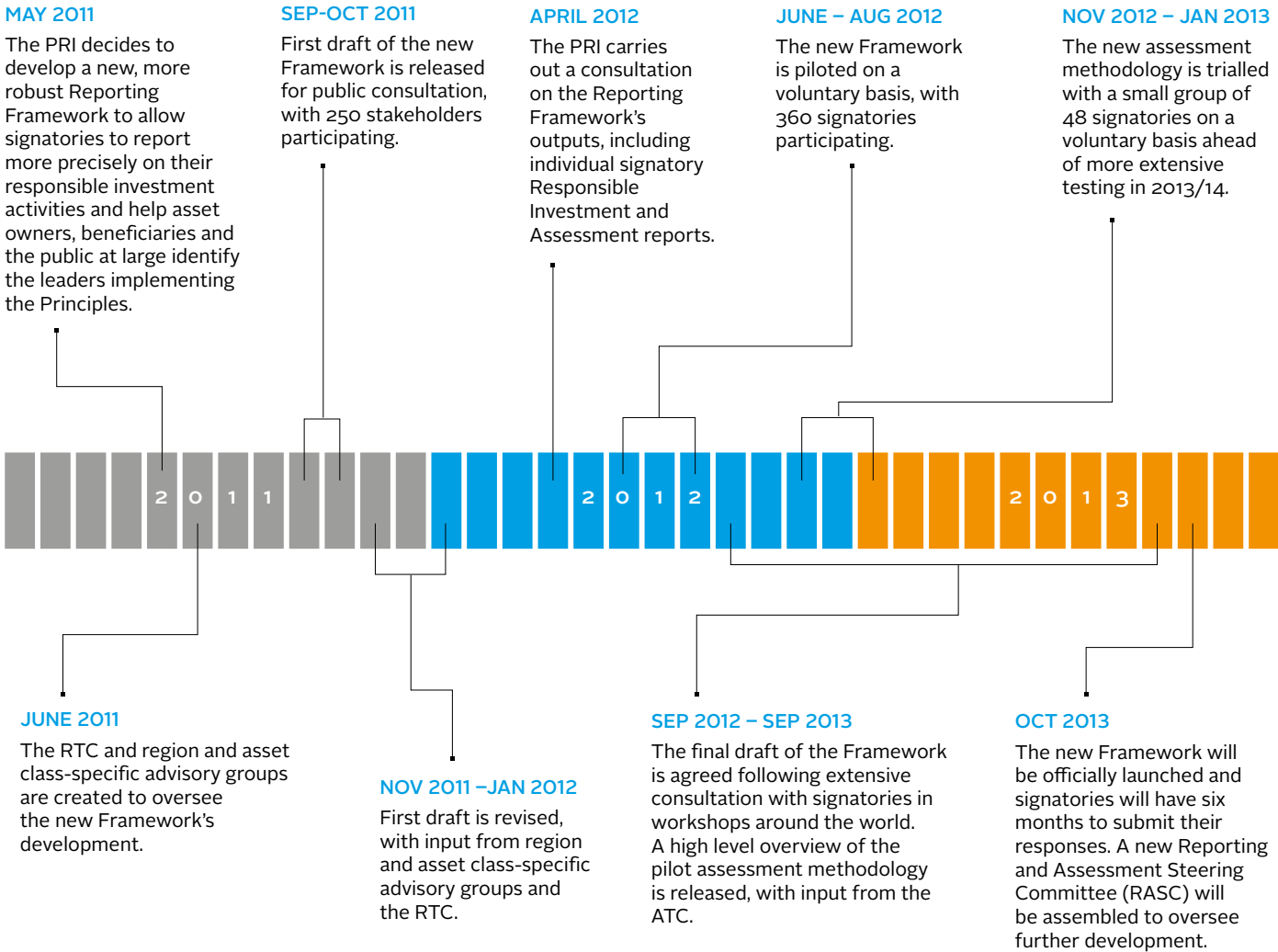
Responses to the following indicators will be mandatory for signatories to disclose:

- Report on whether, and how frequently, your organisation sets RI goals or objectives and reviews performance against them.
- Discuss who implements your RI activities and who has oversight.
- Detail how you (or consultants hired on your behalf) include RI considerations in the monitoring of external managers in these assets. For example, does RI feature as a standard item in performance review meetings, covering how well external managers incorporate ESG factors and are active owners.
- Indicate whether you have a process for identifying and prioritising engagements and whether you set specific objectives for your engagements.

MEMBERS OF THE RTC AND/OR ATC DURING THE DEVELOPMENT OF THE NEW FRAMEWORK

Brian Minns	Addenda Capital
Ole Buhl	ATP
Rachel Crossley	Broadwaters
Louise Davidson	Cbus Superannuation Fund
Will Oulton	Colonial First State Global Asset Management
Faith Ward	Environment Agency Pension Fund
Nada Villermain-Lecolier	Fonds de réserve pour les retraites (FRR)
David Harris	FTSE Group
Toshi Oguchi	Governance for Owners Japan
Adrian Bertrand	Government Employees Pension Fund of South Africa (GEPF)
Tom Rotherham	Hermes Equity Ownership Services
Anna Hyske (Chair)	Ilmarinen Mutual Pension Insurance Company
Noel Friedman	MSCI
Julie Gorte	Pax World
Tim van der Weide	PGGM Investments
Rafael Castro	PREVI
Erik Breen	Robeco
Cecile Churet	RobecoSAM
Craig Mackenzie (Chair)	Scottish Widows Investment Partnership
Jane Goodland	Towers Watson

NEW REPORTING FRAMEWORK TIMELINE

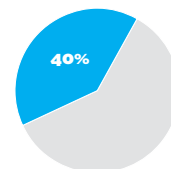
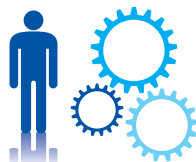


THE PILOT IN NUMBERS



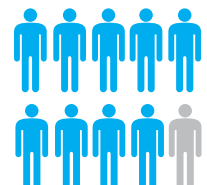
More than **70%** of respondents believe the new Framework is an improvement on the PRI's previous reporting survey

More than **1k** individual items of feedback and other indicator-specific suggestions were received



More than **40%** of eligible signatories **completed** the pilot

90% of respondents stated it captures their responsible investment practices to a large or moderate extent



PUTTING THE PRINCIPLES INTO ACTION

During the past year, the release of a number of publications and the facilitation of multiple investor “working groups” have been at the heart of the PRI Implementation Support team’s efforts to help signatories put the Principles into practice.

Nine asset-class “work streams,” many accompanied by project-focused working groups, have provided a way for signatories to swap notes with counterparts. Facilitating the sharing of signatory responsible investment practice, and helping investors get started with responsible investment, are core to the Implementation Support team’s work.

GETTING STARTED WITH RESPONSIBLE INVESTMENT

Aligning Expectations: Guidance to Asset Owners on How to Integrate ESG Factors Into Their Selection, Appointment and Monitoring of Managers discusses the variety of ways in which asset owners are getting their fund managers to meet ESG expectations. The paper—prepared with support from the Small and Resource-Constrained work stream, which was set up to help find practical, cost-effective ways for asset owners with assets under management of less than US\$2 billion to implement the Principles—provides suggestions for drawing up requests for proposals, and for formulating questionnaires. It suggests ways to monitor and engage in discussions with managers, and includes sample clauses for contractual agreements.

During the year, the PRI partnered with the International Corporate Governance Network (ICGN) and the European Federation of Financial Analysts Societies (EFFAS) to produce an in-depth report on ESG and investment. Funded by the European Commission, the results of the project included the report **Building the Capacity of Investment Actors to Use Environment, Social and Governance Information**, a look at what institutional investors, investment banks, research providers, companies, business schools, policy makers and non-governmental organisations require in order to make ESG analysis work. Fact sheets were also produced, including **What Is Responsible Investment?** and **Responsible Investment and Fiduciary Duty**. A roundtable discussion took place in London on 18 March 2013. The recording is available on the PRI website, alongside interviews with PRI signatories discussing their approaches to integrating ESG in their investment decision-making.

