

**PRINCIPLES FOR RESPONSIBLE INVESTMENT**

# Annual Report 2016

**86,671**

Transparency Report  
downloads from the PRI website

**125**

% increase  
in Collaboration Portal posts

**106**

appearances  
in mainstream media outlets

**60+**

events  
held around the world

**1,072**

reporters  
to the PRI Reporting Framework

**562**

students  
enrolled in PRI Academy courses

**26**

new asset owners  
bringing the total to more than 300

**102+**

carbon footprints  
committed through the Montreal Pledge

This annual report shows how the activities of the PRI between 1 April 2015 and 31 March 2016 align with the 14 objectives of our 2015-18 strategic plan.

#### KEY STATS

We've spread key stats throughout the report that quantify the performance of the PRI and, through findings from the Reporting Framework\*, of our signatories.

Look out for the orange boxes.










#### FOCUS ON CLIMATE CHANGE

Climate change is a priority issue for PRI signatories, so throughout the report we have highlighted all content related to climate change.

Look out for the green boxes.

# OUR STRATEGY HAS 14 OBJECTIVES...

... grouped according to three themes:

| IMPACT   | INFLUENCE   | STRATEGY   |  |
|--|---|--|--|
|  <p>Messages<br/>from the MD and Chair</p>              |  <p>Objective 1<br/>Supporting<br/>implementation</p>             |  <p>The PRI at<br/>10<br/>SHOWING LEADERSHIP<br/>IN RESPONSIBLE INVESTMENT</p> |  <p>Objective 2<br/>Convening for<br/>collaboration</p>    |
|  <p>Objective 3<br/>Engaging<br/>decision makers</p>   |  <p>Objective 4<br/>Facilitating<br/>education</p>               |  <p>Objective 5<br/>Enhancing<br/>accountability</p>                          |  <p>Objective 6<br/>Strengthening<br/>voice</p>           |
|  <p>Objective 7<br/>Strengthening<br/>key regions</p> |  <p>Objective 8<br/>Increasing asset<br/>owner participation</p> |  <p>Objective 9<br/>Collaborating with<br/>key stakeholders</p>              |  <p>Objective 10<br/>Working with<br/>UN partners</p>     |
|  <p>Objective 11<br/>Enhancing<br/>infrastructure</p> |  <p>Objective 12<br/>Developing<br/>human capital</p>            |  <p>Objective 13<br/>Supporting effective<br/>governance</p>                 |  <p>Objective 14<br/>Building financial<br/>stability</p> |
|  <p>Advisory<br/>committees</p>                       |  <p>New &amp; Delisted<br/>signatories</p>                       |  <p>Sustainability</p>   |  <p>SGM Report</p>  |

MARTIN SKANCKE

# POSITIONING THE PRI FOR THE NEXT 10 YEARS

The past year has been a milestone one for the PRI. It's been ten years since the Principles were founded at the New York Stock Exchange in April 2006, so there's never been a better time to look back on not just the year that's gone, but on all of the initiative's achievements to date.

As part of this, we commissioned an independent evaluation of our effectiveness so far. The [report](#) found that in the space of ten years, the PRI "has become the leading global investors' platform for learning, engagement and the sharing of best practices", and that it is "appreciated for being a big tent organisation that helps new signatories embrace the basics of responsible investment on the one hand and facilitates a race to the top amongst signatories on the other".

**"The PRI is today widely recognised for its leadership role in creating global awareness about responsible investment and helping progress responsible investment within the core processes of investors around the world."**

From Principles to performance: An independent evaluation of the PRI's achievements and challenges at ten years

This is encouraging, but much more work lies ahead.

We see many areas for improvement, and it's important as we head into the next ten years for us to understand where we can and should focus our efforts. In line with our Mission "to achieve a sustainable global financial system", we are [canvassing signatory views](#) on which obstacles to a sustainable financial system the PRI and its signatories should address. We will reflect on where the PRI's strengths best place it to have impact, and where we can align with other organisations. The consultation also invites signatories to reflect on to what extent the PRI should use the Sustainable Development Goals as a framework for its real world impact, whether the Principles should be updated to reflect the sustainable financial system objective referred to in the Mission, and how the PRI should define and measure its success over the coming years.



Attracting 1,500 signatories that collectively manage US\$60 trillion indicates that responsible investment has reached unprecedented scale. As the PRI has matured, we've seen its authority grow as an increasingly recognised and respected representative of the investor perspective on major platforms: this year, we are a knowledge partner to the G20 Green Finance Study Group, we are working with the OECD on scaling up green investment and at COP21 we were, amongst many contributions, a strategic partner to the official COP21 business event – the UN's Caring for Climate Business Forum. The PRI is also supporting the Financial Stability Board's Task Force on Climate-related Financial Disclosures.

As the collective influence of the signatory base grows, we have to continue pursuing greater signatory accountability. The depth of responsible investment implementation varies significantly across the signatory base, and we must be honest in acknowledging that much more progress is needed. Alongside increased support for signatories' efforts to make progress, we need to hold signatories to the commitments to progress that they make upon signing. The value that PRI membership represents cannot be undermined by the few that would look to use the Principles as a badge to be bought rather than a commitment to act.

Last year we said that we would be seeking perspectives on mechanisms for this, and through our [Strengthening accountability, recognising diversity](#) consultation, and the global series of workshops that followed, we have done so. We now know that a majority of signatories support: accountability measures for organisations making no effort to implement the Principles, delisting signatories that act in a manner that contravenes the Principles' spirit and showcasing signatories that are leading the way. We look forward to sharing our plans for these and other issues in the Blueprint for Responsible Investment coming next year.

I thank signatories for their extensive feedback and support in continuing to shape the next decade of responsible investment and of the PRI, and the PRI Executive for their excellent work over the past year. My thanks also go to the members of the PRI Board, including those who have left us this year: Masaru Arai, David Atkin and Eric Wetlaufer.

I hope you find this account of our year productive, and we remain responsive to your input on the issues affecting us all in the years ahead.

[Read more about the PRI's achievements to date on the anniversary microsite.](#)

FIONA REYNOLDS

# DELIVERING FOR SIGNATORIES

This year has once again shown why responsible investment continues to draw the attention of institutional investors worldwide. Corporate behaviour around environmental, social and governance issues such as harmful emissions, working conditions and aggressive tax strategies threaten corporate performance and in turn investor returns.

We continue to target our work on the environmental, social and governance issues that are most pressing for signatories. This has included producing guidance on why and how to engage with investee companies on their tax practices, and bringing together a worldwide group of more than 60 investors to sign a statement outlining expectations of how companies lobby policy makers on issues relating to climate change.

All the work we've done this year has been aimed at delivering against our strategic objectives in a way that is relevant and useful to signatories.

Our ongoing focus on asset owners has seen us examine their role at the top of the investment chain, as described in How asset owners can drive responsible investment, which highlights to investors and policy makers the multiplier effect that pressure for responsible investment carries when it comes from these crucial players.

We have attracted 26 new asset owner signatories this year, including the world's largest pension fund, Japan's Government Pension Investment Fund (GPIF). We need to ensure we are producing the tools and support that these organisations need: as promised last year, we have recruited a team specifically to produce asset owner resources, and we have established an advisory committee of senior individuals from a global set of asset owner signatories to guide its work. We look forward to sharing the first fruits of that new team with you in the year ahead.

We continue to produce practical tools for investors, including in the biggest asset classes. We have collected more than 40 examples of investor practice in integrating ESG factors into listed equity investing, which will form the backbone of the eagerly anticipated follow-up to 2013's Integrated analysis.

In fixed income, after completing our case study series, we have expanded into addressing the crucial systemic issue for the asset class: the role of credit rating agencies. Bringing credit rating agencies including S&P Global Ratings and Moody's together with more than 100 investors to commit to enhancing how ESG factors are considered in the assessment of creditworthiness is a potentially game-changing move in how responsible investment is incorporated into the world's US\$100 trillion debt capital markets.



## Signatory Survey

Signatories satisfied with the PRI:

75%

up from 69% in 2014

Signatories engaged with the PRI:

87%

up from 81% in 2014

Source: 2016 signatory survey

The credit ratings work is an example of how, to be effective for signatories, our work must include looking at market participants and structures that exist outside investors' walls but have a direct impact on their portfolio considerations. Fiduciary duty in the 21st century found that failing to integrate long-term value drivers, including ESG issues, is a failure of fiduciary duty. This, our submissions to public policy consultations and our part in the Sustainable Stock Exchanges initiative all contribute to ensuring that signatories' efforts to progress responsible investment

aren't hindered by obstacles in the markets in which they operate. The potential for more work in this area is one of the key issues we are discussing with signatories through the [Sustainable financial system, Principles, Impact consultation](#).

The PRI is a global organisation with an increasingly local footprint. This year we have built on the suite of network managers providing on-the-ground support to signatories across the world by extending our reach to regions that our strategy defines as key. Leveraging the growth of responsible investment so far in the US and exploring the enormous remaining untapped potential there, we opened our office in New York; building on the rapidly growing interest in responsible investment in Asia, we merged with the Association for Sustainable & Responsible Investment in Asia (ASRIA) to establish a presence in Hong Kong.

As with many London-headquartered operations, the UK's referendum decision on 23 June to leave the European Union has left the PRI with many unanswered questions and uncertainties. The referendum has been an issue on our risk register for some time and we will keep monitoring any potential impact on our initiative, such as signatory growth, fee income, staff costs and our reserving policy, as well as any implications for our European staff based in London and the broader sentiment of all staff on London as a place to live and work for the long term.

I must thank all of our staff for their effort in providing the depth and breadth of services that support signatories in their efforts to implement the Principles. Most importantly I thank our signatories and stakeholders who through their involvement with the PRI continue to push responsible investment forwards. Their efforts have been greater than ever in this 10th anniversary year – in the strongest response we've ever had to a signatory consultation, more than 500 people responded to our [Strengthening accountability, recognising diversity consultation](#), and more than 850 people attended one of the 21 regional workshops in our global series. I thank them for their considered input, which will help guide our work over the next 10 years.

Our three-year strategy structures everything we do. As we look further into the distance with our upcoming 10-year Blueprint for Responsible Investment, we will retain this focus, continuing to underpin it with three-year strategies that will include metrics to measure our success, and, crucially, ensure that we are accountable to our signatories.

# THE PRI AT 10



Founded at the New York Stock Exchange in April 2006, the Principles for Responsible Investment have since attracted over 1,500 signatories managing more than US\$60 trillion, and in April this year, we returned to New York 10 years on to reflect on the progress that responsible investment has made.

As well as celebrating the past decade, we are taking this opportunity to look ahead to the next 10 years, for the PRI and for responsible investment as a whole. Our New York event was one of a series of initiatives throughout 2016 to review the PRI's progress in bringing responsible investing into the mainstream, and shape the future direction of the industry and the organisation.

This includes global signatory and stakeholder surveys, publishing an independent evaluation of the PRI's impact and hosting two major consultations on signatory accountability and on systemic sustainability challenges and potential revisions to the [six Principles](#).

In addition to anniversary conferences in [New York](#) (14 April), [London](#) (21 June) and [PRI in Person in Singapore](#) (6-8 September), the PRI is hosting more than 20 regional workshops, roundtables and webinars to gather feedback. See more on the events that lie ahead on the [PRI Events page](#) as they are confirmed. Read more about the formal consultations [here](#).

Findings from these events and consultations will form part of the PRI's Blueprint for Responsible Investment, which will be published in early 2017 and outline an ambitious agenda for action by the PRI and the wider responsible investment community for the coming decade.

[See more about the PRI at 10 on the dedicated anniversary microsite](#)



OBJECTIVE 1

# SUPPORT SIGNATORIES IN MAKING PROGRESS TOWARDS IMPLEMENTING THE PRINCIPLES

THE PRI PRODUCES GUIDES, CASE STUDIES, WEBINARS AND EVENTS TO INFORM INVESTORS HOW TO IMPLEMENT THE PRINCIPLES INTO THEIR INVESTMENT PRACTICES, IN A SYSTEMATIC WAY, WITHIN EACH ASSET CLASS.

### ESG INTEGRATION AND ACTIVE OWNERSHIP

Reporting Framework respondents reporting ESG integration or active ownership activities, in internally managed assets:



...against a target of 75%.

### INCORPORATING CLIMATE CHANGE

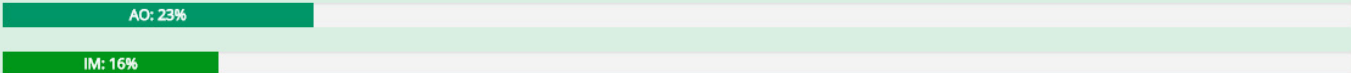
Proportion of assets managed by Reporting Framework respondents reporting that they...  
...sought climate change integration by companies:



...targeted low-carbon or climate-resilient investments:



...established climate change sensitive or integrated asset allocation strategy:



AO = Asset owners | IM = Investment managers

## EMBEDDING ESG FACTORS IN CREDIT RATINGS

In May 2015, 78% of respondents to a PRI survey said that they wanted to see ESG considerations incorporated more explicitly into credit ratings.

It is important that rating agencies and investors are aligned and speaking a common language when it comes to considering ESG factors: credit rating agencies are an integral part of the world's US\$100 trillion debt capital markets, and over 400 PRI signatories invested in corporate or sovereign debt.

This is why the PRI has been bringing investors and credit rating agencies together to commit to enhancing systematic and transparent consideration of ESG factors in the assessment of creditworthiness. This work led to six credit rating agencies including S&P Global Ratings and Moody's, and 100 investors managing US\$16 trillion, signing a [Statement on ESG in credit ratings](#).

“We, the undersigned, recognise that environmental, social and governance (ESG) factors can affect borrowers' cash flows and the likelihood that they will default on their debt obligations.”

Rating agencies' commitments as part of signing the statement include to evaluate the extent to which ESG factors are credit-relevant for different issuers and to publish their views on how ESG factors are considered.

The launch of the Statement marks the start of a two-year programme (funded by The Rockefeller Foundation) to bring investors and credit ratings agencies together in a series of ratings forums around the world to discuss the links between ESG and creditworthiness. The project has been initiated by the PRI with support from the UNEP Inquiry and a committee of PRI signatories that includes some of the world's largest fixed income investors.

### RI IN FIXED INCOME

Proportion of fixed income assets for which investment manager signatories report implementing some level of responsible investment:

85%

for internally managed assets.

### RI STRATEGIES IN FIXED INCOME

Proportion of fixed income assets for which investment manager signatories report implementing the following responsible investment strategies:

Screening: 74%

Integration: 66%

Themed: 22%

for internally and actively managed assets.

READ MORE

## SUPPORTING THE NEXT LEVEL OF INTEGRATION IN LISTED EQUITY

Guiding signatories on how to integrate ESG factors into listed equity analysis, 2013's Integrated Analysis became the PRI's most-read publication, and a responsible investment industry landmark.

We have been creating a brand new edition, which will be the most comprehensive description to date of what ESG-integrated analysis is, and how it works in practice.