“I applaud your efforts to highlight the integration of ESG analysis into the investment process.”

Steve Loren, Chair of the Sustainable Investing Committee of the New York Society of Security Analysis.

SHARING RESPONSIBLE INVESTMENT PRACTICE AMONG SIGNATORIES

The **Integrated Analysis** report, produced by the Listed Equities ESG Integration working group, provides evidence that ESG factors are being integrated into fundamental equity analysis. The papers show how brokers at companies and investment managers including Cheuvreux SA, Citi Investment Research, Société Générale Corporate and Investment Banking and UBS Global Asset Management are enhancing investment decisions by using ESG analysis in predicting growth of sales, earnings, costs and long-term return on capital.

The integration of ESG issues in M&A transactions: Trade buyer survey results was overseen by the Private Equity work stream, one of the PRI’s longest-running programmes. In 2012, the Initiative commissioned PwC to conduct a survey to assess the attitudes of trade buyers of private equity companies to evaluating environmental, social and governance (ESG) risks and opportunities in their M&A activities. Among its findings, more than 80% of buyers reduced the valuation of an acquisition target, or called it off because of poor performance on ESG factors.

“Research that helps us understand and communicate the impact of managing ESG issues is critical to companies and their investors who are focused on creating more sustainable value.”

Elizabeth Seeger, Principal, KKR.

Signatories within the Environmental and Social Themed Investing work stream looked at how investment themes such as social housing, microfinance, investing in small local businesses, sustainable property and renewable energy can form part of a well-performing portfolio whilst also benefitting the environment and society.

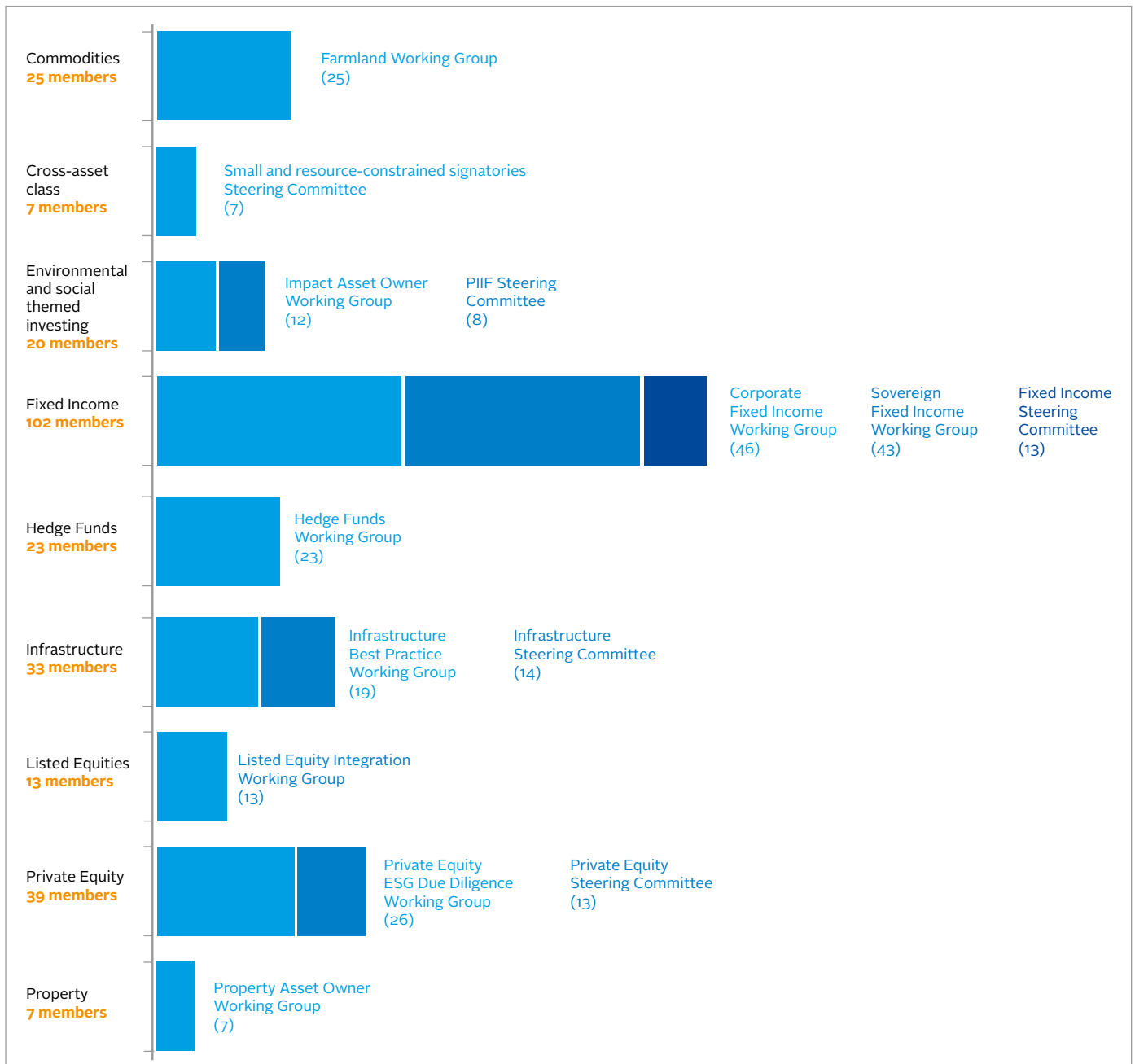
In 2012, a new working group dedicated to asset owners’ interests in these themes was formed. Pension funds and development finance institutions met to discuss issues including the compatibility of such investment themes with investors’ fiduciary duties. The PRI has archives of these discussions, and has published an introductory paper on

environmental and social impact performance measurement and reporting, aimed at investors new to the topic.

Guidance has been added to the Principles for Investors in Inclusive Finance (PIIF), which are housed within the PRI Initiative, setting covenants in support of responsible microfinance and helping investment managers ensure

their investees don't encourage excessive debt among their clients. In addition, the PRI published the **PIIF Signatories' Report on Progress**, based on results from PIIF investment manager signatories' responses to the PRI's Reporting Framework piloted in 2012. The aim was to encourage transparency and support dialogue between direct and indirect investors.

IMPLEMENTATION SUPPORT WORK STREAMS LIST OF WORKING GROUPS AND STEERING COMMITTEES



JOINING FORCES TO ENGAGE WITH COMPANIES

Active ownership can be difficult to practice in an era of highly diversified shareholdings where investors do not hold a big enough slice of equity to effectively influence management. The PRI's Clearinghouse aims to overcome this obstacle.

The Clearinghouse offers signatories a platform for putting forward concerns and ideas on ESG issues at companies whose stock they own, coordinating with signatories who want to pursue similar goals, and pooling resources to engage with companies, policy makers and others in the investment chain. In short, the vision of the Clearinghouse is to foster sustainable long-term value creation through collaboration, benefiting the environment, society and investors.

Signatories typically team up through the Clearinghouse by co-filing or voting in favour of shareholder resolutions, airing concerns in joint letters to management and the board, or holding discussions with the target organisation. Over the course of the year, more than 270 signatories participated in one or more collaborative initiatives posted on the platform, an increase of 29 percent from the previous year.

SHARPENING FOCUS

A Clearinghouse Steering Committee was set up in March 2012 to provide guidance and advice on the platform and the work of the Clearinghouse team. Following a signatory survey and consultation with the Steering Committee, the PRI Secretariat has developed an updated Clearinghouse strategy for 2012-2015, including:

- Focusing Secretariat support on the coordination of a smaller number of collaborative engagements, ensuring these are in-depth and high-quality projects, in some cases supported by tailored research.
- Introducing guidelines to clarify how the Clearinghouse platform can be used, as well as a charter clarifying the role of the Secretariat in engagements coordinated by the PRI.
- Offering administrative and technical support to signatories who coordinate their own engagements via the platform.

The following policies, introduced under the guidelines and in the charter, are being piloted until September 2013:

- Fostering asset owner collaboration by enabling them to limit their proposed engagements to other asset owners only.
- Enabling limits to participation within a collaborative engagement to signatories in a specific region.

- Providing opportunities for service providers to post engagements, as long as they indicate initiatives that involve fees.
- Acknowledging "lead" and "supporting" investors in collaborative engagements, a policy aimed at giving credit to active signatories.
- With the agreement of other investors, allowing non-signatories to participate in engagements for up to one year.

NEW ENGAGEMENTS

The Secretariat has focused on developing engagements on key themes identified through a signatory survey and discussion with the Clearinghouse Steering Committee. These projects will be launched and open to signatories to join in late 2013:

Fracking – This engagement will aim to improve disclosure and practices of oil and gas companies and their contractors in relation to governance and Board oversight of fracking operations, greenhouse gas emissions, water quality and community impacts.

Water risks – This engagement will aim to improve companies' disclosure, risk assessment and water stewardship practices in agricultural supply chains.

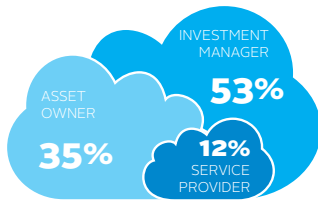
Employee relations – This engagement will aim to identify key human capital indicators in the retail sector and improve company disclosure and management practices.

Supply chain labour standards – This engagement will aim to improve the implementation of labour codes among food and beverage retailers and producers.

Director nominations – This engagement will aim to develop a series of case studies to identify key recommendations related to director nominations in eight markets, and engage with companies to improve practices.

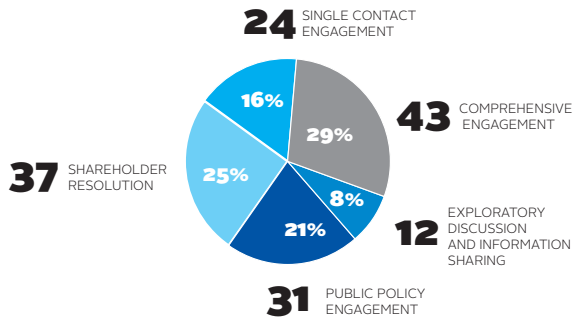
JULY 2012 - JUNE 2013 STATISTICS

PARTICIPATION BY SIGNATORY CATEGORY



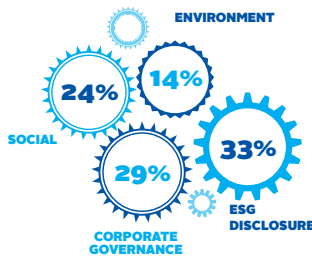
ASSET OWNER	96
INVESTMENT MANAGER	144
SERVICE PROVIDER	34

TYPES OF COLLABORATIVE ENGAGEMENTS



COLLABORATIVE ENGAGEMENT ISSUES

SOCIAL	35
ENVIRONMENT	21
CORPORATE GOVERNANCE	43
ESG DISCLOSURE	48



CLEARING HOUSE STEERING COMMITTEE

AP1, AP2, AP3, AP4 John Howchin, Secretary General of the Ethical Council (Chair)

Bâtirente, François Meloche, Extrafinancial Risks Manager

CalPERS, Bill McGrew, Portfolio Manager – stepped down July 2013

Colonial First State Global Asset Management, Will Oulton, Global Head of Responsible Investment

Element Investment Managers, David Couldridge, Senior Investment Analyst

F&C Asset Management, Sagarika Chatterjee, Associate Director

Hermes Fund Managers Limited, Dr. Hans-Christoph Hirt, Executive Director

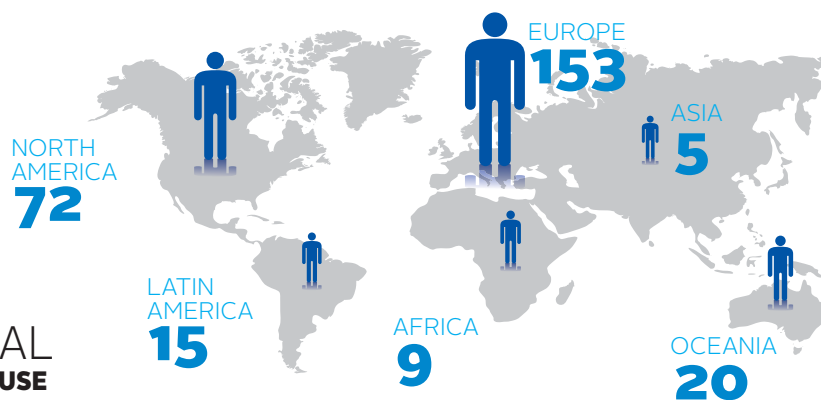
NEI Investments, Bob Walker, Vice President, Sustainability

PGGM Investments, Saskia van den Dool-Gietman, Senior Advisor, Responsible Investment

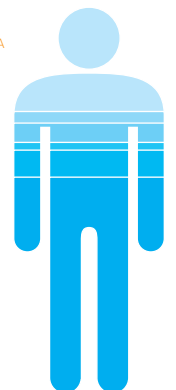
Robeco, Sylvia van Waveren, Senior Engagement Specialist

TIAA – CREF, John Wilson, Director of Corporate Governance

REGIONAL CLEARINGHOUSE PARTICIPATION



NORTH AMERICA	26%
AFRICA	3%
LATIN AMERICA	5%
ASIA	2%
OCEANIA	7%
EUROPE	56%



FROM 2012 TO 2013

Number of new posts



Number of investors involved



Average number of proposals joined by each signatory



2012

2013

A SNAPSHOT OF 2012/13 ENGAGEMENT ACTIVITY

ANTI-CORRUPTION



Bribery and corruption are incompatible with good corporate governance and harm the creation and preservation of value. This theme remains an area of growing concern in the global investment community amid high-profile cases of corruption in both developed and emerging markets. A three-year engagement by PRI signatories resulted in improved transparency and disclosure of anti-corruption strategies, policies and management systems at several global companies with significant exposure to corruption risk.

Investors play a key role in holding companies accountable and ensuring they manage and reduce corruption-related risks, given the impact that bribery and corruption have on investment returns, market volatility and company performance. A framework for managing anti-corruption risk within companies and their supply chains may boost long-term performance, while the absence of such a framework may create financial, operational and reputational risks.

F&C Asset Management and Hermes Equity Ownership Services led this engagement of 21 signatories, who collectively manage more than US\$1.7 trillion. Based on the group's research, 21 companies were contacted across

14 countries beginning in March 2010 to inquire about their anti-corruption controls. They used a methodology developed by Transparency International to measure companies against 50 indicators of anti-corruption strategy, policy and management systems.

Investors asked companies to provide information on how they manage bribery and corruption risks, and encouraged them to report in line with international frameworks such as the International Corporate Governance Network's Statement and Guidance on Anti-Corruption Practices and the UN Global Compact's Reporting Guidance on the 10th Principle against corruption.

By early 2013, 16 companies had improved their performance against the indicators; of which 10 boosted their scores four-fold. The best performer recorded a six-fold jump.

A second stage of the engagement is planned, targeting a larger number of companies across a wider range of sectors and countries.

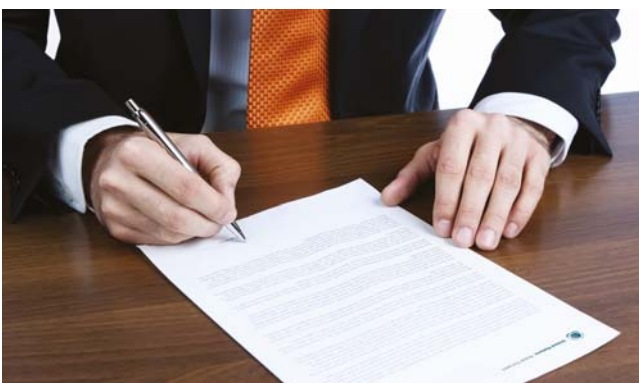
GLOBAL



COMMUNICATING MATERIAL ESG ISSUES

The UN Global Compact and the PRI hosted five online ESG Investor Briefings to give companies and investors an opportunity to discuss links between sustainability information and business strategy. German software company SAP AG, Italian tyre manufacturer Pirelli & Co S.p.A., and Italian oil and gas producer Eni S.p.A., were among the companies featured.