The guide contains information and case studies on integration techniques that apply to investment strategies including fundamental, quantitative, smart beta and passive investment. It assists asset owners and investment managers with constructing investment processes that include integration techniques, and with how to monitor that integration's impact. A chapter on sell-side investment research maps out the types of ESG-integrated sell-side research available, and demonstrates sell-side brokers' integration techniques.

“Anticipating that ever-more momentum will make ESG integration standard practice, the PRI hopes this guide will assist signatories and the investment industry as a whole in preparing for the new norm.”

### RI IN LISTED EQUITY

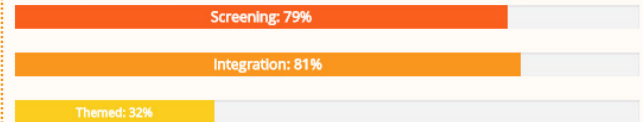
Proportion of listed equity assets for which investment manager signatories report implementing some level of responsible investment:



for internally managed assets.

### RI STRATEGIES IN LISTED EQUITY

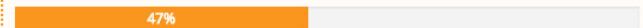
Proportion of listed equity assets for which investment manager signatories report implementing the following responsible investment strategies:



for internally and actively managed assets.

### PORTFOLIO CONSTRUCTION

Reporting Framework respondents reporting ESG integration in portfolio construction/fair value analysis in listed equity:



...against a target of 60%

### ACTIVE OWNERSHIP

Reporting Framework respondents reporting active ownership activities in listed equity:

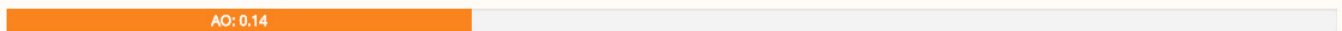


...against a target of 70%

### ENGAGEMENT EFFECTIVENESS

Average number of changes or commitments to change per company engaged with, for...

...individual engagements:



...collaborative engagements:



...service provider engagements:



AO = Asset owners | IM = Investment managers

READ MORE

## A NEW BREED OF TOOLS FOR PRIVATE EQUITY

Limited partner (LP) signatories, like all asset owner signatories, are required to report on their ESG incorporation practices for the three stages of selecting, appointing and monitoring their investment managers. The PRI has been building tools to support them in doing this, and to create consistent approaches across the industry.

The first of those is now out. Aimed at the selection phase, the [LP responsible investment DDQ](#) is an adaptable list of questions that LPs can ask general partners (GPs) pre-commitment to understand and evaluate how GPs integrate material ESG factors into their investment practices.

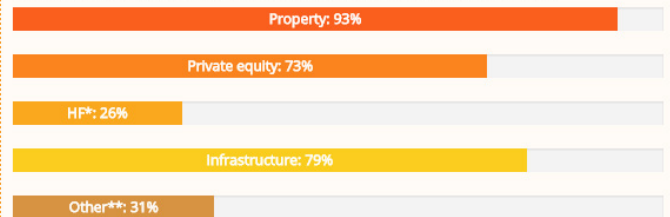
It is accompanied by a [guidance document](#) to enhance LP-GP dialogue, including more developed questioning, short case studies that demonstrate the market relevance of the due diligence questions, and pointers to relevant publicly available resources.

“Q2.5 During deal structuring, what is the process for integrating ESG-related considerations into the deal documentation and/or the post-investment action plan?”

Following the launch of the LP responsible investment DDQ covering ESG considerations in manager selection, the PRI is working with signatories to develop an appointment tool covering how to incorporate responsible investment considerations into limited partnership agreements and/or side letters.

### RI IN ALTERNATIVES

Proportion of assets in alternative asset classes for which investment manager signatories report implementing some level of responsible investment:



for internally managed assets.

\*Hedge funds

\*\*Forestry, farmland, inclusive finance and commodities

[READ MORE](#)

## OBJECTIVE 2

# PROVIDE OPPORTUNITIES FOR SIGNATORIES TO CONVENE, SHARE KNOWLEDGE AND COLLABORATE

THE PRI WORKS WITH SIGNATORIES TO IDENTIFY KEY ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES IN THE MARKET, AND COORDINATES COLLABORATIVE INITIATIVES TO ADDRESS THEM

## ■ PRI-COORDINATED ENGAGEMENTS

The proportion of companies targeted by engagements co-ordinated by the PRI...

...receiving a letter/meeting/call from the investor group:

90%

...acknowledging the issue and happy to discuss it with the investor group:

75%

...against targets of 80% and 60%.

## ...ON CORPORATE CLIMATE LOBBYING

The PRI brought together a worldwide group of more than 60 investors, representing over US\$3.8 trillion, who have signed a **statement outlining investor expectations** that company lobbying on climate change related policy and regulation must be in line with the universally accepted goal of limiting global temperature rises to two degrees Celsius. They are explicitly calling for improvements in practice and transparency from investee companies on aspects such as their governance processes for climate policy engagement and their membership of or support for all third-party organisations that lobby on climate change.

The PRI is continuing to coordinate a **working group of 22 investors** engaging companies in Australia, Canada and the USA on their climate-related lobbying activities, in particular where the company's public position is inconsistent with the positions of trade associations it belongs to. We are working with the **Institutional Investors Group on Climate Change (IIGCC)** on their parallel initiative in Europe. The statement and working group also bolster existing efforts underway including the UN's Caring for Climate programme on **responsible corporate engagement in climate policy**.

[READ MORE](#)

## ...ON CORPORATE TAX RESPONSIBILITY

[Engagement guidance on corporate tax responsibility: why and how to engage with your investee companies](#) is the result of the work of eleven global investors convened by the PRI to explore why aggressive tax strategies are material to investors, what red flags to look out for and a list of questions to consider asking companies.

The guide outlines that an aggressive corporate approach to tax planning can:

- create earnings risk and lead to governance problems
- damage reputation and brand value
- cause macroeconomic and societal distortions

It lays out how investors can identify risks in the portfolio, and the questions they should then ask companies, depending the tax profile of the company, the investor's own priorities, any existing relationship with the company and the stage of the dialogue.

READ MORE

## ...ON EMPLOYEE RELATIONS

[An investor guide to engaging retailers on employee relations](#) describes lessons learnt from a PRI-coordinated engagement that saw 24 investors with US\$1.5 trillion of assets under management work together to enhance 27 global retail companies' performance and reporting on employee relations. After 16 months, 22 of the companies improved their reporting and three improved their performance, against a set of KPIs identified as financially material. The most improved companies increased their overall performance and reporting score by 26%.

The guide outlines that employee relations and company's financial performance are positively correlated – highly engaged employees:

- stay longer
- are more productive
- provide better customer service

It describes how investors can assess the company's real understanding of, and approach to, the importance of its employees to its business. It provides tried-and-test questions on key topics, and describes how to evaluate companies' responses and respond to companies' concerns.

### PODCASTS

900

industry.

Number of downloads for the first three episodes of the PRI's new podcast series: [COP21 roundup](#), [The UK Modern Slavery Act](#) and [VW scandal and the automotive industry](#).

READ MORE

# A UNIQUE PRIVATE FORUM TO POOL RESOURCES, SHARE INFORMATION AND ENHANCE INFLUENCE

THE PRI'S COLLABORATION PLATFORM OFFERS A RANGE OF GLOBAL INITIATIVES THAT INVOLVE INVESTORS ENGAGING WITH LISTED COMPANIES, POLICY MAKERS AND OTHER ACTORS IN THE INVESTMENT CHAIN.



## SOME EXAMPLES OF SIGNATORY-LED INITIATIVES ARE:

### PROTECTING NATURAL WORLD HERITAGE SITES

Led by Aviva Investors and Investec Asset Management, this collaborative engagement encourages extractive companies to make no-go commitments relating to exploration or operations in UNESCO natural World Heritage Sites, and will commend those companies that have made no-go commitments and have well developed management systems and processes.

The International Union for Conservation of Nature (IUCN) has noted a rise in extractive concessions and operations that could impact natural World Heritage Sites: its 2014 World Heritage Outlook identified these as amongst the greatest potential future threats. Through their policies and conduct, extractives companies, and the financial institutions that supply them with capital for their projects, have an opportunity to help reduce these threats.

[SIGNATORIES: LOG IN TO READ MORE](#)

### CALLING FOR SUSTAINABLE BIG PHARMA BUSINESS MODELS AND ACCESS TO MEDICINE

Amundi, Candriam Investors Group, Öhman, PGGM and more than 20 other institutional investors invited PRI signatories to sign a letter calling the world's largest research-based pharmaceutical companies to participate as fully as possible in the data collection process of the Access to Medicine Foundation. More than 30 investors decided to support the initiative.

The Access to Medicine Foundation measures and ranks pharmaceutical companies on the basis of their policies and practices for improving access to medicine and developing sustainable business models in emerging markets and developing countries, thus enabling investors to better assess long-term investment risks within their portfolios.

[SIGNATORIES: LOG IN TO READ MORE](#)

### EXPLORING THE PROXY VOTING CHAIN

Led by Capital Group International, Universities Superannuation Scheme, UBS Asset Management, Robeco, Aviva Investors, Hermes Equity Ownership Services and Investec Asset Management, this initiative on vote confirmation explored the proxy voting chain through which investors cast votes at company shareholder meetings. The investor group invited PRI signatories and other chain participants to discuss possible solutions and, following the completion of a pilot confirmation project, has published its findings.

With investors increasingly submitting votes at shareholder meetings by proxy, the potentially complex proxy voting chain involving several intermediaries (voting platforms, custodians, sub-custodians, registrars etc.) means it is often uncertain whether a vote arrives correctly at the meeting, if at all.

[SIGNATORIES: LOG IN TO READ MORE](#)

## PLATFORM USERS BY REGION

Participation by signatory region:



Other = Africa (3%), Asia (3%) and Latin America (2%)

## TOP 20, MOST ACTIVE SIGNATORIES in 2015/16:

- ACTIAM
- Aviva Investors
- Bâtirente
- BMO Global Asset Management
- Boston Common Asset Management
- Boston Trust & Investment Management Company
- California Public Employees' Retirement System CalPERS
- Calvert Investments
- CCLA
- Domini Social Investments
- Hermes Fund Managers Limited
- Interfaith Center on Corporate Responsibility
- Miller Howard Investments
- MN
- NEI Investments
- Pax World
- PGGM Investments
- Rathbone Brothers Plc
- Robeco
- Trillium Asset Management

## NEW POSTS

175

Number of new posts

...compared to 76 in 2014/15

## USERS BY SIGNATORY TYPE

Participation by signatory categories:



AO = Asset owners | IM = Investment managers

SP = Service providers

[READ MORE](#)



# PRI in Person



## THE LARGEST RESPONSIBLE INVESTMENT EVENT EVER

PRI in Person 2015 drew in a diverse global audience and attracted significant media attention, making this year the largest responsible investment conference ever held

Since the inaugural PRI in Person was hosted in Geneva in 2007, the PRI has brought together investors and thought-leaders every year to share knowledge, detail experience and showcase the latest innovations in responsible investing. It is the only truly global conference on the responsible investment calendar.

“Having 1,000 people attend a responsible investment conference 10 years ago was unthinkable, 5 years ago unimaginable and today it is reality.”

[READ MORE](#)

# MORE THAN 60 EVENTS AROUND THE WORLD

THE PRI HAS HOSTED DOZENS OF EVENTS AROUND THE WORLD ON A DIVERSE ARRAY OF TOPICS, BRINGING TOGETHER SIGNATORIES, THE WIDER INVESTMENT COMMUNITY AND OTHER STAKEHOLDERS TO SHARE KNOWLEDGE AND BUILD RELATIONSHIPS.

Just some of our events' achievements this year have been to:

- highlight systemic risks to capital markets and the innovative solutions being created to address them  
-- **Innovations for a sustainable financial system – New York**
- examine possible actions for the investment community to take in order to mitigate material risks related to climate change  
-- **Climate change investment strategies and carbon footprinting – Toronto**
- bring responsible investment to high-profile mainstream finance events  
-- **SuperReturn International ESG Summit – Berlin**
- convene regional groups of signatories together to meet their peers and share experiences  
-- **including in Stockholm, Frankfurt, Montreal, Tokyo, San Francisco, Edinburgh**
- boost responsible investment's presence in Asian markets  
-- **Practicing the Principles in Korea – Seoul**  
-- **Mitigating risk and maximising returns with responsible private equity investing – Hong Kong**
- explore the implications of fiduciary duty  
-- **Fiduciary duty in the 21st century – Cape Town, Vancouver, Toronto, New York, London**
- discuss why and how investors can respond to major ESG issues  
-- **Should investors care about supply chain workers receiving a living wage? – London**  
-- **Investors and the Corporate Human Rights Benchmark – Paris**  
-- **Effective governance: the carrot or the stick? – Copenhagen**

## ■ SIGNATORIES AT EVENTS

Signatories who attended a PRI event:

64%

...against a target of 50%.

[READ MORE](#)

OBJECTIVE 3

# ENGAGE AND FACILITATE DIALOGUE WITH KEY DECISION-MAKERS

THE PRI PROVIDES TOOLS AND INSIGHT TO INTERNATIONAL POLICY MAKERS AND STANDARD SETTERS TO ADVANCE PROGRESS TOWARDS A REGULATORY AND INVESTMENT ENVIRONMENT CONSISTENT WITH THE SIX PRINCIPLES.

## BRINGING THE INVESTOR VOICE TO PUBLIC POLICY DISCUSSIONS

The PRI uses analysis of Reporting Framework data, the results of PRI-coordinated engagements and ongoing discussions with investors to respond to policy consultations, including:

[Sustainable Stock Exchanges initiative model guidance](#)  
(Global)

[SEC Business and Finance Disclosure Requirements in Regulation S-K](#)  
(US)

[Bovespa Corporate Governance Review](#)  
(Brazil)

[Energy Transition Law](#)  
(France)

[Non-Financial Reporting Directive](#)  
(UK)

[Long-term and Sustainable Investment Consultation](#)  
(European Union)

[Mandatory Gender Pay Gap Reporting](#)  
(UK)

[Capital Markets Union Call for Evidence](#)  
(European Union)

[Better Workplace Pensions](#)  
(UK)

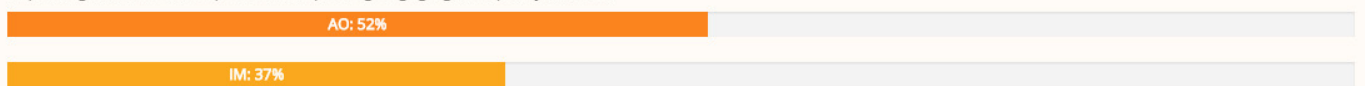
[Revision of the King Code](#)  
(South Africa)

[Fraser Review](#)  
(Australia)

[Singapore Exchange Sustainability Reporting](#)  
(Singapore)

### ■ SIGNATORIES ENGAGING WITH POLICY MAKERS

Reporting Framework respondents reporting engaging with policy makers:



AO = Asset owners | IM = Investment managers

## ADDRESSING POLICY MAKERS OVER THE ROLE OF FIDUCIARY DUTY

[Fiduciary duty in the 21st century](#) concludes that failing to integrate long-term investment value drivers, which include ESG issues, in investment practice is a failure of fiduciary duty. In addition to a set of global recommendations for how policy makers, investors and intermediaries can work towards reflecting this in policy, regulation and investment practice, the report made a series of country-specific recommendations that in particular targeted regulators and policy makers acting in each country over changes within each of the eight markets covered: Australia, Brazil, Canada, Germany, Japan, South Africa, UK and US.