GLOBAL



UN GLOBAL COMPACT LEADERS AND LAGGARDS

A coalition of 30 PRI signatories representing approximately US\$ 3 trillion in assets, led by Aviva Investors, sent letters to the chief executives of UN Global Compact signatories. The letters praised 89 companies for reporting on their progress in implementing the UN Global Compact principles and challenged 25 companies for failing to comply with their commitment to report. The PRI Secretariat followed up with the laggard companies, of which 19 regained active member status of the UN Global Compact.

GLOBAL



EMISSIONS REDUCTION TARGETS

This engagement focused on Global 500 companies with carbon emissions greater than 1 million tonnes, and encouraged them to set absolute or intensity reduction targets. At the end of 2012, 13 of the 24 target companies had either disclosed an emissions reduction goal or demonstrated during dialogues with investors that they will do so.

A SNAPSHOT OF 2012/13 ENGAGEMENT ACTIVITY

BANGLADESH



INVESTOR STATEMENT

Following deadly fires at Bangladeshi garment factories and the collapse of the Rana Plaza apparel factory, more than 200 investors representing around US\$3 trillion assets, led by PRI signatories Interfaith Center on Corporate Responsibility, Boston Common Asset Management, Domini Social Investments, Trillium Asset Management and Missionary Oblates of Mary Immaculate, signed a public statement with recommendations for brands and retailers sourcing apparel products from Bangladesh. A group of Canadian investors representing more than US\$ 42 billion assets led by NEI Investments, Bâtirente and SHARE also signed a statement supporting efforts to prevent disasters such as the factory collapse.

UNITED KINGDOM



CORPORATE GOVERNANCE AT NEWS CORP

Following a scandal which linked News Corporation, one of the world's largest media groups, to phone hacking in the UK, corporate governance failures at the company became increasingly obvious. An engagement led by the Local Authority Pension Fund Forum, a collaborative shareholder engagement group bringing together 56 UK local authority pension funds, participated in the company's AGM in October 2012, with proposals requesting the appointment of an independent Chair and elimination of the dual-class share structure. Each proposal received around 30% votes in favour.

UNITED STATES



DISCLOSURE ON POLITICAL LOBBYING

Ahead of annual meetings in the first half of 2013, more than 60 institutional and individual investors, led by the US investment manager Boston Trust & Investment Management Company, filed shareholder resolutions asking more than 50 companies for disclosure of lobbying activities. The resolution at Visa received a 37% vote in favour. Resolutions at PepsiCo, North America's largest food and beverage business, and 3M, a US conglomerate with operations in more than 70 countries, were withdrawn following commitments from the companies.

OVERCOMING BARRIERS TO A SUSTAINABLE FINANCIAL SYSTEM

The PRI Advisory Council undertook a strategy review process in early 2012. One of the outcomes of this process was the recognition that the PRI has an important role to play in working with signatories and public policy makers to help create a more sustainable financial system.

The PRI's strategy gives high priority to new work by the Initiative to support signatories identify and address barriers to the development of a sustainable financial system. These are defined as barriers found in current market practices, structures and regulation that undermine the interests of investors and the systems within which they operate.

CONSULTATION

In January 2013, the PRI asked signatories for their views. A consultation paper provided an overview of existing research and knowledge on the main obstacles, identifying seven issues of particular importance. The paper also identified a number of potential project areas and offered some proposals on how the PRI and its signatories might take this work forward.

STRATEGIC BARRIERS TO A SUSTAINABLE FINANCIAL SYSTEM

- Company short-termism
- Investor short-termism, mandate design and alignment of interests
- Portfolio structure and strategic asset allocation
- Externalities
- Financial market stability
- Company disclosure
- Financing the sustainable economy

The PRI received a positive response overall and the consultation confirmed that signatories want and support the PRI to establish a sensible, focused programme of work to help address these issues.

While there was no consensus on which of the more than 60 potential projects areas identified by respondents would be most appropriate for the PRI to take forward, the main findings from the consultation were that:

- The PRI should concentrate on areas where it can add value, not duplicate other efforts and focus on outcomes and actions (rather than research).
- The single most important strategic barrier is investor short-termism, with 92% of respondents identifying this issue as being relevant or highly relevant.

NEXT STEPS

To make the most effective use of its resources, the PRI will focus on research areas and projects that address the most significant strategic issues; have the greatest potential to make a significant difference to the development of a sustainable financial system; have the potential to deliver tangible results, with material benefits to investors, within a relatively short space of time; and are particularly suited to the PRI's unique characteristics.

It is likely that most of the PRI's work in this area over the period 2013-2015 will focus on what signatories and other investors can do to address short-termism. The PRI's aim is to empower signatories to promote market practices and public policy that is supportive of long-term responsible investment, and to facilitate stronger links between signatories and the public policy communities on these issues.

RAISING AWARENESS

The PRI also makes submissions to consultations where it believes these are within its mandate of promoting the Principles and responsible investment, seeking to raise awareness of the PRI's role in the investment community and create opportunities for further collaboration between signatories and other aligned organisations.

In May 2013, the PRI responded to the OECD's Draft High-Level Principles of Long-Term Investment Financing by Institutional Investors to encourage greater dialogue and to highlight the convening role that the PRI can play on issues such as this.

Collaborating with other global investor groups, the PRI Initiative lent its support in an open letter to the governments of the world's largest economies in November 2012, calling for more decisive action by them on climate change policy in order to avert dangerous climate change and its resulting economic impacts. The letter was co-signed by the European Institutional Investors Group on Climate Change (IIGCC), the North American Investor Network on Climate Risk (INCR), the Australia/New Zealand Investor Group on Climate Change (IGCC), the Asia Investor Group on Climate Change (AIGCC) and the United Nations Environment Programme Finance Initiative (UNEP FI) and announced ahead of international climate negotiations starting on 26 November 2012 in Doha, Qatar.

EXPANDING OUR REACH


PRI Networks are groups of signatories in particular countries or regions working together to promote the Principles. Networks are supported either by a Network Manager based in the region or remotely by the PRI Secretariat. In the last year, the focus of Network Managers has moved to a regional approach in order to better meet signatories' needs:

- EUROPE** - A new Continental European network is focused on Germany, France, Netherlands, Belgium, Switzerland and Austria.

 A new Nordic Europe network is focused on Denmark, Finland, Norway, Sweden, Iceland, and Estonia.
- SOUTH AMERICA** - The Network Manager in Brazil is now responsible for the development of the regional network including Colombia, Peru, Uruguay and Chile.
- SOUTHERN AFRICA** - The Network Manager in South Africa is now responsible for the development of the regional network including Namibia, Zambia, and Botswana.

The Networks team has also introduced Autonomous Networks in regions where there is demand for a stronger PRI presence but not enough resources to support a full-time staff member.

AUTONOMOUS NETWORKS




NORDIC REGION

112 SIGNATORIES

48 AO
57 IM
7 SP

The Nordic Network has chosen to operate as an autonomous network that will host regular meetings coordinated around Nordic SIF meetings.



CANADA & QUEBEC

49 SIGNATORIES

17 AO
25 IM
7 SP

The formal launch of the autonomous Quebec Network took place in February 2013. The Network plans to meet three times a year for a French-speaking forum. Steering committee led by **Bâtirente**.



USA

172 SIGNATORIES

21 AO
123 IM
28 SP

The PRI is reviewing its strategy in the US. Until a new plan is finalised in early 2014, signatories based in the US will be supported by the PRI Secretariat in London.



AUSTRALIA

128 SIGNATORIES

34 AO
78 IM
16 SP

The Australia Network is managed by the Australian Council of Superannuation Investors (ACSI) and has seen a substantial increase in communication with and among signatories. The network plans to continue organising face-to-face meetings and using industry conferences as a platform to discuss the PRI. A new working group on Unconventional Gas is also being established. Steering Committee led by **Cbus**.



GERMANY

42 SIGNATORIES

13 AO
19 IM
10 SP

The German Network has been developing relationships with key organisations, including the "Nachhaltigkeitskodex", the International Integrated Reporting Council, the European Bond Commission and the Ministry of Environment. The German government strongly supports the PRI as seen by the launch of "Leitfaden". Strong signatory growth shows the German Network will continue to play a key role within the Continental Europe Network.



KOREA

13 SIGNATORIES

2 AO
5 IM
6 SP

Since March 2013 the PRI has been supporting the Korea Network from the PRI Secretariat. The PRI is working with the Steering Committee, led by the **National Pension Service**, to define the strategy of the Network.



SOUTHERN AFRICA



51
SIGNATORIES



5 AO
38 IM
8 SP

The PRI is working to leverage local developments in the region, including the Code for Responsible Investment in South Africa and the Sustainable Returns for Pensions and Society initiative, which have increased the visibility and momentum of responsible investment. The network is working to address the perception that 'acting in concert' legislation prevents legitimate collaborative engagement. Steering Committee led by **GEPP**.



BRAZIL AND SOUTH AMERICA



71
SIGNATORIES



19 AO
33 IM
19 SP

The Brazil and South America Network has been working with organisations such as the Carbon Disclosure Project, International Integrated Reporting Council, Global Reporting Initiative and UN Global Compact to share resources and gain visibility. An expanded presence in the region is planned with projects in progress with the Colombian and Chilean stock exchanges, Latin Sustainable Investment Forum and local signatories. Steering Committee led by **PREVI**.

FOCUS ON: JAPAN

While interest in responsible investment is growing among Japanese investors, the availability of ESG research and data on Japanese companies remains limited, engagement activity is infrequent and perceptions that responsible investment detracts from investment performance persist.

Seminars organised by the PRI Japan Network in 2013 to explain responsible investment (funded by the UK's Foreign and Commonwealth Office) have been successful, with a large number of important institutional investors attending. The Network has successfully secured a 2013 FCO grant to build on these activities, with a particular focus on promoting the consideration of ESG issues by the Tokyo Stock Exchange, the Government Pension Investment Fund and other Japanese pension funds.

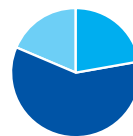
The Network has been liaising with key actors at the government and industry level to encourage responsible investment, including:

- Japanese Trade Union Confederation (RENGO)
- The Securities Analyst Association Japan
- Japan Sustainable Investment Forum (JSIF)
- Corporate Pension network
- Global Compact Japan Network
- Keidanren (Japanese Business Federation) CBCC
- Australia, Dutch, US, Canadian Embassies
- Ministry of Economy Trade and Industries
- Ministry of Environment
- Cabinet Office Gender Equality Bureau

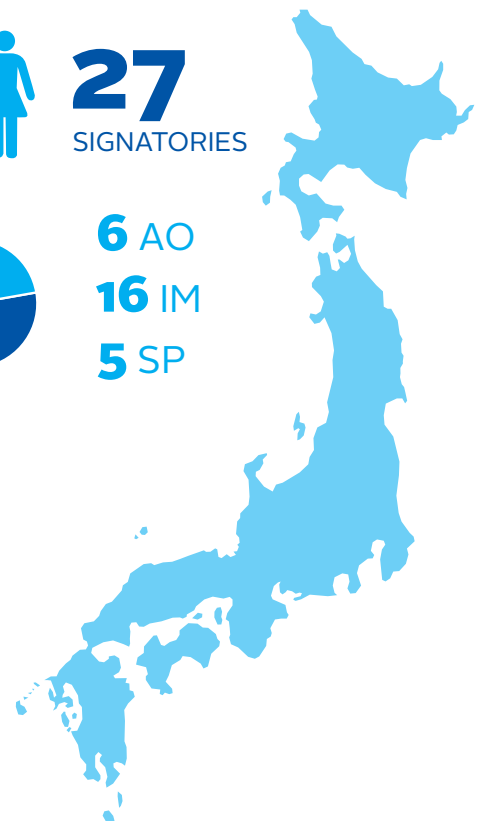
Steering Committee led by **Nikko Asset Management**.



27
SIGNATORIES



6 AO
16 IM
5 SP



Michiyo Morisawa

Japan Network Director

BRIDGING RESEARCH AND PRACTICE

The Academic Network was set up in 2008 to develop a community of scholars, industry professionals and policy makers, and gives members an opportunity to present and discuss the latest research on responsible investment.

Academic members of the Network are able to broaden their research audiences and get feedback from peers around the world on issues ranging from financial ethics, the technicalities of carbon disclosure and social impact investing to fiduciary law and sustainable finance.

DIGITAL LIBRARY

The Academic Network's focus in 2012/13 was on building the **RI Knowledge Platform**, a web-based library of papers, articles, book reviews and podcasts on ESG and related issues. Users will have access to a bibliography of research publications, some of which will be accessible in full at no charge. Listings of training and academic courses are among its features.

A trial version of the platform is accessible at www.unpri.org under Areas of Work/Academic Network. Signatories will have access to most material on the platform, which is due to be launched in the final quarter of 2013.

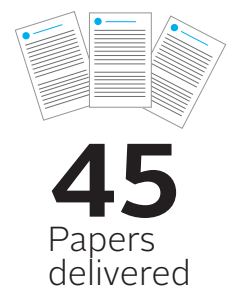
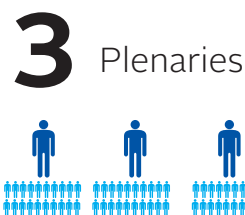
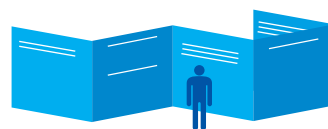
STAYING UP TO DATE WITH ACADEMIC DEVELOPMENTS

The Academic Newsletter, published every two months, contains a variety of content, including calls for papers, lists of new events and appointments, and notices of members' publications. The newsletter is complemented by an academic list serve, which provides a forum for information and debate.

In the final quarter of 2013, the Academic Network is scheduled to begin publishing **RI Quarterly**, a review of the insights of the academic community aimed at scholars, signatories and others. The PRI's goal is to make **RI Quarterly** essential reading for ESG managers.

Research Insights 2013, also due for publication in the final quarter, will provide an overview of the Academic Network's year with reports on 20 of the most important findings of the academic community, reviews of the three best-performing ESG funds and reflections on the state of responsible investment and where it is heading.

2012 ACADEMIC NETWORK CONFERENCE



PRI-CBERN ANNUAL ACADEMIC CONFERENCE

The sixth PRI annual Academic Conference was held in October 2012 at York University in Toronto, co-hosted by the Canadian Business Ethics Research Network (CBERN). The Academic Network Conference has grown every year, both in attendee numbers and the range of issues addressed, while the treatment of subject matter deepened.

Some of the highlights of last year's conference included papers and panels on:

- The institutions needed to develop sustainable markets.
- New developments in Impact Investing.
- Collaboration between indigenous communities and responsible investors.
- Socially responsible investment for the 21st century.

In his keynote speech, Professor Emeritus Elroy Dimson of the London Business School and Cambridge University argued that there was a causal connection between successful investor engagements on ESG issues and improvements in company performance over the long term. Professor Sébastien Pouget of the University of Toulouse spoke on some of the problems of short-termism, showing that the delegation of fund management to professional fund managers aggravates the problem. Professor Ola Mestad of the University of Oslo discussed the work of the Council of Ethics of the Norwegian government's Pension Fund and pointed to a number of key ethical challenges the Council has addressed in recent years. The main sessions were preceded by the Student Symposium, in which 18 PhD candidates presented their research for detailed critique.

The 2013 Annual Academic Conference will be held in Paris 13 -15 November, in association with Caisse des Dépôts and la Chaire Finance Durable et Responsable.

SUSTAINALYTICS PRIZE 2012

The inaugural Sustainalytics Prize for the best student conference paper and the best academic paper was awarded in Toronto last year.