In March 2016, the PRI, UNEP FI and The Generation Foundation launched a [three-year project on investor duties](#), including:

- publishing and implementing roadmaps on the policy changes required to achieve full integration of ESG issues in investment processes and practices across the eight countries;
- extending the research into fiduciary duties – and, more broadly, investor duties – to [five major Asian markets](#): China (including Hong Kong), India, Korea, Malaysia and Singapore;
- working with investors, governments and intergovernmental organisations, to develop and publish an international statement on fiduciary duty, which includes the requirement to integrate ESG issues into investment processes and practices.

The PRI responded to the US Department of Labor's Interpretive Bulletin stating that "environmental, social and governance factors may have a direct relationship to the economic and financial value of an investment, and when they do these factors are proper components of the fiduciary's analysis", by publishing [Addressing ESG Factors Under ERISA](#), a paper comprising two legal opinions from noted ERISA experts Groom Law Group and Morgan Lewis on integrating ESG issues into investment decision-making under the Employee Retirement Income Security Act (ERISA) guidelines.

## ENGAGING POLICY MAKERS ON CLIMATE CHANGE

The PRI's work engaging policy makers on climate change is primarily done in collaboration with our UN partners and other key stakeholders.

[READ MORE](#)

### Signatories Engaging

Proportion of assets managed by Reporting Framework respondents reporting that they...  
...engage with policy makers on climate change:

AO: 46%

IM: 35%

AO = Asset owners | IM = Investment managers

[READ MORE](#)

## OBJECTIVE 4

# FACILITATE COLLABORATION BETWEEN ACADEMICS AND INVESTORS AND USE OUR KNOWLEDGE TO EDUCATE

THE PRI CONNECTS INVESTMENT PRACTITIONERS WITH ACADEMIC INSIGHT BY BRINGING INVESTORS AND ACADEMICS TOGETHER TO COLLABORATE, BY SPONSORING BESPOKE PRACTITIONER-FOCUSED RESEARCH AND BY BRINGING THE BEST INSIGHTS FROM EXISTING ACADEMIC RESEARCH TO INVESTORS IN A PRACTICAL FORMAT.

## BRINGING ACADEMICS AND INVESTORS TOGETHER

In 2015, the PRI integrated its Academic Network conference with PRI in Person for the first time, with a stream of sessions throughout the two days bringing academic insight to more than 1,000 delegates from 35 countries. Key sessions covered topics such as:

- How is high performance achieved?
- ESG engagement: barriers, approaches and impacts
- How to measure impact
- Alpha or beta?

Investors heard from academics representing institutions including:

- University of Cambridge
- Harvard Kennedy School
- London School of Economics and Political Science
- Carleton University

The 2015 Academic Workshop, sponsored by Sycomore AM, brought together more than 70 investors and academics to discuss the top responses to the PRI's call for papers:

### Best qualitative paper

[Immature or impossible: Making environmental, social and corporate governance issues calculable for investors?](#)

A. Young-Ferris (University of Sydney), J. Roberts

### Best quantitative paper

[The 'price of sin' aversion: Ivory tower illusion or real investable alpha?](#)

H. Adamsson (Henley Business School), A. Hoepner

### Best student paper

[Red versus Blue: Do Political Dimensions influence the Investment Preferences of State Pension Funds?](#)

L. Schopohl (Henley Business School)

## SUPPORTING ORIGINAL RESEARCH

By building bridges between the academic and finance communities and their stakeholders, the FIR-PRI Finance & Sustainability Awards support original research with a combined €30,000 of research prizes, promoting practically relevant academic research with the aim of building a network of researchers in responsible investment. The 2015 winners were:

[Does corporate social responsibility lead to superior financial performance? A regression discontinuity approach](#)  
Caroline Flammer

[Finance and society: On the foundations of corporate social responsibility](#)

Hao Ling (Tilburg University)

[Divestment of fossil fuel equities, its financial implications, and alternative asset allocation strategy](#)

Mayank Kumar Jain (Imperial College London and Henley Business School)

[CSR within morally objectionable businesses: Can what's done be undone?](#)

Salma Ktat (Université des Antilles et de la Guyane)

The FSI-PRI Competition for Best Research on Responsible Investment recognises the best Quebec-based research on responsible investment. The US\$5,000 winner in 2015 was The societal performance of companies and their probability of facing media events damaging to their reputation by Édith Breault (Université de Sherbrooke), awarded at the PRI's Quebec Network conference.

## DISTILLING THE BEST ACADEMIC FINDINGS FOR INVESTORS

**Post-COP21: investing in a low-carbon world**, calls on investors to heed the new climate change calculus of the Paris Agreement. Drawing on the findings of the best academic research available, it discusses:

- how to evaluate the location and nature of stranded assets;
- if it is possible to hedge climate change risks via asset allocation decisions and the use of decarbonised indexes;
- the role of investment consultants in supporting the transition to a low carbon economy;
- what policy framework is needed to shift asset allocations towards sustainable energy infrastructure.

[READ MORE](#)

# PROVIDING ESG TRAINING

THE PRI ACADEMY PROVIDES CFA-ACCREDITED ONLINE TRAINING ON HOW ESG ISSUES IMPACT COMPANY PERFORMANCE, SHAREHOLDER VALUE AND INVESTMENT DECISIONS. THE TRAINING IS COMPLETELY WEB-BASED, MEANING THAT YOU CAN START AND FINISH WHEN AND WHERE YOU PLEASE: NO TRAVEL, NO PRESSURE, LOWER GREENHOUSE GAS EMISSIONS.

### INCORPORATION TRAINING

326

Number of signatories with objectives to provide training on ESG incorporation

### ENGAGEMENT TRAINING

184

Number of signatories with objectives to provide training on ESG engagement

### PRI ACADEMY STUDENTS

562

Number of students enrolled in PRI Academy courses in 2015/16

### PRI ACADEMY APPROVAL

PRI Academy courses approval rating:



...against a target of 75%.

PRI Academy courses feature content from international experts, real and hypothetical case studies and financial modelling. Every course is delivered entirely online.

#### RI Fundamentals

Responsible Investment Fundamentals is a two-three hour training course and delivers the business case for investing responsibly and introduces new ideas to traditional investment approaches.

#### RI Essentials

RI Essentials Responsible Investment Essentials uses case studies to illustrate the materiality of ESG issues in business, introduces strategies for identifying and managing new approaches to ESG risk, and demonstrates methods for integrating sustainability data into financial modelling.

#### Enhanced financial analysis

Enhanced financial analysis Enhanced Financial Analysis examines the use of sustainability data in fundamental investment analysis and stock valuation, identifying critical ESG issues relevant to sustainability performance, key value drivers, and overall financial outcomes.

Academy courses do not require any existing skills or knowledge, though candidates considering the Enhanced Financial Analysis course will get the most out of it if they have experience of financial analysis and responsible investment.

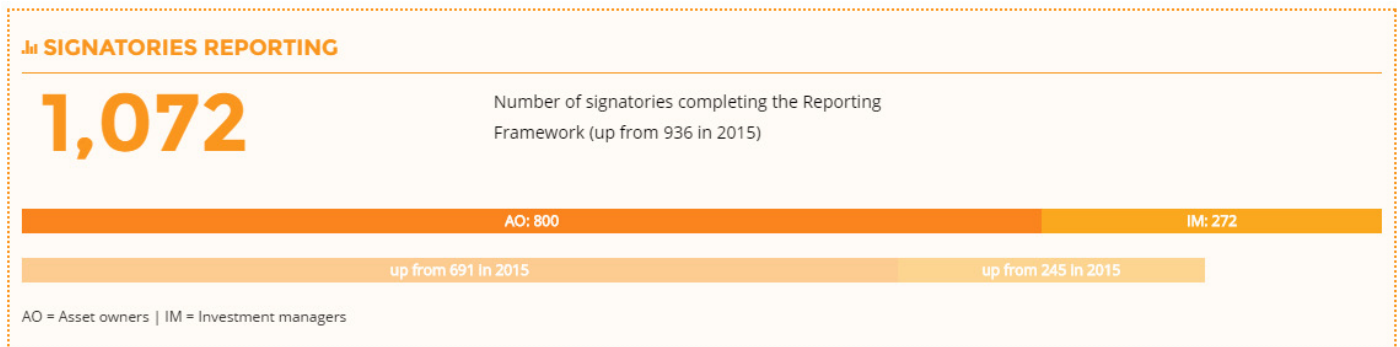
[Request a demo and start learning](#)

[READ MORE](#)

## OBJECTIVE 5

# ENHANCE SIGNATORY ACCOUNTABILITY MECHANISMS

THE PRI REPORTING FRAMEWORK ENSURES ACCOUNTABILITY OF THE PRI AND ITS SIGNATORIES.



## A NEW WAY TO ASSESS SIGNATORIES' PROGRESS

The PRI's Assessment Methodology was launched in late 2015 and used for the first time in the 2015/16 cycle.

Efforts to develop a new methodology against which to assess signatories' responses to the Reporting Framework began in early 2012. Assessing signatories was intended to provide a learning tool for signatories and enable asset owners to engage investment managers over their responsible investment approach and performance.

Following extensive consultation with signatories and a pilot group trialling the new methodology, a high-level overview was piloted for two full reporting cycles (2013/14 and 2014/15). Signatory comment was collected through an online consultation and webinars, as well as at PRI in Person and about 200 one-to-one sessions globally. Pilot versions of the Assessment Reports were published at the end of each of the two pilot years.

### New for 2015/16 - Summary Assessment Reports

Last year, signatories told us that a concise summary of scores would be useful, and that in many cases they were creating these themselves when a more succinct version of the full report was needed, such as when presenting to their Board. Accordingly, we developed a Summary Assessment Report. It complements the full report, summarising module scores and year-on-year performance in a more easily shareable format.

## BRAND NEW MODULE FOR THE WORLD'S LARGEST ASSET CLASS

For the first two reporting cycles since the Reporting Framework launched in October 2013, the fixed income module was in a pilot phase. Following extensive consultation with signatories, it was redeveloped for the 2015/16 cycle to better capture how responsible investment is practiced in this crucial asset class.

While the pilot fixed income module largely mirrored the listed equity module, the new module uses a more tailored set of indicators to capture responsible investment activity in fixed income more comprehensively.

Highlights of the new module:

- The pilot fixed income module used the categories: "FI corporate", "FI government", "FI other" and "private debt". The mix of fixed income securities found in the "other" category made meaningful analysis difficult, and the common distinction of corporate securities into financial on non-financial was not represented. The new module uses the categories "SSA – sovereign, supranational, sub-national and agency", "corporate (financial)", "corporate (non-financial)" and "securitised".
- Debt components of property, infrastructure have moved into the fixed income module.
- The module is intended to be future-proofed, so it contains some advanced practices that the PRI does not expect to be commonplace yet (e.g. ESG integration in securitised debt).

OBJECTIVE 6

# STRENGTHEN THE PRI VOICE AND BRAND

PRI SPOKESPEOPLE ARE REGULARLY FEATURED IN INTERNATIONAL PRINT, BROADCAST AND TRADE MEDIA PROVIDING COMMENT ON TOPICAL ISSUES RELATING TO RESPONSIBLE INVESTMENT.

## THOUGHT LEADERSHIP

Signatories who think that the PRI is positioned as an ESG and responsible investment thought leader in the media:



Source: 2016 signatory survey

## MEDIA APPEARANCES

106

Number of times the PRI has been featured in mainstream media outlets

Over the last year, PRI spokespeople have been quoted in prominent mainstream and trade media around the world on a variety of the most pressing environmental, social and governance issues that investors face, as well as the systemic challenges facing responsible investment itself. Key topics have included climate change, tax transparency and fiduciary duty.

In line with our focus on expanding our presence in key regions, we have built on our outreach efforts in the US to achieve prominent mentions in high-profile publications such as the Wall Street Journal and Forbes, and started extending our visibility into Asian markets, including coverage in the Nikkei Asian Review.

[Is fossil fuel engagement all talk and no action?](#)

Financial Times

[Climate change is on the agenda](#)

FT Adviser

[Investors unite to press for action on climate change](#)

Institutional Investor

[The green factor](#)

The Star Malaysia

[University of California CIO calls for more socially responsible investing](#)

Pensions & Investments

[Socially responsible assets bring long-term gain](#)

Nikkei Asian Review

[French funds take steps to support environmental issues](#)

Le Monde (French)

[ERISA Rule Change Set to Spark ESG Explosion](#)

Fundfire

[U.S. Nudges Forward A 'Huge Game-Changer' For Responsible Investment](#)

Forbes

[The Responsible Investment Show: COP21, renewable energy and the role of millennials in the climate change issue.](#)

Share Radio

[PRI sees climate change as a top concern for investors](#)

Fondsnieuws (Dutch)

[A COP21 Disturbance in the Force](#)

FT Alphaville

[Fund managers urged to insist on greater tax transparency](#)

Financial Times

[Kris Douma: Ahead of the curve: align responsible investment with the broader objectives of society](#)

Responsible Investor

['Sustainable Investing' Goes Mainstream](#)

Wall Street Journal

[A \\$59 trillion tailwind spurs governance changes in Asia firms](#)

Reuters

[Financial Stability Board Announces Industry-Led Task Force On Climate-Related Disclosure](#)

Forbes

[Is fossil fuel engagement all talk and no action?](#)

Financial Times

READ MORE



## OBJECTIVE 7

# STRENGTHEN CAPACITY AND EXPERTISE IN KEY MARKETS

THE PRI NETWORKS ARE GEOGRAPHIC GROUPS OF SIGNATORIES WORKING TOGETHER ON RESPONSIBLE INVESTMENT IN THEIR REGION.

## A GLOBAL ORGANISATION, OPERATING IN KEY REGIONS

In 2015 the PRI opened offices outside of the UK for the first time, establishing a presence in the Americas and in Asia via new offices in New York and Hong Kong.



### PRI US, INC.

We opened our first office outside the UK in New York. A full-time presence in this crucial market means better support for the efforts of our US signatories (who comprise nearly a fifth of our total signatory base) and building our influence by adding new signatories in the home of the world's largest economy and financial markets.



### PRI ASSOCIATION (HONG KONG) LIMITED

We opened a Hong Kong office and joined forces with the leading responsible investment association in the region, The Association for Sustainable and Responsible Investment in Asia which is now part of the PRI. In Asia, sustainable assets under management account for less than 1% - there is huge scope for growth.

As well as its three permanent offices in London, New York and Hong Kong, the PRI has Network Managers serving signatory Networks across the world. New senior positions have been created include an Associate Director, EMEA to coordinate our extensive operations across Europe, Middle East and Africa, and Head of Asia (excl. Japan) to run our new Asian operations following the ASrIA integration.