Stakeholder Relations and Stock Returns: on Errors in Investors' Expectations and Learning

Jenke ter Horst and his colleagues of the University of Tilburg and University of Maastricht won in the academic category for their paper which developed a stakeholder-relations index measuring a company's performance with regard to ESG issues, for US firms from 1992-2009.

From Occupy Wall Street to Mainstream: A Question of Beliefs and Coordination

The student award went to Christel Dumas and Céline Louche from ICHEC Brussels Management School and Gent Management School respectively, for their paper which identified the collective beliefs of responsible investment, showed how the concept changed over time and analysed the implications of the lack of consensus within the responsible investment community.



Panel discussion *Governing from without and within: what institutions are needed to facilitate sustainable markets?* featuring Professor Gordon Clark (Smith School, Oxford), Jane Ambachsteer (Mercer), Rob Lake (PRI), Roger Urwin (Towers Watson) Professor Emeritus Elroy Dimson (LBS and Cambridge), Professor Charles Sampford (Griffith University).

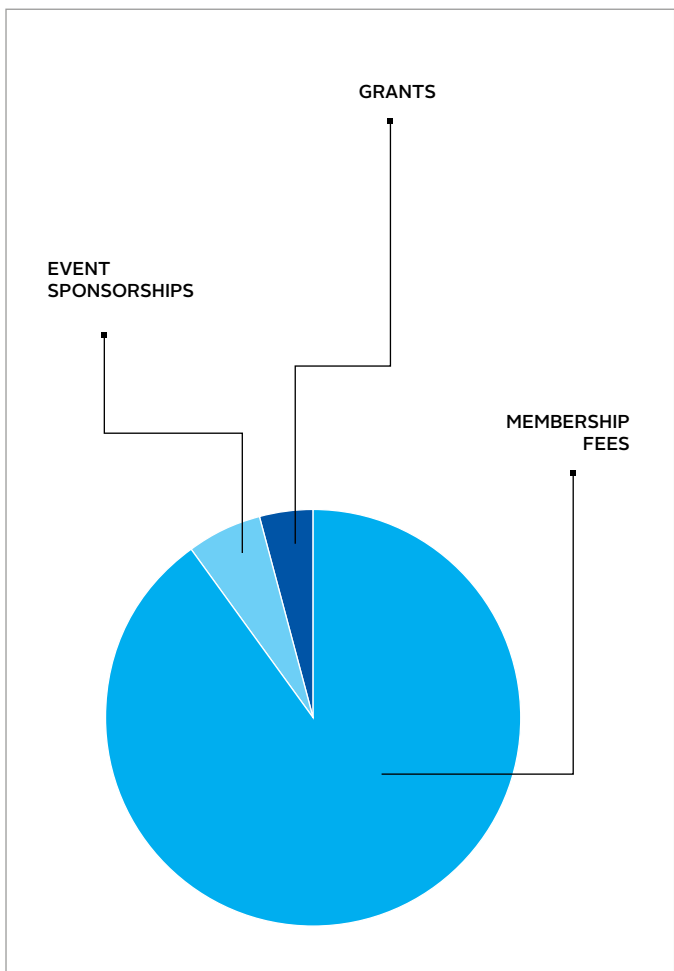
FINANCING THE PRI

INCOME

Since April 2011, all signatories have been required to pay an annual fee, accounting for the bulk of the PRI's income. In 2012/13, this amounted to £3.2 million, up from £2.7 million in the previous financial year. The fee is calculated on a sliding scale based on a signatory's total assets under management (for asset owners and investment managers) or according to the number of employees (for service providers).

The PRI also receives grants and donations from external funders, which amounted to £149,324 in 2012/13. Grants above £10,000 were made by the European Commission to support capacity building on responsible investment (£65,439), the UK's Foreign & Commonwealth Office to promote responsible investment in Japan (£42,749) and from several signatories and the Dutch Ministry of Foreign Affairs to support the Principles for Investors in Inclusive Finance (PIIF) work stream, which is housed within the PRI. A full list of PIIF sponsors is available on the PRI website.

HOW THE PRI IS FUNDED FOR THE YEAR ENDED 31 MARCH 2013



EXPENDITURE

The PRI continued to consolidate during 2012/13. A number of areas were strengthened including Management, Reporting and Assessment. A Head of Partnerships also joined the team. The Secretariat introduced a new remuneration structure that will aid recruitment and support staff retention. A new collaborative IT tool, Huddle, was piloted to facilitate greater collaboration within the PRI's many signatory working groups and Clearinghouse engagements.

The focus in the current year is on strengthening Communications capacity and, in line with the new strategic focus agreed by the Advisory Council in March 2012, establishing a research and policy work programme. There is also an increased IT budget as current systems within the Secretariat are undergoing upgrades to improve file sharing and operating capacities.

Since 2009, the PRI has occupied serviced offices in Shoreditch on the edge of the City of London. While this was a useful strategy when establishing the Initiative, the PRI is now seeking a longer term lease arrangement in the neighbouring vicinity and £350,000 has been set aside in the current budget to complete any proposed fit out and relocation.

CASH RESERVES

After incurring a surplus of £266,000 in 2012/13 and closing the financial year with a cash balance of close to £1.8 million (equivalent to 7 months of core expenditure), the development of the Initiative will be accelerated by dipping into this accumulated cash surplus.

This followed careful consideration by the Board and the necessity of maintaining an adequate cash balance at all times. It was agreed that a minimum cash balance of four months' of core expenditure (equivalent to three months full expenditure) was sufficient.

The PRI will incur a planned deficit of around £236,000 in 2013/14 and the cash balance will decline to around £1 million.

PRI ASSOCIATION
COMPANY LIMITED
BY GUARANTEE

BOARD REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR
ENDED 31 MARCH 2013

DIRECTORS

D Atkin
E Bos
D Russell
W Engshuber
G Saunders

SECRETARY

Bristows Secretarial Limited

COMPANY NUMBER

07207947 (England and Wales)

REGISTERED OFFICE

Bath Place Business Centre
2 Bath Place
London
EC2A 3DR

INDEPENDENT AUDITOR

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

AUDITED FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 March 2013.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review continued to be that of a network of international investors working together to put the Principles for Responsible Investment into practice. The company is not for profit.

DIRECTORS

The directors in office in the year were as follows:

- E Gifford (Resigned 26 September 2012)
- D Atkin
- E Bos
- D Russell
- W Engshuber
- G Saunders

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain

the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF DISCLOSURE TO AUDITOR

Each of the directors confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime as set out in Part 15 of the Companies Act 2006.

On behalf of the Board



G Saunders
Director

Approved on 17 July 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRI ASSOCIATION

We have audited the financial statements of PRI Association for the year ended 31 March 2013 which comprise the income and expenditure account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the statement of directors' responsibilities set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

Mark Worsey
(Senior Statutory Auditor)

*for and on behalf of Buzacott LLP,
Statutory Auditor
130 Wood Street
London
EC2V 6DL*

Date 17 July 2013

AUDITED FINANCIAL STATEMENTS

INCOME AND EXPENDITURE ACCOUNT

	NOTES	2013 £	2012 £
INCOME	2	3,637,936	3,182,764
Administrative expenses		(3,501,043)	(2,746,003)
OPERATING SURPLUS	3	136,893	436,761
Other interest receivable and similar income	4	8,146	6,132
Interest payable and similar charges		(294)	-
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		144,745	442,893
Tax on surplus on ordinary activities	6	121,292	(124,147)
RETAINED SURPLUS FOR THE YEAR	11	266,037	318,746

BALANCE SHEET

	NOTES	2013 £	2013 £	2012 £	2012 £
FIXED ASSETS					
Tangible assets	7		350		1,425
CURRENT ASSETS					
Debtors	8	168,583		254,670	
Cash at bank and in hand		1,794,787		1,468,665	
		1,963,370		1,723,335	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(439,007)		(466,084)	
NET CURRENT ASSETS			1,524,363		1,257,251
TOTAL ASSETS LESS CURRENT LIABILITIES			1,524,713		1,258,676
CAPITAL AND RESERVES					
Income and expenditure	11		1,524,713		1,258,676
SHAREHOLDERS' FUNDS			1,524,713		1,258,676

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime as set out in Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board for issue on 17 July 2013



G Saunders
Director

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.2 INCOME

Income represents annual subscriptions paid by members, events income, voluntary donations and grants. Subscriptions are recognised on joining the association or on subsequent renewal dates, on an accruals basis. Events income is recognised as the event occurs. Donations are recognised on a receipts basis. Reimbursement grants are recognised in line with relevant expenses on an accruals basis.

1.3 RESEARCH AND DEVELOPMENT

Research and development expenditure is written off to the income and expenditure account in the year in which it is incurred. The company carries out research into responsible investment and the creation of sustainable capital markets.

1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £600 with an expected useful life exceeding one year are capitalised. Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33.33% straight line
Fixtures, fittings & equipment	33.33% straight line

1.5 LEASING

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 PENSION COSTS

Contributions in respect of the company's defined contribution scheme are charged to the income and expenditure account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

1.7 DEFERRED TAXATION

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.8 FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.9 CASH FLOW

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

2 INCOME

	2013 £	2012 £
Membership fees	3,216,812	2,709,661
Income from PRI in Person events	259,966	341,037
Grants	149,324	132,066
Contributions to projects	10,000	-
Other income - speakers' fees	1,834	-
	<u>3,637,936</u>	<u>3,182,764</u>

Income from PRI in Person is stated gross, before deduction of expenditure.

3 OPERATING SURPLUS

	2013 £	2012 £
Operating surplus is stated after charging:		
Depreciation of tangible assets	825	900
Loss on disposal of fixed assets	250	-
Loss on foreign exchange transactions	4,307	3,317
Operating lease rentals	224,924	161,692
Auditor's remuneration	9,750	7,000
	<u>239,056</u>	<u>173,909</u>

4 INVESTMENT INCOME

	2013 £	2012 £
Bank interest	8,146	6,132
	<u>8,146</u>	<u>6,132</u>

5 DIRECTORS' REMUNERATION

	2013 £	2012 £
Directors' salaries	108,331	118,861
Directors' pension contributions	2,245	4,342
	<u>110,576</u>	<u>123,203</u>

Of the 6 directors, director's remuneration is paid to 3 directors (2012: 3 directors).
Retirement benefits are accruing to 1 (2012: 1) director under a money purchase scheme.

NOTES TO THE FINANCIAL STATEMENTS

6 TAXATION

	2013 £	2012 £
DOMESTIC CURRENT YEAR TAX		
UK corporation tax at 20% (2012: 26%)	1,629	124,147
Adjustment for prior years	(122,921)	-
TOTAL CURRENT TAX	<u>(121,292)</u>	<u>124,147</u>

During the year, PRI Association agreed with HMRC that the organisation does not carry on a taxable activity and therefore the prior year's tax charge in respect of this has been reversed.

7 TANGIBLE FIXED ASSETS

	PLANT AND MACHINERY ETC
COST	
At 1 April 2012	2,700
Disposals	(900)
At 31 March 2013	<u>1,800</u>
DEPRECIATION	
At 1 April 2012	1,275
On disposals	(650)
Charge for the year	825
At 31 March 2013	<u>1,450</u>
NET BOOK VALUE	
At 31 March 2013	<u>350</u>
At 31 March 2012	<u>1,425</u>

8 DEBTORS

	2013 £	2012 £
Trade debtors	30,359	104,712
Other debtors	138,224	149,958
	<u>168,583</u>	<u>254,670</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade creditors	207,501	10,898
Taxation and social security	54,815	165,091
Other creditors	176,691	290,095
	<u>439,007</u>	<u>466,084</u>

AUDITED FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

10 PENSION COSTS

DEFINED CONTRIBUTION

Contributions payable by the company for the year
Contributions payable to the fund at the year end
and included in creditors

2013
£

63,726

(13,267)

2012
£

39,698

(5,443)

11 STATEMENT OF MOVEMENTS ON RESERVES

INCOME AND EXPENDITURE ACCOUNT

Balance at 1 April 2012
Profit for the year

1,258,676

266,037

Balance at 31 March 2013

1,524,713

12 FINANCIAL COMMITMENTS

At 31 March 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2014:

2013
£

53,400

2012
£

50,400

13 CONTROL

During the year ended 31 March 2013, in the opinion of the directors there was no controlling party.

COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and does not have any share capital. The liability of the members in the event of the company being liquidated is limited to £1 per member.

NEW SIGNATORIES

The PRI is pleased to welcome the following investors and service providers who joined the Initiative between July 2012 and June 2013:

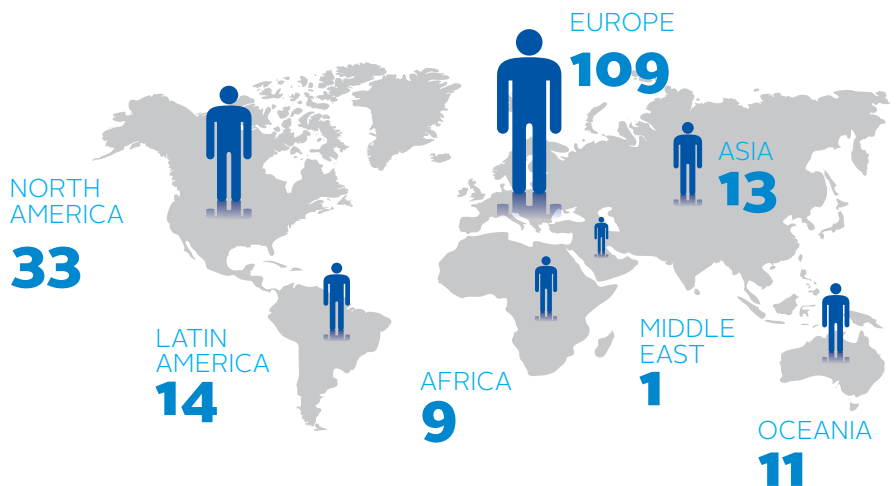
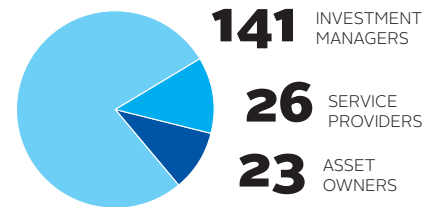
EUROPE

- 1875 Finance SA
- African Minerals Exploration & Development Fund SICAR S.C.A.
- Akina Limited
- Alder Fund I AB
- Alken Asset Management LLP
- Alm. Brand Bank Asset Management
- Altius Associates Ltd
- Ambienta SGR SpA
- AP6
- Appian Holdings
- AQAL Investing
- Arle Capital Partners Limited
- Ashmore Group plc
- Athanasios Niforos
- Atlon Capital Partners
- AXA Group
- Balfour Beatty Infrastructure Partners, LLP
- Banque Bonhôte & Cie SA
- BanSabadell Pensiones E.G.F.P., S.A.
- Bantleon Bank AG
- BNP Paribas Real Estate Investment Management FRANCE
- Bouwfonds REIM
- Bridgepoint
- CAMRADATA Analytical Services
- Capital Croissance
- CapMan Plc
- Carbon Tracker
- Carve Capital AB
- Ciloger
- City of Espoo
- Cliens Kapitalförvaltnings AB
- CM-CIC Asset Management
- Committed Advisors
- Conservative Concept Portfolio Management AG
- CPH Capital Fondsmæglerselskab A/S
- CVC Capital Partners
- Dekka Investment GmbH
- Demeter Partners
- Dundas Partners LLP
- East Capital

JULY 2012 - JUNE 2013
NEW SIGNATORIES



NEW JOINERS BY SIGNATORY CATEGORY



- Ecclesiastical Investment Management (EIM) Limited
- EIM Luxembourg S.A.
- Erste Asset Management GmbH
- ESG Analytics
- EURO Institute of Real Estate Management
- Evangelische Kreditgenossenschaft eG
- Evolem
- Eyb & Wallwitz Vermögensmanagement GmbH
- Fidelity Worldwide Investment
- FINADVANCE
- FINANCE-SA
- Financière de la Cité