AMERICAS   EMEA   ASIA PACIFIC   OPERATIONS



**CANADA**  
Yulia Sofronova  
Network Manager



**CANADA**  
Kelly Krauter  
Québec Administrative Assistant



**US**  
Carol Jeppesen  
Senior Network Manager



**US**  
John Du  
Project Network Manager



**South America**  
Tatiana Assali  
Head of South America



**South America**  
Michelle Vargas  
Network Officer

AMERICAS   EMEA   ASIA PACIFIC   OPERATIONS



**EMEA**  
Graeme Griffiths  
Associate Director



**NORDIC**  
Yulia Sofronova  
Network Manager



**CONT. EUROPE**  
Dustin Neuneyer  
Head of Continental Europe



**GERMANY**  
Melanie Kebleck  
German Network Officer



**AFRICA**  
Adrian Bertrand  
Head of Africa

AMERICAS   EMEA   ASIA PACIFIC   OPERATIONS



**JAPAN**  
Michiyo Morisawa  
Head of Japan



**JAPAN**  
Yuki Fujii  
Project Manager



**ASIA (ex Japan)**  
Jessica Robinson  
Head of Asia (ex Japan)



**ASIA (ex Japan)**  
James Robertson  
Project Manager



**AUSTRALASIA**  
Anastasia Guha  
Acting Head of Australasia

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**GLOBAL**  
Lorenzo Saa  
Director of Global Networks and Outreach



**GLOBAL**  
Nikolaj Halkjaer  
Senior Manager



**GLOBAL**  
Alex Caldwell  
Officer



**GLOBAL**  
Gregory Kearney  
Officer

[READ MORE](#)

OBJECTIVE 8

# INCREASE REPRESENTATION AND PARTICIPATION OF ASSET OWNERS

ASSET OWNERS HAVE ALWAYS BEEN AT THE HEART OF THE PRI'S MISSION: BEING AT THE TOP OF THE INVESTMENT CHAIN, THEY PLAY A UNIQUE ROLE IN DRIVING RESPONSIBLE INVESTMENT.

## ATTRACTING THE WORLD'S LARGEST PENSION FUND

The PRI is delighted to have this year welcomed Japan's Government Pension Investment Fund (GPIF) as a signatory to the six Principles for Responsible Investment. Japanese Prime Minister Shinzo Abe announced the move in a speech at the UN assembly meeting on 27 September.

“This will surely contribute to the achievement of sustainable development”.

Japanese Prime Minister, Shinzo Abe

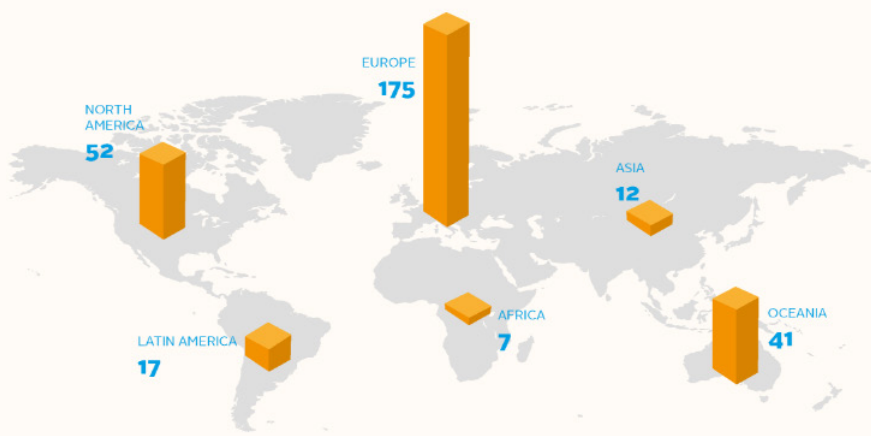
GPIF is the [world's largest pension fund](#) with approximately [¥137.5 trillion](#) (US\$1.14 trillion). It bases its perspective on ESG issues on its [Investment Principles](#).

“By fulfilling our stewardship responsibilities, we shall continue to maximise medium- to long-term equity investment returns for the benefit of pension recipients.”

GPIF Investment Principles

### ASSET OWNER PRESENCE

Breakdown of asset owner by region



### ASSET OWNER TYPES

Breakdown of asset owner by type

|                                 |     |
|---------------------------------|-----|
| Non-corporate pension fund      | 120 |
| Corporate pension fund          | 57  |
| Insurance company               | 38  |
| Foundation                      | 24  |
| SWF or govt. control fund       | 16  |
| Endowment                       | 12  |
| Development finance institution | 9   |
| Family office                   | 2   |
| Other                           | 28  |

**26 new asset owners signed the Principles between 1 April 2015 and 31 March 2016, representing an additional US\$2 trillion, bringing the total number of asset owner signatories to 304, representing US\$16.6 trillion:**

- GPIF
- The Dai-ichi Life Insurance Company, Limited
- MS&AD Insurance Group Holdings, Inc.
- Alecta Pensionsforsakring
- Fukoku Mutual Life Insurance Company
- Teachers' Retirement System of the City of New York
- Challenger Limited
- Barclays Bank UK Retirement Fund
- BVK
- Ontario Pension Board (OPB)
- World Bank Group Retirement Benefit Plans
- Bedrijfspensioenfondsvoor de Landbouw
- Colleges of Applied Arts & Technology Pension Plan CAAT
- Geroa Pentsioak EPSV
- Loreto Mutua, M.P.S.
- Sitra
- Paul Hamlyn Foundation
- United Church of Canada Pension Plan
- Régime de retraite de la Confédération des syndicats nationaux (CSN)
- Sophia School Corporation
- LA Retirement Fund
- United Nations Foundation
- African Risk Capacity Insurance Company Limited
- PeaceNexus Foundation
- Humboldt State University Advancement Foundation
- CCOO, FP

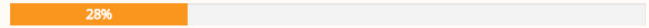
## PROMOTING ASSET OWNER ACTION

[How asset owners can drive responsible investment: Beliefs, strategy and mandates](#) examines how asset owners can raise their responsible investment game by ensuring that the mandates they give to fund managers include requirements for analysing and reporting environmental, social and governance (ESG) factors.

The report makes a case for the need for asset owners to do much more to support a sustainable financial system, as asset owners implementing responsible investment has a multiplier effect throughout the investment chain.

### ■ USE OF PRI REPORTS

Proportion of asset owner Reporting Framework respondents who reported reviewing managers' Transparency Reports or Assessment Reports:



### ■ ESG INCORPORATION AND ACTIVE OWNERSHIP

Proportion of asset owner Reporting Framework respondents who reported considering ESG incorporation/active ownership...

...when selecting external managers:



...when monitoring external managers:



...against targets of 52%.

## PROVIDING GUIDANCE ON CLIMATE CHANGE

**Developing an asset owner climate change strategy** offers a step-by-step approach for addressing climate change across three main strategies: engage, invest and avoid. Case studies outline existing examples of asset owner action, including several initiatives that were started by participants during the project.

It builds on the discussion paper **Reducing emissions across the portfolio**, which laid out the case for asset owner action on climate change, described why a carbon portfolio footprint is a useful tool for asset owners and covered the key factors for asset owners to consider when reducing emissions.

The PRI launched its Asset Owner Climate Change Strategy Project in response to asset owner interest in understanding whether and how to set an emissions reduction goal. A growing number of asset owners want to know how their assets are exposed to climate change risks, and the role that they can play in an orderly transition to a lower carbon economy.

## DEDICATING RESOURCES

The PRI has for the first time set up a dedicated work stream to examine specific challenges that asset owners face in responsible investment, and the inaugural Asset Owner Advisory Committee to advise on its work.

The Asset Owner Insight work stream will develop resources addressing portfolio-level ESG considerations including selecting/appointing/monitoring managers, investment policy/strategy and passive investment. The Asset Owner Advisory Committee consists of high-level representatives from asset owner signatories that have demonstrated leadership in implementing the six Principles.

Asset Owner Advisory Committee:

- Xander den Uyl, Stichting Pensioenfonds ABP (Chair)
- Chris Ailman, California State Teachers' Retirement System (CALSTRS)
- Sharon Alpert, Nathan Cummings Foundation
- Jagdeep Bachher / Amy Myers Jaffe, University of California
- Yvonne Bakkum, Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)
- James Davis, OPSEU Pension Trust
- Marie Giguère, Caisse de dépôt et placement du Québec
- Hiromichi Mizuno, GPIF Jay Ralph, Allianz SE Ian Silk, AustralianSuper
- Daniel Simard, Bâtirente
- Anders Thorendal, Church of Sweden
- Mark Walker, Unilever Pension Funds (Uninvest Company)
- Faith Ward, Environment Agency Pension Fund

[READ MORE](#)

OBJECTIVE 9

# COLLABORATE WITH KEY STAKEHOLDERS TO FURTHER OUR MISSION

THE PRI COLLABORATES WITH KEY STAKEHOLDERS THROUGHOUT FINANCE, SUSTAINABILITY AND RESPONSIBLE INVESTMENT TO ALIGN STRATEGIES AND ACTIVITIES.

## COORDINATING THE GLOBAL INVESTOR VOICE

The PRI worked with regional investor climate groups to coordinate **a letter from 120 investor CEOs** from around the world, managing funds worth more than \$12 trillion, urging G7 finance ministers ahead of their meeting in Dresden to support the inclusion of a long-term emissions reduction goal in the international climate agreement due at COP21.

The letter was coordinated in each region by IIGCC in Europe, Ceres' Investor Network on Climate Risk (INCR) in North America, IGCC in Australia/New Zealand and ASRIA's Asia Investor Group on Climate Change (AIGCC) in Asia.

## PROVIDING GUIDANCE ON CLIMATE CHANGE

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**"We believe climate change is one of the biggest systemic risks we face. With the right market signals from policy makers, investment in low-carbon and climate-resilient opportunities can flow and climate impacts and resulting economic damages can be mitigated."**

## CHALLENGING AGGRESSIVE CORPORATE TAX PLANNING

The PRI worked with the OECD in formulating its Engagement guidance on corporate tax responsibility. Coordinator of the BEPS Monitoring Group, Professor Sol Piccioto, provided a review for investors of the OECD's Base Erosion and Profiting Shifting (BEPS) project, the global initiative backed by G20 leaders that seeks to design and implement reforms ensuring multinational companies are taxed "where their economic take place, and value is created". Head of the BEPS Project Raffaele Russo contributed to discussions with the PRI and the investor group that shaped the document, and joined the guide's launch event.

**"A coordinated global approach to tax will be necessary."**

Raffaele Russo, Head of the BEPS Project

## MOBILISING INVESTORS AROUND GUIDING PRINCIPLES ON HUMAN RIGHTS

The PRI supports the UN's private sector work on human rights, aligning investor action on human rights with the UN Guiding Principles on Business and Human Rights. Our engagement guidance Human rights and the extractive industry: why engage, who to engage, how to engage used the UN Guiding Principles as a basis point, as does future PRI work on human rights.

## WORKING WITH OUR TWO UN PARTNERS

Some of our biggest projects involving key PRI stakeholders also involve the work of our two UN partners, UNEP Finance Initiative and UN Global Compact.

[READ MORE](#)

# DEEPEN AND STRENGTHEN OUR RELATIONSHIP WITH UN PARTNERS

THE PRI IS AN INVESTOR INITIATIVE IN PARTNERSHIP WITH THE UNEP FINANCE INITIATIVE (UNEP FI) AND THE UN GLOBAL COMPACT.

## BRINGING THE INVESTOR VOICE TO COP21

The PRI worked with our UN and investor group partners at the COP21 climate negotiations in Paris, presenting a variety of opportunities for signatories:

### TO GET INVOLVED IN THE EVENTS IN PARIS...



The PRI was a strategic partner to the UN's **Caring for Climate Business Forum**, the official business event of COP21. Day 1 saw 500 people discuss themes including finance, responsible corporate engagement in climate policy and adaptation. Day 2 was restricted to CEOs of signatories to either Caring for Climate, UNEP FI or the PRI and focused on issues such as carbon pricing. A new mainstream of climate-aware investors are taking bold action to measure carbon emissions, reallocate capital, engage with industry and help shape policy frameworks. Presented by IIGCC, Ceres/INCR, IGCC, PRI, UNEP-FI and CDP, **Climate Action Dialogue – Investor Actions on Climate Change** saw leading investor CEOs discuss how they are integrating their climate goals into portfolio actions, and using their influence to drive change in the market that could help bridge the gap to a world limited to 2°C of global warming.

### ...AND TO CONTRIBUTE TO THE BROADER CLIMATE AGENDA

The PRI **Investor Platform for Climate Actions** – a joint initiative of PRI and partners including UNEP FI, CDP, IIGCC, IGCC, Ceres/INCR and AIGCC – highlighted a number of actions available to investors, including signing the **Global Investor statement on climate change**. This saw 409 investors representing more than US\$24 trillion set out the contributions investors can make to increasing low-carbon and climate-resilient investments, and offer practical proposals on how investor contributions can be scaled up through appropriate government action.

“We, the institutional investors that are signatories to this Statement, are acutely aware of the risks climate change presents to our investments. In addition, we recognise that significant capital will be needed to finance the transition to a low-carbon economy and to enable society to adapt to the physical impacts of climate change.”

### CONSIDERING CLIMATE CHANGE

Proportion of Reporting Framework respondents reporting that they...  
...consider climate change a long-term risk:



AO = Asset owners | IM = Investment managers



## ATTRACTING 100+ CARBON FOOTPRINT COMMITMENTS

By COP21, the **Montréal Carbon Pledge** attracted commitment from more than 120 investors (managing over US\$10 trillion) to measure and publicly disclose the carbon footprint of their investment portfolios on an annual basis.

The Pledge, which was launched at PRI in Person Montréal in September 2014, garnered support from investors across Europe, the USA, Canada, Australia, Japan, Singapore and South Africa.

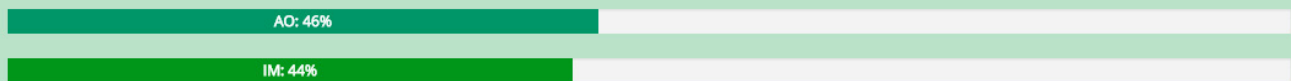
### USING EMISSIONS DATA

Proportion of assets managed by Reporting Framework respondents reporting that they...

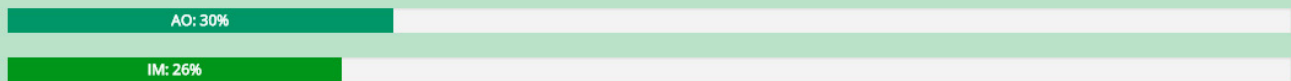
...measured a portfolio carbon footprint:



...reduced portfolio exposure to emissions-intensive holdings or fossil fuel holdings:



...disclosed emissions risk to clients/trustees/management/beneficiaries:



AO = Asset owners | IM = Investment managers

## SIGNING A PLEDGE FOR ACTION

Underpinning the PRI's climate work and its support for the Paris Agreement, the PRI signed **L'Appel de Paris (the Paris Pledge for Action)**, an opportunity for non-state actors to welcome the Paris Agreement on climate change and commit to implement it. By joining the pledge, businesses, cities, civil society groups, investors, regions, trade unions and other signatories promised to ensure that the ambition set out by the Paris Agreement is met or exceeded to limit global temperature rise to less than 2 degrees Celsius.

“We realise that dangerous climate change threatens our ability and the ability of future generations to live and thrive in a peaceful and prosperous world [...] and that taking strong action to reduce emissions can not only reduce the risks of climate change but also deliver better growth and sustainable development.”

---

## COLLABORATING TO ADDRESS FIDUCIARY DUTY

Fiduciary Duty in the 21st Century was written in conjunction with UNEP FI, UNEP Inquiry and UN Global Compact. A result of nine months of events, interviews, case studies and a legal review, it concludes that failing to integrate long-term investment value drivers, which include ESG issues, in investment practice is a failure of fiduciary duty.

[READ MORE](#)

## ENHANCING CORPORATE TRANSPARENCY TO ENCOURAGE SUSTAINABLE INVESTMENT

Coordinated by UNCTAD, the UN Global Compact, UNEP FI and the PRI, the Sustainable Stock Exchanges (SSE) initiative 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 thus encourage sustainable investment.

In September the SSE released its Model guidance on reporting ESG information to investors. The voluntary tool for stock exchanges to use as a template to develop their own guidance for companies on reporting ESG information was accompanied by a call for all exchanges to provide guidance by the end of 2016 (15 have done so already and another 23 have committed to do so), and a written campaign led by Allianz Global Investors, and backed by the PRI and UN Global Compact

## OBJECTIVE 11

# ENHANCE CAPACITY FOR TRANSPARENCY AND COLLABORATION THROUGH PRI INFRASTRUCTURE

FIND THE PUBLICATIONS, ENGAGEMENTS AND EVENTS THAT MATTER TO YOU.

We launched our new digital home, combining our public website and our signatory-only portal into a single comprehensive offering that will allow us to roll out enhanced features and functionality to all our users in the time ahead.

These include:

- the 'Explore' page, an expansive search function to help you find the publications, collaborative engagements and events you are looking for;
- a fully integrated Collaboration Platform (previously Clearinghouse);
- personalisation features, tailoring the homepage and Collaboration Platform content to the asset classes, regions and topics that are important to you;
- the ability for Collaboration Platform users to update their own posts, ask for information from those wishing to join an initiative and options for posters to see which types of signatories can see each initiative.

It also boasts a fresh new design that looks great on all sizes of device.

[ACTIVATE YOUR ACCOUNT AND CHECK IN REGULARLY TO KEEP UP-TO-DATE WITH ALL THE LATEST WORK AT THE PRI.](#)



# ATTRACT, RETAIN AND DEVELOP THE REQUIRED HUMAN CAPITAL

## Values

As part of our drive to ensure awareness amongst our employees of what the PRI expects of them, the PRI used a cross section of staff across the organisation to devise a set of company values that describe the qualities it expects all its staff to show. These values are displayed publicly on the recruitment page of our website.

**Principles driven:** The Principles underpin our work and provide an opportunity to contribute to a more sustainable society.

**Authenticity:** We are true to our organisation, its mission and ourselves.

**Cooperation:** We work together constructively with mutual respect and enthusiasm.

**Openness:** We welcome diversity and expect transparency in our activities.

**Empowerment:** We support and encourage each other to perform to the best of our abilities.

**Responsibility:** We take ownership for our actions and outcomes.

The PRI's [investor guide](#) to engaging companies on employee relations (focused on the retail sector but applicable more broadly) identifies tried-and-tested questions to ask companies under three topics: employee engagement, employee training and employee turnover. The PRI is thus reporting on its own personnel strategy and performance against these three groups.

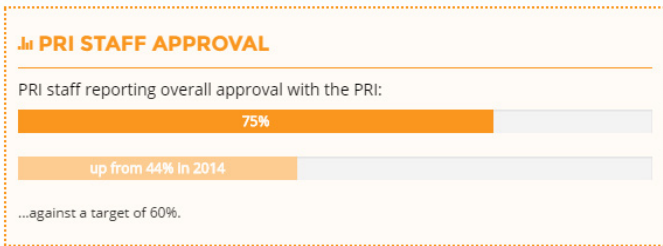
## EMPLOYEE ENGAGEMENT

The PRI runs extensive employee engagement and satisfaction surveys every two years.

These 360 results and performance scores are used to determine overall performance, which is then used in considering salary reviews and promotions, and in assessing skills gaps and development needs.

Action: Salary benchmarking

We benchmarked all salaries across the organisation to ensure that, in the interests of employees and signatories alike, we are paying fair market rates. For full transparency, these benchmarks were shared with individuals as part of their performance review and career planning.



## LEARNING AND DEVELOPMENT

Action: Increasing resources

As a result of strong feedback from employees on a need for further support and development, and this being a central tenet of employees' level of engagement, more funds have been allocated to the learning and development budget. (More details below).

We took action on two key themes emerging from the June 2015 survey:

## ACCOUNTABILITY AND TRANSPARENCY

Action: Redesigned performance measurement - more quantitative and more transparent

- 360-degree feedback for all staff against behavioural measures based on the company values and the internal competency framework;
- Focus on KPIs and other deliverables in performance reviews, with managers and reports agreeing an accomplishment score.

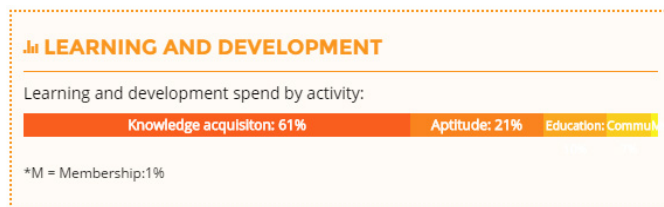
## EMPLOYEE TRAINING

In 2015/16 we increased spending per head to £921, from about £550 the previous year and compared to a UK median of £201-£250\*. To further drive not just engagement but capability within the organisation, we will increase this further next year to a projected £1,204\*\*.

By far the largest proportion of spending, 61%, was on knowledge acquisition (content-related learning), followed by 21% on aptitude (e.g. IT or project management training), 10% on education (formal qualifications e.g. CIMA, IMC), 7% on communication (e.g. business writing, presentation skills) and 1% on professional membership fees.

\*[http://www.cipd.co.uk/binaries/learning-development\\_2015.pdf](http://www.cipd.co.uk/binaries/learning-development_2015.pdf)

\*\*excluding management development programme



## EMPLOYEE TURNOVER

Commensurate with a dramatic improvement in employee approval ratings, 2015/16 has seen extremely low voluntary employee turnover: at March 2016, voluntary turnover was just 3.1% (one voluntary leaver), down from 19.4% a year earlier and a high of 25% in July 2014.\*

\*2014/15 UK median was 13.6% ([http://www.cipd.co.uk/binaries/resourcing-talent-planning\\_2015.pdf](http://www.cipd.co.uk/binaries/resourcing-talent-planning_2015.pdf))

While the PRI strives to retain its staff, employee turnover gives opportunities to acquire new knowledge and skills, and drives innovation. The current very low level of turnover is exceptional, especially given our age demographics, and we can and should expect this to increase. Our target for this year was 15%.

## CHALLENGES AND OPPORTUNITIES

### AGE DIVERSITY:

Three quarters of PRI staff are 40 or under. We are actively working to broaden our age profile and continue to recruit senior staff in key roles at all levels of the organisation.

### REWARD COMPETITION:

For some roles, the PRI is in direct competition with the financial services industry for talent. To attract these candidates, we are mindful of our offering, including the total reward and benefits package, and undertake organisation-wide benchmarking to ensure our offering is competitive.

### CAREER PROGRESSION:

While the PRI is a small organisation, we actively look for opportunities to develop and promote staff from within the organisation, including via secondments.

### LEARNING AND DEVELOPMENT:

As well as ensuring new hires in relevant roles are strong managers, we offer comprehensive management coaching and training programmes for existing staff to strengthen management capabilities at all levels.

### OUR MISSION:

Being mission-driven allows us to attract good talent: people are motivated to join the PRI because our mission resonates with their personal values. We celebrate this and maximise opportunities for individuals to witness the impact of their work.

### INTERNATIONALISATION:

Decentralisation outside London affords all of our staff opportunities to add an international dimension to their career, an increasingly important element of retention for younger generations in particular.

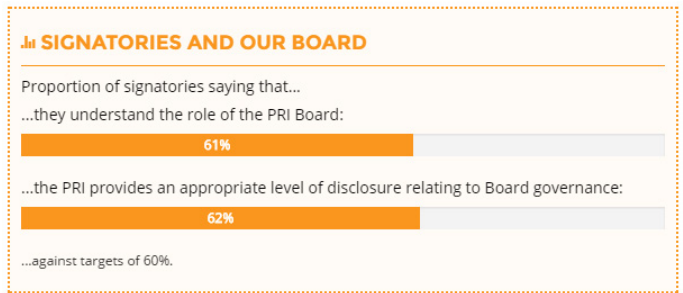
# DELIVER AND SUPPORT AN EFFECTIVE GOVERNANCE STRUCTURE

WE ENCOURAGE SIGNATORIES TO ACTIVELY PARTICIPATE IN ALL AREAS OF PRI GOVERNANCE, AND THERE ARE REGULAR OPPORTUNITIES FOR ALL CATEGORIES OF SIGNATORY TO DO SO.

## PRI BOARD

The Board is collectively responsible for the long-term success of the PRI, in particular:

- establishing the PRI's mission, vision and values;
- setting the strategy, risk appetite and structure;
- delegating the implementation of the strategy to the PRI Association Executive (the Executive);
- monitoring the Executive's performance against the strategy;
- exercising accountability to signatories;
- being responsible to relevant stakeholders.



### CHAIR



**Martin Skancke**

Chair, PRI  
Appointed until 2017

### DIRECTORS ELECTED BY ASSET OWNERS



**Marcel Barros**

Board member,  
PREVI, BR  
Elected until 2017



**Mark Chaloner**

Assistant Director  
(Investments),  
West Midlands  
Pension Fund, UK  
Elected until 2017



**Angela Emslie**

Chair, Hesta  
Superfund, AUS  
Elected until 2018



**Priya Mathur**

Board member,  
CalPERS, US  
Elected until 2017



**Renosi Mokate**

Chairperson of the  
Board of Trustees,  
Government  
Employees Pension  
Fund (GEPF), SA  
Elected until 2017



**Niels Erik Petersen**

CIO, Unipension  
FAIF A/S, DK  
Elected until 2016



**Xander den Uyl**

Trustee, ABP, NL  
Elected until 2018

### DIRECTORS ELECTED BY NON ASSET OWNERS



**Geeta Aiyer**

President and  
Founder, Boston  
Common, US  
Elected until 2017



**Sandra Carlisle**

Head of  
Responsible  
Investment,  
Newton  
Investment  
Management, UK  
Elected until 2018



**Colin Melvin**

Chair, Hermes  
Equity Ownership  
Services, UK  
Elected until 2016



**Peter Webster**

Director of  
International  
Affairs, Vigeo  
Eiris & CEO EIRIS  
Foundation, UK  
Elected until 2016

### PERMANENT UN ADVISORS

#### UNGC



**Gavin Power**

Deputy Director,  
UNGC

#### UNEP



**Eric Usher**

Head, UNEP FI

[READ MORE](#)

## COMMITTEES

The five Board committees support the operation of the Board, working with the Executive on discussion points before final recommendations are made to the Board.

## ETHICS

The committee is responsible for overseeing the values, ethics and good reputation of the PRI, including matters related to the PRI Association Board Code of Ethics.

## FINANCE, AUDIT AND RISK

The committee assures the Board of: the veracity of the financial statements, the efficacy of risk management and the strength and appropriateness of control processes across the PRI. The committee's responsibility and authority covers the entire PRI Association and any joint ventures that may be entered into.

## HUMAN RESOURCES AND REMUNERATION

The committee ensures that the human resources and remuneration arrangements support the strategic aims of the PRI Association and enable the recruitment, development and retention of staff. They must comply with regulatory and governance requirements, satisfy the expectations of members and meet target employees' expectations.

## SIGNATORY AND STAKEHOLDER ENGAGEMENT

The committee guides the Board and Executive on: signatory categorisation, active participation of signatories in PRI activities and work streams, effective communication with signatories, outreach to prospective signatories and effective partnerships with key stakeholders.

## SKILLS, DIVERSITY AND ELECTIONS

The committee guides the Board on measures to foster the diversity and the skills/expertise it needs to carry out its duties effectively. It facilitates the process to evaluate the performance of the Board and the Board Chair, and supports the Board in overseeing the election process.

## BOARD REPORT

During the 2015/16 financial year the Board meet three times in person and three times via conference call. Key items for discussion and approval:

### STRATEGY

- Long-term ambitions and impact
- Blueprint for Responsible Investment
- Signatory accountability
- Sustainable financial system consultation
- Alignment with the Sustainable Development Goals
- Asia strategy
- Role in COP21
- Strategic measures
- Fiduciary duty in the 21st century
- Reporting framework
- Policy and research work plan
- Priority PRI-coordinated engagements
- Asset owner recruitment
- 2015 Report on progress
- 2016 Signatory satisfaction and engagement

### OPERATIONS

2015/16 budget

- 2016/17 budget
- 2016 signatory fees
- Human resources
- PRI risks and risk management framework
- Establishment of a US C corporation
- PRI in Person 2015
- PRI in Person 2016
- PRI's 10-year anniversary plans
- Framework for signatory relationship management
- Framework for key stakeholder relationship management

### GOVERNANCE

- Company secretary
- Auditors
- Board committees' terms of reference
- Rules and policies required by the Articles
- UN Permanent Advisors Terms of Reference
- Board self-assessment
- Chair assessment
- Board elections
- Signatory categorisation guidelines and precedents

## BOARD SELF-ASSESSMENT

Following a self-assessment, the Board agreed on four action points to improve its effectiveness:

1. Develop the induction process for new directors.
2. Develop individual director self-assessments, linked to succession planning and development of Board leaders.
3. Clarify the expectations of current directors (and future directors) in the election materials, for example on PRI advocacy, regional representation, asset owner recruitment and working with stakeholders.
4. Set Board goals for the forthcoming year.

The Board agreed to five goals for the forthcoming year:

1. Oversee the implementation of the strategy.
2. Oversee the delivery of the 10-year anniversary plans.
3. Support asset owner recruitment and stakeholder outreach.
4. Establish balance of decision-making between the Executive and the Board.
5. Develop work plans for the Board committees.

## BOARD SKILLS, EXPERIENCE AND DIVERSITY

Signatories acknowledge that the PRI's Board needs to be representative of the diversity amongst PRI signatories in order to generate effective debate and discussion around the key issues that it considers, and to deliver the broadly-founded leadership that the initiative deserves. Diversity encompasses a sufficient mix of relevant skills/competence, and differing perspectives, including through geographical origin, ethnicity, gender, language and culture.

The PRI is a global organisation, and aims for global representation on its Board, particularly within the asset owner positions. The current Board is relatively geographically diverse, including representatives from Africa, Australasia, Europe, North America and South America, but there is no representative from a signatory with senior experience at an asset owner headquartered in Asia. As a result, the Board is proactively encouraging potential candidates in the region.

The current Board has a 65:35 ratio of male to female directors.

The Board undertook a skills self-assessment exercise that found the current Board is strong on: strategic thinking and leadership, and knowledge of the pension and investment industry (including responsible investment). As a result, the PRI is encouraging 2016 PRI Board election candidates who could strengthen the Board with expertise in governance and risk management (gained from Board experience) and expertise of working across multiple jurisdictions (gained from experience within global organisations).

Candidates will therefore be asked to set out within their election materials: governance experience, such as previous/current Board experience, and experience in investment markets outside of Europe/US, especially Asia. Candidates are also asked to elaborate on their demonstrated leadership within responsible investment, ESG expertise and other experience relevant to the long-term success of the PRI.

## SIGNATORY GENERAL MEETING

The Signatory General Meeting (SGM), held the day before PRI in Person each year, is an opportunity for the Board to report to signatories on the PRI's strategy and its implementation, the work undertaken by the Board and its committees, forthcoming Board elections, formal consultations and any other business.

For more information on the Board discussions and approved items, the work of the committees, the measures to improve the Board's effectiveness, Board skills/diversity/experience and the forthcoming signatory votes, see the [SGM section](#).



## OBJECTIVE 14

# CONTINUE TO BUILD A FINANCIALLY SUSTAINABLE ORGANISATION

## FINANCIAL REPORT

### INCOME

During 2015/16, total income grew to £7.5 million (2014/15: £5.1 million). A summary of income is provided below.

|                              | 2014/15 actual<br>(£,000s) | 2015/16 actual<br>(£,000s) | 2016/17 budgeted<br>(£,000s) |
|------------------------------|----------------------------|----------------------------|------------------------------|
| Membership fee - renewal     | 4,275                      | 6,469                      | 7,314                        |
| Membership fee - new         | 281                        | 466                        | 483                          |
| Grants, donations, other     | 22                         | 27                         | 45                           |
| PRI in Person income surplus | 399                        | 380                        | -86                          |
| PRI Academy                  | 73                         | 173                        | 210                          |
| <b>Total</b>                 | <b>5,050</b>               | <b>7,515</b>               | <b>7,965</b>                 |

### SIGNATORY FEES

All signatories pay an annual fee, based on their total assets under management (for asset owners and investment managers) or number of employees (for service providers). In 2015/16, income from new and existing signatories amounted to £6.94 million (2014/15: £4.56 million), accounting for more than 92% of the PRI's income.

### GRANTS, DONATIONS AND OTHER INCOME

The PRI received £27,000 in contributions towards two projects: the Asset owner climate change strategy project and the PRI/UN Global Compact publication on investor-company engagement on anti-corruption.

### PRI IN PERSON

Event sponsorships and delegate fees from the PRI's annual conference, held in London in September 2015, contributed £380,000 in net income (2014/15: £399,000).

### PRI ACADEMY

Unlike the not-for-profit PRI Association, the PRI Academy (held under the PRI Association subsidiary PRI Enterprises Ltd.) operates commercially. In 2015/16, its first full year in operation, it incurred a loss of £131,000 (2014/15: loss of £47,000 – the PRI acquired PRI Academy in September 2014, mid-way through 2014/15 financial year).

## EXPENDITURE

During 2015/16, total expenditure grew to £6.4 million (2014/15: £4.7 million). A summary of spending is provided in the table below, along with further information about the categories with expenditure above £100,000.

|   | 2014/15 actual<br>(£000s) | 2015/16 actual<br>(£000s) | 2016/17 budgeted<br>(£000s) |
|---|---------------------------|---------------------------|-----------------------------|
| Staff (incl. networks/recruitment/training) | 3,232                     | 4,087                     | 5,404                       |
| Bought-in services and consulting           | 404                       | 769                       | 923                         |
| Meetings and travel expenses                | 273                       | 486                       | 578                         |
| Rent  | 313                       | 341                       | 391                         |
| IT costs and telephone                      | 190                       | 315                       | 349                         |
| Legal and professional services             | 125                       | 113                       | 87                          |
| Events, conferences and hospitality         | 69                        | 87                        | 146                         |
| Subscriptions, reports and printing         | 58                        | 82                        | 110                         |
| Marketing                                   | 16                        | 32                        | 48                          |
| Other expenditure                           | 39                        | 100                       | 204                         |
| <b>Total* (excl. PRI in Person)</b>         | <b>4,719</b>              | <b>6,413</b>              | <b>8,241</b>                |

| EXPENDITURE BY AREA                   | 2014/15 actual<br>(£000s) | 2015/16 actual<br>(£000s) | 2016/17 budgeted<br>(£000s) |
|---------------------------------------|---------------------------|---------------------------|-----------------------------|
| Management and Operations             | 1,573                     | 2,000                     | 2,033                       |
| Global Outreach and Networks          | 829                       | 1,191                     | 1,856                       |
| Communications and Events             | 421                       | 668                       | 836                         |
| Policy, Research and Academic Network | 261                       | 509                       | 641                         |
| Investment Practices                  | 367                       | 439                       | 967                         |
| ESG Engagements                       | 333                       | 422                       | 498                         |
| Reporting and Assessment              | 431                       | 416                       | 601                         |
| Rent                                  | 313                       | 341                       | 391                         |
| PRI Academy                           | 108                       | 293                       | 291                         |
| Partnerships                          | 83                        | 133                       | 126                         |
| <b>Total* (excl. PRI in Person)</b>   | <b>4,719</b>              | <b>6,413</b>              | <b>8,241</b>                |

### Staff (incl. networks/recruitment/training) costs increased to £4.1 million (2014/15: £3.2 million).

The PRI's staff are its main asset and as a result make up by far the largest single item of expenditure at nearly 64% of total spending. Total staff numbers grew to 74 at 31 March 2016 (31 March 2015: 60), which in part is due to opening new subsidiaries, in the US (PRI US, Inc.) and Hong Kong (PRI Association (Hong Kong) Limited).

Staff costs are budgeted to increase further to £5.4 million in 2016/17, on the back of staff numbers rising to 88.3. The largest expansions are in the Networks team providing on-the-ground support to signatories in their region and in the Investment Practices team producing an expanded range of incorporation tools.

### Bought-in services and consulting costs increased to £769,000 (2014/15: £404,000).

External suppliers are contracted where there is a short-term or one-off requirement for support or expertise, and where internal resources or expertise are unavailable. All major procurement projects and consultancy engagements are reviewed by the Director of Operations and Finance before the appointment is confirmed. The PRI is committed to ensuring a fair, transparent and accountable process for the purchasing of goods and services from external suppliers. A copy of the PRI's procurement policy, which provides direction to staff in relation to tendering, contracting and procurement activity, is available on the PRI website.

The PRI incurred costs greater than £10,000 with these providers: Blueprint (video materials related to the PRI's 10-year anniversary), Opinium (signatory surveys and consultations), Steward Redqueen (independent impact assessment), YouGov (ESG consumer survey), Carnstone Partners (organisational review), Right Lane Consulting (business planning and coaching), Rory Sullivan (public policy and systemic risks projects) and Rawnet (Reporting Framework data query tool design/specification).

Bought-in services and consulting costs are budgeted to increase more slowly in 2016/17 to £923,000. Significant projected fees include work relating to: creating the 10-year Blueprint for Responsible Investment, significantly increased number of translations, establishing freelance communications services in the key expansion markets of the US and Asia, a shared resource for the Foundation for the Global Compact, support for the systemic risk and research programmes and consultancy to support the US strategy.

**Meetings and travel costs increased to £486,000 (2014/15: £273,000).**

Travel is of primary importance to our Networks staff serving signatories on the ground in their respective regions. It is also critical to our outreach activities, particularly through the Managing Director and Chair who travel around the world to speak to signatories and the wider investment community about the purpose and activities of the PRI.

The rise results from an increase in staff (in particular Networks staff, including opening new offices in the US and Hong Kong), and the introduction of a travel allowance for Board members.

Meetings and travel costs are budgeted to increase more slowly to £578,000 in 2016/17. Increases relate to further rises in staff numbers, including Networks staff, further take-up of travel allowances by Board members and increased travel spend in the Executive team, such as for the global workshop series reaching out to signatories around the world on important topics such as potential revisions to the Principles.

**Rent costs increased to £341,000 (2014/15: £313,000).**

The new offices in New York and Hong Kong have added to rent costs since October 2015 and November 2015 respectively.

Rent costs are budgeted to increase further to £391,000 in 2016/17 in the first full year of running the three offices worldwide.

**IT and telephone costs increased to £315,000 (2014/15: £190,000).**

The increased costs primarily relate to development of the new, improved signatory portal (combining the resources on the PRI website and the Collaboration Platform (formerly Clearinghouse), and enhanced Reporting and Assessment software, as well as proportional rises in line with increased staff numbers.

IT and telephone costs are budget to increase more slowly to £349,000 in 2016/17.

**Legal and professional services costs decreased to £113,000 (2014/15: £125,000).**

These costs include trademark registration, governance, audit and tax advices services. The lower costs are primarily due to 2014/15 including legal fees relating to the acquisition of the PRI Academy.

Legal and professional services costs are budgeted to decrease further to £87,000 in 2016/17. This is primarily due to 2015/16 including legal fees relating to the establishment of PRI US, Inc. and PRI Association (Hong Kong) Limited.

**Other costs increased to £100,000 (2014/15: £39,000).**

They are budgeted to further increase to £204,000 in 2016/17.

Both of these rises primarily relate to the establishment of a £100,000 contingency reserve.

## OPERATING SURPLUS AND CASH RESERVES

In 2015/16, the PRI incurred a surplus of £1,042,872 (2014/15: £280,000). The improved outcome largely results from: higher growth in number of new signatories, a lower rate of signatories delisting, rising markets increasing signatories' AUM figures and therefore fees and an increased number of staff positions sitting vacant for periods of the year.

Cash increased to £2.9 million (2014/15: £1.8 million).

## ASSOCIATED ENTITIES

During 2015/16, two new entities were established to house the new US and Hong Kong operations: PRI US, Inc. and PRI Association (Hong Kong) Limited. These join PRI Association's existing subsidiary PRI Enterprises Ltd., which was incorporated in November 2013 as a vehicle for commercial activity and currently houses the PRI Academy.

## FEE DISCOUNTS AND WAIVERS

Asset owners headquartered in a country classified by the IMF as an emerging market or developing economy are entitled to apply for a fee discount for up to two years. Please refer to the IMF's World Economic Outlook 2014 (Statistical Appendix, p.158) for a full list of eligible countries.

The PRI will consider reciprocal fee waivers with organisations whose work is closely aligned with the Principles and the PRI's strategic plan, where this makes business sense for both organisations to do so.

The PRI will consider billing service provider signatories based on the number of investment staff at the organisation, rather than the total number of staff, where this would result in a change of fee band.

| <b>Name</b>  | <b>Country</b> | <b>Category</b>    |
|--|----------------|--------------------|
| FASERN   | Brazil         | Asset owner        |
| International Corporate Governance Network (ICGN)                | UK             | Service provider   |
| Global Sustain   | Greece         | Service provider   |
| Interfaith Center on Corporate Responsibility                    | USA            | Service provider   |
| AlphaFixe Capital Inc.   | Canada         | Investment manager |
| FUNCESP  | Brazil         | Asset owner        |
| PREVI - Caixa de Previdência dos Funcionários do Banco do Brasil | Brazil         | Asset owner        |
| Real Grandeza  | Brazil         | Asset owner        |

Eight signatories from the United Kingdom, France, Brazil and South Africa that were granted fee discounts in 2015/16 did not give the PRI permission to share this information: six asset owners, one investment manager and one service provider. From 2016/17 onwards, the details of every signatory granted a discount will be published on the PRI's website and in the Annual Report without exception.

#### **COMMENT ON UK MEMBERSHIP OF THE EUROPEAN UNION**

On Thursday 23 June 2016, the UK population voted in a referendum to leave the European Union.

The situation was on our risk register and the PRI Board has been monitoring and will continue to assess any impact on our initiative, for example on: signatory growth, fee income, staff costs outside of London, and reserving policy. The fall of the pound will affect our operating costs in other countries, but the reserves we have deliberately built up for such eventualities will cover any changes to operating costs arising from further currency fluctuations in the medium-term.

Implications of the UK leaving the European Union will be a standing item for the PRI Board and the Board's Human Resource and Remuneration committee for the foreseeable future.

**PRI ASSOCIATION**

# DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR  
ENDED 31 MARCH 2016

## **DIRECTORS**

P Webster  
N Petersen  
M Chaloner  
C Melvin  
M Barros  
R Mokate  
P Mathur  
M Skancke  
S Carlisle  
G Aiyer  
X Den Uyl  
A Emslie

## **SECRETARY**

Bristows Secretarial Limited

## **COMPANY NUMBER**

07207947 (England and Wales)

## **REGISTERED OFFICE**

5th floor  
25 Camperdown Stret  
London  
E1 8DZ

## **INDEPENDENT AUDITOR**

Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

# DIRECTORS' REPORT

The directors present their report and the consolidated financial statements of PRI Association and its subsidiaries, together referred to as 'the group', for the year ended 31 March 2016.

## PRINCIPAL ACTIVITIES

The principal activity of the group and 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 who served during the year were:

- P Mathur
- D Atkin (resigned 31 December 2015)
- M Skancke
- M Barros (appointed 1 April 2015)
- D Simard (appointed 1 April 2015, resigned 31 December 2015)
- M Chaloner (appointed 1 April 2015)
- L Ribeiro (appointed 1 April 2015, resigned 18 June 2015)
- S Carlisle (appointed 1 January 2016)
- G Aiyer (appointed 1 April 2015)
- P Webster (appointed 1 April 2015)
- A Emslie (appointed 1 January 2016)
- M Arai (appointed 18 June 2015, resigned 31 December 2015)
- X Den Uyl (appointed 1 January 2016)
- C Melvin (appointed 1 April 2015)
- R Mokate (appointed 1 April 2015)
- N Petersen (appointed 1 April 2015)
- E Wetlaufer (appointed 1 April 2015, resigned 31 Decemebr 2015)

## DIRECTORS' RESPONSIBILITIES STATEMENT

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 the group and of the surplus or deficit of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group 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 group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

## DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

## SMALL COMPANY EXEMPTIONS

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 01 August 2016 and signed on its behalf.

**M Skancke**  
Chair

# 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 2016. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (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 Directors' responsibilities statement, 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2016 and of the group's 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Group strategic report or in preparing the Directors' report.

**Mark Worsey**  
(Senior Statutory Auditor)  
for and on behalf of Buzzacott LLP,  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date 01 August 2016

# AUDITED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

|   | NOTE   | 2016<br>£                | 2015<br>£                |
|---|--------|--------------------------|--------------------------|
| <b>INCOME</b>   |        |                          |                          |
| Administrative expenses                               | 1      | 8,095,569<br>(7,052,697) | 5,438,533<br>(5,158,116) |
| <b>OPERATING SURPLUS</b>                              |        |                          |                          |
| Other interest receivable and similar income          | 3<br>6 | 1,042,872<br>31,034      | 280,417<br>18,961        |
| <b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |        | 1,073,906                | 299,378                  |
| Tax on surplus on ordinary activities                 | 7      | (143)                    | (1,756)                  |
| <b>SURPLUS FOR THE FINANCIAL YEAR</b>                 | 14     | 1,073,763                | 297,622                  |

The notes on pages 8 to 13 form part of these financial statements.

## CONSOLIDATED BALANCE SHEET

|   | NOTE | 2016<br>£   | 2016<br>£ | 2015<br>£ | 2015<br>£ |
|---|------|-------------|-----------|-----------|-----------|
| <b>FIXED ASSETS</b>                                   |      |             |           |           |           |
| Intangible assets                                     | 8    |             | 23,973    |           | 33,724    |
| Tangible assets                                       | 9    |             | 179,287   |           | 177,983   |
|   |      |             | 203,260   |           | 211,707   |
| <b>CURRENT ASSETS</b>                                 |      |             |           |           |           |
| Debtors   | 12   | 1,036,784   |           | 397,315   |           |
| Cash at bank and in hand                              |      | 2,934,928   |           | 1,834,325 |           |
|   |      | 3,971,712   |           | 2,231,640 |           |
| <b>CREDITORS: amounts falling due within one year</b> | 13   | (1,240,551) |           | (582,155) |           |
| <b>NET CURRENT ASSETS</b>                             |      |             | 2,731,161 |           | 1,649,485 |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      |             | 2,934,421 |           | 1,861,192 |
| <b>CAPITAL AND RESERVES</b>                           |      |             |           |           |           |
| Called up share capital                               |      |             | -         |           | -         |
| Foreign exchange reserve                              | 14   |             | (534)     |           | -         |
| Income and expenditure account                        | 14   |             | 2,934,955 |           | 1,861,192 |
|   |      |             | 2,934,421 |           | 1,861,192 |

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 01 August 2016.

**M Skancke**  
Director



## COMPANY BALANCE SHEET

|   | NOTE | 2016<br>£   | 2016<br>£ | 2015<br>£ | 2015<br>£ |
|---|------|-------------|-----------|-----------|-----------|
| <b>FIXED ASSETS</b>                                   |      |             |           |           |           |
| Tangible assets                                       | 9    |             | 179,287   |           | 177,983   |
| Investments   | 10   |             | 846       |           | 1         |
|   |      |             | -----     |           | -----     |
|   |      |             | 180,133   |           | 177,984   |
| <b>CURRENT ASSETS</b>                                 |      |             |           |           |           |
| Debtors   | 12   | 1,140,976   |           | 455,976   |           |
| Cash at bank and in hand                              |      | 2,885,633   |           | 1,799,169 |           |
|   |      | -----       |           | -----     |           |
|   |      | 4,026,609   |           | 2,255,145 |           |
| <b>CREDITORS: amounts falling due within one year</b> |      |             |           |           |           |
|   | 13   | (1,218,622) |           | (525,222) |           |
| <b>NET CURRENT ASSETS</b>                             |      |             |           |           |           |
|   |      |             | 2,807,987 |           | 1,729,923 |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      |             |           |           |           |
|   |      |             | 2,988,120 |           | 1,907,907 |
| <b>CAPITAL AND RESERVES</b>                           |      |             |           |           |           |
| Income and expenditure account                        | 14   |             | 2,988,120 |           | 1,907,907 |
|   |      |             | -----     |           | -----     |
|   |      |             | 2,988,120 |           | 1,907,907 |
|   |      |             | =====     |           | =====     |

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 01 August 2016

**M Skancke**  
Chair

# NOTES TO THE FINANCIAL STATEMENTS

## 1 ACCOUNTING POLICIES

### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015). The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

### 1.2 CASH FLOW

The financial statements 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 January 2015).

### 1.3 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of PRI Association and all of its subsidiary undertakings ('subsidiaries').

The company has taken advantage of the exemption contained within s408 of the Companies Act 2006 not to present its own income and expenditure account.

The income and expenditure account for the year dealt with in the accounts of the company was a surplus of £1,080,213 (2015 - £344,337).

The financial statements present information about the company as both an individual undertaking and its group.

The company is a parent company subject to the small companies regime. The company and its subsidiaries comprise a small group. The company is therefore not required to, however has chosen to, prepare group financial statements.

### 1.4 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.

### 1.5 INTANGIBLE FIXED ASSETS AND AMORTISATION

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of intangible fixed assets, less their estimated residual value, over their expected useful lives of 4 years.

### 1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

|                              |   |                      |
|------------------------------|---|----------------------|
| Leasehold improvement costs  | - | 20% straight line    |
| Fixtures and fittings        | - | 20% straight line    |
| Office equipment - computers | - | 33.33% straight line |
| Office equipment - other     | - | 20% straight line    |

### 1.7 INVESTMENTS

Investments in subsidiaries are valued at cost less provision for impairment.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 INCOME

80.0% of the company's income (2015 - 84.0%) is attributable to geographical markets outside the United Kingdom.

### 3 OPERATING SURPLUS

THE OPERATING SURPLUS IS STATED AFTER CHARGING:

Depreciation of tangible assets;  
- owned by the group

Pension costs

Amortisation of intellectual property rights

|  | 2016<br>£ | 2015<br>£ |
|--|-----------|-----------|
| Depreciation of tangible assets;<br>- owned by the group | 54,024    | 45,315    |
| Pension costs  | 127,090   | 107,210   |
| Amortisation of intellectual property rights             | 9,751     | 5,282     |
|  | =====     | =====     |

### 4 AUDITORS' REMUNERATION

Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements

|   | 2016<br>£ | 2015<br>£ |
|---|-----------|-----------|
| Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements | 17,600    | 16,500    |
|   | =====     | =====     |

### 5 DIRECTORS' REMUNERATION

Aggregate remuneration

|                        | 2016<br>£ | 2015<br>£ |
|------------------------|-----------|-----------|
| Aggregate remuneration | 116,000   | 89,719    |
|                        | =====     | =====     |

Of the 17 directors during the year, remuneration was paid to 1 director (2015 - 2 directors). No directors of subsidiaries receive remuneration in relation to their role as directors.

### 6 INTEREST RECEIVABLE

Other interest receivable

|                           | 2016<br>£ | 2015<br>£ |
|---------------------------|-----------|-----------|
| Other interest receivable | 31,034    | 18,961    |
|                           | =====     | =====     |

### 7 TAXATION

UK corporation tax charge on surplus for the year

|   | 2016<br>£ | 2015<br>£ |
|---|-----------|-----------|
| UK corporation tax charge on surplus for the year | 143       | 1,756     |
|   | =====     | =====     |

## NOTES TO THE FINANCIAL STATEMENTS

### 8 INTANGIBLE FIXED ASSETS

INTELLECTUAL  
PROPERTY  
RIGHTS  
£

#### GROUP COST

At 1 April 2015 and 31 March 2016

39,006

#### AMORTISATION

At 1 April 2015  
Charge for the year

5,282  
9,751

At 31 March 2016

15,033

#### NET BOOK VALUE

At 31 March 2016

23,973

At 31 March 2015

33,724

### 9 TANGIBLE FIXED ASSETS

|                                   | LEASHOLD<br>IMPROVEMENT<br>COSTS<br>£ | FIXTURES<br>AND<br>FITTINGS<br>£ | OFFICE<br>EQUIPMENT<br>£ | COMPUTER<br>EQUIPMENT<br>£ | TOTAL<br>£ |
|-----------------------------------|---------------------------------------|----------------------------------|--------------------------|----------------------------|------------|
| <b>GROUP AND COMPANY<br/>COST</b> |                                       |                                  |                          |                            |            |
| At 1 April 2015                   | 137,961                               | 61,607                           | 27,690                   | 12,116                     | 239,374    |
| Additions                         | 29,920                                | -                                | 624                      | 24,784                     | 55,328     |
| At 31 March 2016                  | 167,881                               | 61,607                           | 28,314                   | 36,900                     | 294,702    |
| <b>DEPRECIATION</b>               |                                       |                                  |                          |                            |            |
| At 1 April 2015                   | 36,449                                | 16,428                           | 7,390                    | 1,124                      | 61,391     |
| Charge for the year               | 28,876                                | 12,322                           | 5,220                    | 7,606                      | 54,024     |
| At 31 March 2016                  | 65,325                                | 28,750                           | 12,610                   | 8,730                      | 115,415    |
| <b>NET BOOK VALUE</b>             |                                       |                                  |                          |                            |            |
| At 31 March 2016                  | 102,556                               | 32,857                           | 15,704                   | 28,170                     | 179,287    |
| At 31 March 2015                  | 101,512                               | 45,179                           | 20,300                   | 10,992                     | 177,983    |

## NOTES TO THE FINANCIAL STATEMENTS

### 10 FIXED ASSETS INVESTMENTS

|                                      | TRADE INVESTMENTS<br>£ |
|--------------------------------------|------------------------|
| <b>COMPANY<br/>COST OR VALUATION</b> |                        |
| At 1 April 2015                      | 1                      |
| Additions                            | 845                    |
|                                      | -----                  |
| and 31 March 2016                    | 846                    |
|                                      | -----                  |
| <b>NET BOOK VALUE</b>                |                        |
| At 31 March 2016                     | 846                    |
|                                      | =====                  |
| At 31 March 2015                     | 1                      |

### 11 PRINCIPAL SUBSIDIARIES

| COMPANY NAME                        | COUNTRY                  | PERCENTAGE<br>SHAREHOLDING | DESCRIPTION     |
|-------------------------------------|--------------------------|----------------------------|-----------------|
| PRI Enterprises Limited             | United Kingdom           | 100 %                      | Ordinary shares |
| PRI US Inc                          | United States of America | 100 %                      | Ordinary shares |
| PRI Association (Hong Kong) Limited | Hong Kong                | 100 %                      | Ordinary shares |

### 12 DEBTORS

|                                    | GROUP     |           | COMPANY   |           |
|------------------------------------|-----------|-----------|-----------|-----------|
|                                    | 2016<br>£ | 2015<br>£ | 2016<br>£ | 2015<br>£ |
| Trade debtors                      | 428,816   | 71,185    | 392,078   | 71,184    |
| Amounts owed by group undertakings | -         | -         | 156,211   | 69,144    |
| Other debtors                      | 607,968   | 326,130   | 592,687   | 315,648   |
|                                    | -----     | -----     | -----     | -----     |
|                                    | 1,036,784 | 397,315   | 1,140,976 | 455,976   |
|                                    | =====     | =====     | =====     | =====     |

The amounts owed by group undertakings of £156,211 (2015 - £69,144) are repayable from future profits of the subsidiary undertakings (listed in note 11) and therefore may be recoverable in more than one year. The directors consider that the amounts are recoverable in the future.

## NOTES TO THE FINANCIAL STATEMENTS

### 13 CREDITORS:

#### AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                    | GROUP            |                | COMPANY          |                |
|------------------------------------|------------------|----------------|------------------|----------------|
|                                    | 2016<br>£        | 2015<br>£      | 2016<br>£        | 2015<br>£      |
| Trade creditors                    | 265,636          | 83,073         | 268,723          | 55,443         |
| Corporation tax                    | 143              | 1,756          | -                | 1,756          |
| Other taxation and social security | -                | 70,611         | -                | 70,611         |
| Other creditors                    | 974,772          | 426,715        | 949,899          | 397,412        |
|                                    | <u>1,240,551</u> | <u>582,155</u> | <u>1,218,622</u> | <u>525,222</u> |

### 14 RESERVES

|                                      | FOREIGN EXCHANGE RESERVE<br>£ | INCOME & EXPENDITURE ACCOUNT<br>£ |                  |
|--------------------------------------|-------------------------------|-----------------------------------|------------------|
|                                      | GROUP                         | GROUP                             | COMPANY          |
| At 1 April 2015                      |                               | 1,861,192                         | 1,907,907        |
| Surplus for the year                 |                               | 1,073,763                         | 1,080,213        |
| Movement on foreign exchange reserve | (534)                         |                                   |                  |
| At 31 March 2016                     | <u>(534)</u>                  | <u>2,934,955</u>                  | <u>2,988,120</u> |

### 15 POST BALANCE SHEET EVENTS

Following the year end, an amount of £450,000 has been set aside as a contingency reserve from the 2015/16 surplus. A number of risks were considered. Chief among these was a potential fall in markets that would adversely impact fee income; to date PRI has benefited from rising markets and assets under management. The contingency reserve represents approximately five per cent of 2016/17 planned income.

### 16 PENSION COMMITMENTS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund.

The pension cost charge represents contributions payable by the group to the fund and amounted to £127,090 (2015 - £107,211).

Contributions totalling £13,648 (2015 - £10,812) were payable to the pension fund at the balance sheet date and are included in creditors.

## NOTES TO THE FINANCIAL STATEMENTS

### 17 OPERATING LEASE COMMITMENTS

At 31 March 2016 the group had annual commitments under non-cancellable operating leases as follows:

|                       | 2016<br>£ | 2015<br>£ |
|-----------------------|-----------|-----------|
| <b>GROUP</b>          |           |           |
| <b>EXPIRY DATE:</b>   |           |           |
| Within one year       | 6,613     | -         |
| Between 2 and 5 years | 188,006   | 188,006   |
|                       | =====     | =====     |

At 31 March 2016 the company had annual commitments under non-cancellable operating leases as follows:

|                       | 2016<br>£ | 2015<br>£ |
|-----------------------|-----------|-----------|
| <b>COMPANY</b>        |           |           |
| <b>EXPIRY DATE:</b>   |           |           |
| Between 2 and 5 years | 188,006   | 188,006   |
|                       | =====     | =====     |

### 18 RELATED PARTY TRANSACTIONS

In accordance with the exemption provided by the Financial Reporting Standard for Smaller Entities (effective January 2015) the financial statements do not include disclosure of transactions between the company and entities which are part of the group where 100% of the voting rights are controlled within the group.

There were no other related party transactions requiring disclosure in the financial statements.

### 19 CONTROLLING PARTY

In the opinion of the directors, there was no ultimate controlling party during the years ended 31 March 2015 and 2016.

### 20 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.

# PARTNERSHIPS

PARTNERING WITH THE PRI ALLOWS ORGANISATIONS TO SHOWCASE THEIR COMMITMENT, ASSOCIATE THEMSELVES WITH EXPERTISE AND LEADERSHIP IN RESPONSIBLE INVESTMENT AND GAIN EXPOSURE TO PEERS AND POTENTIAL CLIENTS THROUGH BRANDING, SPEAKING ENGAGEMENTS AND MORE.

Organisations can partner with the PRI by:

- sponsoring or exhibiting at PRI in Person and other events;
- working with the PRI on research or a publication;
- hosting a signatory event;
- supporting the PRI Network in their region;
- collaborating with the PRI Academy, Academic Network and Research Forum;

For more details, including all the latest Partnership opportunities, see the [PRI website](#) or contact:

**Nikola Sobot**  
Head of Partnerships  
+44 (0)20 3714 3154  
+44 (0)7506 152810  
[nikola.sobot@unpri.org](mailto:nikola.sobot@unpri.org)

## PARTNERSHIP STANDARDS

The PRI is committed to ensuring that it is open and transparent about its fundraising and spending. The PRI is always honest about where its money comes from and the way in which it is spent.

As a member of the Fundraising Standards Board (FRSB) the PRI follows the Institute of Fundraising's Code of Fundraising Practice and uses the FRSB's Fundraising Promise:

- We are committed to high standards
- We are honest and open
- We are clear
- We are respectful
- We are fair and reasonable
- We are accountable
- visit FRSB website



## OUR PARTNERS THIS YEAR

The PRI thanks the following organisations for providing financial or in-kind support during the year, such as providing complementary access to research and data, sponsoring/hosting/publishing PRI events and publications or advertising.

### NEW AND ONGOING RELATIONSHIPS

Of our partners this year, 69% were new sponsors, 17% were existing sponsors increasing their support and 14% were existing partners continuing their support:

69% new

17% increasing

14% continuing

### PARTNERSHIPS INCOME

The PRI attracted £338,000 of income through partnerships in 2015/16 (against a target of £250,000).



**GOLD PARTNERS:**

- Amundi
- Bloomberg LP
- BNP Paribas
- ClearBridge Investments
- Robeco

**SILVER PARTNERS:**

- AMP Capital
- Calvert Investments
- Capital Markets Promotion Council
- CFA
- Deutsche Bank
- Hermes
- MFS International
- MSCI
- Standard Life Investments
- Thomson Reuters

**BRONZE PARTNERS:**

- FTSE Russell
- Merrill Lynch
- Sustainalytics
- Vigeo Eiris

**SUPPORTERS:**

- AXA Investment Managers
- Boston Common AM
- City Development Ltd
- FAIRR
- Inter Fund Management
- McGraw Hill
- Neuberger Berman
- Northern Trust AM
- PwC
- Russell Investments
- South Pole Group
- SYZ Asset Management
- Wellington

**MEDIA PARTNERS:**

- Global Proxy Watch
- Responsible Investor
- Strait Times
- top100ofunds

# ADVISORY COMMITTEES AND WORKING GROUPS

PARTNERING WITH THE PRI ALLOWS ORGANISATIONS TO SHOWCASE THEIR COMMITMENT, ASSOCIATE THEMSELVES WITH EXPERTISE AND LEADERSHIP IN RESPONSIBLE INVESTMENT AND GAIN EXPOSURE TO PEERS AND POTENTIAL CLIENTS THROUGH BRANDING, SPEAKING ENGAGEMENTS AND MORE.

Advisory committees made up of representatives from signatories play an important role in the PRI's many work streams. The PRI aims to deliver practical, action-oriented research, tools, events and support to signatories around the world, no matter where they are located or what their level of responsible investment knowledge is, and signatories that are committed to implementing the Principles are one of the greatest strengths the PRI has to draw on in delivering these.

Advisory committees, and project-specific working groups, are opportunities for signatories to engage with their peers, to share updates on key research, develop strategies, share best practices and advance ESG issues and the implementation of the Principles.

The PRI currently has the following advisory committees. See the [PRI website](#) for a list of the individuals and organisation contributing to each.

## ESG ENGAGEMENTS

- ESG Engagements Advisory Committee

## INVESTMENT PRACTICES

- Asset Owner Insight Advisory Committee
- Investment Strategies Working Group
- Manager Selection Working Group
- Environmental and Social Themed Investing Advisory Committee
- Fixed Income Advisory Committee
- Fixed Income Outreach Sub-Committee
- Fixed Income Engagement Working Group
- Hedge Funds Advisory Committee
- Listed Equity Advisory Committee
- Listed Equity Integration Sub-Committee
- Listed Equity Outreach Sub-Committee
- Private Equity Advisory Committee

## NETWORKS

- Australia Network Advisory Committee
- Brazil Engagement Working Group
- Brazil Integration Working Group
- Brazil Investment Policy Working Group
- Japan Network Advisory Committee
- Japan Network Awareness-raising Working Group
- Japan Network Corporate Working Group
- Japan Network Private Equity Working Group
- Japan Network Property Working Group
- Quebec Network Advisory Committee
- Southern Africa Advisory Committee
- Southern Africa Engagement Working Group

## REPORTING AND ASSESSMENT

- Reporting and Assessment Advisory Committee

## RESEARCH AND POLICY

- Academic Research Advisory Committee
- Policy Advisory Committee
- Sustainable Financial System Advisory Group

# NEW AND DELISTED SIGNATORIES

THE PRI IS PLEASED TO WELCOME THE FOLLOWING 224 INVESTORS AND SERVICE PROVIDERS WHO JOINED THE INITIATIVE BETWEEN 1 APRIL 2015 AND 31 MARCH 2016.

## New signatories by region



## New signatories by category

|            |                     |
|------------|---------------------|
| <b>26</b>  | Asset owners        |
| <b>157</b> | Investment managers |
| <b>41</b>  | Service provider    |

## PRI market penetration

The proportion of global assets managed by PRI signatories, by...

...asset owner:\*



...investment manager:\*\*



\*Global market size taken from <https://www.thecityuk.com/research?url=/research/our-work/reportslist/uk-fund-management-2014/>

\*\*Global market size taken from <https://www.bcgperspectives.com/content/articles/financial-institutions-global-asset-management-2016-doubling-down-on-data/>

## AFRICA

- Absa Asset Management
- Ashburton Fund Managers (Pty) Ltd
- Drakens Capital
- GAIA Fund Managers (Pty) Ltd (Provisional Signatory)
- GreenWish Capital (Mauritius) Ltd
- Kudos Africa
- LA Retirement Fund
- Musa Group (Pty) Ltd
- PAPE Fund Managers
- Standards & Legal

## ASIA

- ACA Innovative Investment Management Inc. (provisional signatory)
- Advantage Partners
- AIF Capital
- Edge International, Inc.
- Fukoku Capital Management, Inc.

- Fukoku Mutual Life Insurance Company
- GPIF
- Meiji Yasuda Asset Management Company Ltd.
- Mirae Asset Global Investments (HK)
- MS&AD Insurance Group Holdings, Inc.
- Neural Inc.
- PT Batavia Prosperindo Aset Manajemen
- PT. Gistec Prima
- Social Enterprise Research Institute
- Sophia School Corporation
- The Dai-ichi Life Insurance Company, Limited
- Tsunagiba Inc.

## EUROPE

- Aalto Invest
- Abac Solutions Manager S.à r.l.
- Aberforth Partners
- Affirmative Investment Management
- Aktie-Ansvar AB
- Alecta Pensionsforsakring

- Alpina Capital Partners LLP
- Argos Investment Managers S.A.
- Atlantic Bridge Capital
- Augent Partners
- Aurica Capital
- Axiom Alternative Investments
- Bankhaus Schelhammer & Schattera KAG
- Barclays Bank UK Retirement Fund
- Bedrijfspensioenfonds voor de Landbouw
- BlackFin Capital Partners
- BSI SA
- BVK
- Cameron Hume Limited
- Carbone 4 Finance
- Carnegie Fonder AB
- Carnstone Partners LLP
- CCD Partners
- CCOO, FP
- Charles Stanley PLC
- Cicero Fonder AB
- City of London Investment Group PLC
- Coding Ant Financial Services GmbH
- Delta Alternative Management
- Ecofact
- Edmond de Rothschild Private Equity S.A. (EdR PE)
- EFIRES
- Elaïs Capital
- Eleva Capital LLP
- Emso Partners Limited
- Enter Fonder AB
- Entropics Asset Management
- ET Index
- Eurizon Capital SGR
- Extendam
- Formuepleje
- FOURPOINTS Investment Managers
- FourWinds Capital Management
- Fulcrum Asset Management LLP
- Gemway
- Geneva Capital S.A.
- Geroa Pentsioak EPSV
- Goodyields Capital GmbH
- Gramont Capital Ltd
- Grosvenor Europe
- Incus Capital
- Innovacom Gestion
- JAR Capital Limited
- Kestrel Investment Partners
- Laaken Asset Management N.V.
- Loreto Mutua, M.P.S.
- Lupus alpha Asset Management AG
- MainFirst Holding AG
- Mandarin Capital Management
- Montagu Private Equity
- Montpensier Finance
- Motion Equity Partners
- NAI Italy
- Naxicap Partners
- Nomura Alternative Investment Management (Europe) Ltd
- Norron Asset Management
- NS Partners
- Oakley Capital Limited
- Obsido Oy
- Omni Partners LLP
- OpCapita LLP
- Optimized Portfolio Management, OPM
- OSSIAM
- Paragon Partners
- Parquest Capital
- Paul Hamlyn Foundation
- PeaceNexus Foundation
- Prometeia Advisor Sim
- RAM Active Investments SA
- RAM ONE AB
- Real Estate Asset & Assurance Service s.p.a.
- Redington
- Resonance Asset Management Limited
- Roxbury Asset Management (provisional signatory)
- Ruffer LLP
- Sciteb Ltd
- Sitra
- Spudy Invest GmbH
- Synova Capital LLP
- Tramontana (Provisional Signatory)
- Trecento
- Vallis Capital Partners
- VaR Capital
- Veritas Institutional GmbH
- Vescore
- Vestathena
- Viagefi 6 limited
- Vision Capital LLP
- Waterland Private Equity Investments
- Wise SGR
- Zadig

## LATIN AMERICA

- Ainda, Energia & Infraestructura (Provisional Signatory)
- Banco BTG Pactual S.A.
- Future Matters
- SustenRisk Consultoria

## MIDDLE EAST

- SDS Int'l Group (Sustainable Development Strategy International Group)
- TVM Capital Healthcare Partners
- North America
- African Risk Capacity Insurance Company Limited
- AGF Investments Inc
- American Timberlands Company
- Aristotle Credit Partners, LLC
- Baker Gilmore & Associates
- Barrow, Hanley, Mewhinney & Strauss, LLC
- BlueSky Investment Management, LLC
- Brandes Investment Partners
- Brooke Private Equity Associates
- Campbell Global
- Capri Investment Group
- Caravel Management LLC
- ClariVest Asset Management LLC
- Colleges of Applied Arts & Technology Pension Plan CAAT
- Connor, Clark & Lunn Private Capital Ltd.
- Cornerstone Real Estate Advisers
- Dana Investment Advisors
- DDJ Capital Management, LLC
- EARNEST Partners
- Eaton Vance Management
- Eco-Frontier Global Capital
- Equator Capital Partners
- Equilibrium
- EquityCompass Strategies
- Farol Asset Management
- Federal Street Advisors
- First Trust Advisors L.P.
- Fred Alger Management, Inc
- Genstar Capital
- George & Bell Consulting
- GLC Asset Management Group
- Glovista Investments LLC
- Greentech Capital Advisors, LLC
- Hartford Funds Management Company, LLC
- Highland Capital Management
- Hudson Clean Energy Partners
- Humboldt State University Advancement Foundation
- ICAP LLC
- Impact Shares (Provisional Signatory)
- Integrated Asset Management Corp.
- International Farming Corporation
- Jamestown LP
- Jarislowsky Fraser Global Investment Management
- JLens Investor Network
- Kuramo Capital Management, LLC
- Le Mouvement d'éducation et de défense des actionnaires (MÉDAC)
- Legato Capital Management, LLC
- Lenox Park
- Loomis, Sayles & Company, L.P.
- Lord Abbett
- Los Angeles Capital
- Magni Global Asset Management
- Manulife Asset Management
- Matthews International Capital (Matthews Asia)
- Mediators Without Borders Institute
- METAFORM INVESTMENTS INC. (Provisional Signatory)
- Normandin Beaudry
- Ontario Pension Board (OPB)
- Pavilion Advisory Group/LP Capital Advisors
- PCJ Investment Counsel Ltd
- Peoples Company
- PineBridge Investments
- Portfolio Advisors
- Prime Buchholz
- QMA
- RBC Global Asset Management
- Régime de retraite de la Confédération des syndicats nationaux (CSN)
- River Hollow Partners
- Schafer Cullen Capital Management
- Sentinel Asset Management, Inc.
- SKY Harbor Capital Management
- Sonen Capital
- Summit Strategies Group
- Teachers' Retirement System of the City of New York
- The Minerals & Energy Group
- Thomson, Horstmann and Bryant
- Trinitas Partners, LLC
- TruValue Labs
- United Church of Canada Pension Plan
- United Nations Foundation
- Wells Capital Management
- Western Asset Management Company
- WHO'S GOOD
- World Bank Group Retirement Benefit Plans

## OCEANIA

- Macquarie Asset Management
- Ausbil Investment Management
- Challenger Limited
- Mint Asset Management
- AgCAP
- Financial Services Council

## DELISTED SIGNATORIES

Signatories are delisted if they do not pay their fees, do not participate in the reporting and assessment process or choose to leave. This list also includes signatories that have ceased to operate.

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

\*\* Denotes signatories that were delisted for failing to report in the 2015/16 reporting cycle.

- ABD Investment Management LLP (Provisional Signatory)
- Aditus Consultoria Financeira
- AJF Financial Services, Inc.
- Alaya Consulting Limited
- Alleron Investment Management
- AlphaSource Capital Securities LLC
- AltruShare Securities, LLC.
- AQAL Capital
- Arete Caerus
- Arle Capital Partners Limited
- Bennelong Funds Management Limited
- BMO Global Asset Management (US)\*
- Bocap Investment Ltd
- Callund Consulting Limited
- CAMRADATA Analytical Services
- Caser Pensiones Entidad Gestora de Pensiones, S.A.
- CBO Investment Management
- Cleanventure AG
- Danske Invest (Investeringsforeningen Danske Invest, Investeringsforeningen danske Invest Select)\*
- DCA Capital Partners
- DGF Investimentos
- Disciplined Growth Investors
- DNZ Property Fund Limited
- Ellio GP - Strategic Sustainability Consulting
- EnviroMarket Ltd
- Environmental Investment Services Asia (EISAL)
- EQOM Partners análise de investimentos
- EQUUS Capital Partners, LLC (Provisional Signatory)
- ESG Analytics
- FIRST Gestão de Investimentos S.A (Provisional Signatory)
- FLAG Capital Management\*
- Forest Carbon Group AG
- Freycinet Investments Limited
- GAWA Capital Partners
- Global Initiative for Sustainability Ratings
- GMI Ratings\*
- Goldman Sachs & JBWere Superannuation Fund
- haug&partner wealth management
- HR Strategies Inc.
- Ignis Asset Management
- Illinois State Board of Investments
- Indochina Capital Corporation
- Infinitas Asset Management Ltd
- Inseed Investimentos Ltda
- ISP
- itechx GmbH
- IVOX GmbH – Proxy Advisory Services\*
- JCM Capital (provisional signatory)
- Kendall Court Capital Partners Ltd
- Korea CSR Research Service
- KPX Global
- Krull & Company
- Laguna Bay Pastoral Company\*\*
- Legacy Africa Fund Managers
- Legg Mason Asset Management Australia Limited\*
- Leon CVM Capital Management
- LGM Investments\*
- London Borough of Haringey Pensions Committee (Delisted)
- Macrocapitales (Delisted)
- Metisq Capital Pty Ltd
- MHFT Investimentos
- Mongeral Aegon Seguros e Previdência S/A (Delisted)
- Multi-Employer Property Trust/MEPT Edgemoor\*
- Natural