- Five Arrows Managers
- FSN Capital Partners
- G Square
- GAWA Capital Partners
- Gougenheim Investments AG
- Grameen Crédit Agricole Foundation
- Halder
- HgCapital LLP
- HighBreed Capital Ltd
- IDF Capital
- IDI EMERGING MARKETS
- Insti7
- Intermediate Capital Group plc
- Investisseurs & Partenaires

NEW SIGNATORIES

- Investo Asset Management Ltd
- Karmijn Kapitaal
- Landsbankinn hf
- Lloyds Banking Group
- M&G Investments
- MBO Partenaires
- MetallRente GmbH
- Montefiore Investment
- MTree Capital Partners
- NextStage
- Nord Capital Partenaires
- NorthEdge Capital LLP
- Oaks Field Partners
- Opplysningsvesenets fond
- Oxfam Novib
- Permal Group Limited
- Phillimore
- PRIUS Partners
- PRO BTP Finance
- Quadriga Capital
- R Capital Management
- REPSOL II Fondo de Pensiones
- Rockspring Property Investment Managers LLP
- Sal.Oppenheim jr. & Cie. AG & Co. KGaA
- Salm-Salm & Partner GmbH
- Secquaero Advisors Ltd
- Seligson & Co Plc
- SKAGEN AS
- SOFIDY
- Sparkassen Pensionskasse AG
- SVG Advisers Limited
- Swedfund International AB
- TG Fund Management B.V.
- The Foundation for Social Entrepreneurs (T/a UnLtd)
- The University of Edinburgh
- Turenne Capital Partenaires
- TY Danjuma Family Office Limited
- Unigestion
- Valiance
- Veritas Pension Insurance Company Ltd
- Vescore Solutions AG
- WPV
- Zurich Insurance Group

NORTH AMERICA

- Addenda Capital Inc.
- Analytic Investors, LLC
- Aquila Infrastructure Management Inc.
- Cambridge Associates
- Clarion Partners, LLC

- Commonfund
- Community Foundation of Ottawa
- DCA Capital Partners
- Dimensional Fund Advisors
- EIG Global Energy Partners
- Ellio GP - Strategic Sustainability Consulting
- Franklin Templeton Investments
- Global Alpha Capital Management
- Grosvenor Capital Management, L.P.
- Hexavest
- Hotchkis and Wiley Capital Management, LLC
- Income Research & Management
- INTECH Investment Management LLC
- Legg Mason Investment Counsel
- Malk Sustainability Partners
- Meketa Investment Group, Inc.
- Payden & Rygel
- Pension Consulting Alliance
- Redwood Investments, LLC
- S Network Global Indexes, Inc.
- Siguler Guff & Company, LP
- Sonen Capital, LLC
- Standish Mellon Asset Management
- StepStone Group LP
- Summit Global Management, Inc.
- TPG Capital Advisors, LLC
- Trilogy Global Advisors, LP
- University of Ottawa

MIDDLE EAST

- MARA Africa Opportunities SPC Ltd (MAO)

ASIA

- Daiwa SB Investments
- Daobridge Capital Limited
- DIAM Co., Ltd
- MBK Partners
- Eurofin Asia Group Ltd
- Tokio Marine & Nichido Fire Insurance Co., Ltd
- Indochina Capital Corporation
- Dragon Capital Group Limited
- Deltec Capital Group Limited
- Tokio Marine Capital Co., Ltd
- Alternative Investment Capital Limited
- Jiuding Capital
- SES

AFRICA

- Allan Gray Group Proprietary Limited
- GraySwan Financial Services
- Imara Holdings Limited
- Inspired Evolution Investment Management
- Kigoda Consulting
- Mianzo Asset Management
- RegCharles Finance and Capital Ltd
- Sentio Capital Management (Pty) Ltd
- Vantage Capital Fund Managers (Pty) Ltd

OCEANIA

- Leapfrog Investments
- Pacific Equity Partners
- Pencarrow Private Equity Management Limited
- Pennam Partners
- Pioneer Capital Partners
- Redpoint Investment Management
- Remagen Capital Limited
- Sunsuper
- Ubique Asset Management Pty Ltd
- Value ESG
- Wealthcheck Funds Management

SOUTH AMERICA

- Angra Infraestrutura Gestão de Informações e Investimentos Ltda.
- Austin Rating
- Bond Street Management LLC
- Caixa Econômica Federal - Viter
- Claritas Administração de Recursos LTDA
- Copa Investimentos
- Craton Capital Limited
- CTE
- Farm & Forestry Management Services SRL
- Latinvest Capital Partners LLC
- Macrocapitales SAFI
- Portbank Asset Management
- Pragma Patrimônio
- SITAWI - Finance for Good

DELISTED SIGNATORIES

Signatories are delisted if they do not pay the mandatory annual membership fee or participate in the annual reporting and assessment process, or if they choose to voluntarily leave the Initiative.

From July 2012 to June 2013, the following signatories were delisted. As 2012 was a voluntary pilot year, no signatories on this list were delisted for failing to complete the Reporting Framework.

* Denotes a signatory that has been delisted due to merger with or acquisition by another signatory or where the parent organisation has subsequently signed up to the Principles.

- Accion Investment*
- Allianz Global Investors Korea Limited*
- AMCG Partners
- Annexum
- Anpha Capital Management Joint Stock Company
- Arco Capital Management LLC
- Asia Sustainable Research Alliance (ASRA)
- Aureos Capital Ltd*
- Australian Government Employees Superannuation Trust (AGEST Super)*
- Autumn Capital Group
- Advantage Ventures
- Axia Financial Research
- Boardwalk Capital Management
- BPE Fund Investors
- Brownadvisory
- Calvert Foundation
- Change Investment Management
- Community Trust of Southland
- Corporate Governance Accreditation (Pty) Ltd
- E.I.M. S.A.*
- Empowerdex (Pty) Ltd
- ENDS Carbon
- ERSTE-SPARINVEST KAG*
- Financière de Champlain
- Fondo de Pensiones Cajasol Empleados
- FourWinds Capital Management
- FunktionærPension*
- Gaineswood Investment Management, Inc
- Gate to Asia
- Global Currents Investment Management, LLC*
- Global Private Equity
- Grupo Pegasus
- Harcourt Investment Consulting*
- Herschel Asset Management
- ICECAPITAL Asset Management Ltd*
- IWL Partners
- Leading Investment & Securities
- LRV Investments
- MICROFIS
- Minlam Asset Management LLC*
- Momentum Partners, LLC
- MSW Capital Gestão de Recursos Ltda.
- Munros Capital Management LLP
- Natcan Investment Management*
- New Value AG
- OWW Consulting
- Parish Capital Advisors LLP*
- Pensioenfonds Predikanten
- Pension Fund for Danish Lawyers and Economists - JØP*
- Plan de Pensiones Iberdrola
- Pluris Sustainable Investments SA
- Polden Puckham Charitable Foundation
- RCM*
- Red Alder LLC
- Regal Funds Management
- Responsible Research Pte Ltd*
- Rexiter Capital Management Limited
- S C Davies & Company Ltd
- Savitr Capital LLC
- Sensonido Ltd
- SLW Corretora de Valores e Cambio
- Somerset Capital Partners Management S.á.r.l.
- Stichting Ondernemingspensioenfonds Mn Services (Opf)
- Synoro Investment Management GmbH
- Taum Sauk Capital Management
- VOGA
- W Savings Bank
- Wallara Asset Management Pty Ltd
- Zurich Financial Services Australia Ltd*

The PRI is an investor initiative in partnership with
UNEP Finance Initiative and the **UN Global Compact**.

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a unique partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works closely with over 200 financial institutions that are signatories to the UNEP FI Statement on Sustainable Development, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

More information: www.unepfi.org



UN Global Compact

Launched in 2000, the United Nations Global Compact is both a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices. As a multi-stakeholder leadership initiative, it seeks to align business operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to catalyse actions in support of broader UN goals. With 7,000 corporate signatories in 135 countries, it is the world's largest voluntary corporate sustainability initiative.

More information: www.unglobalcompact.org

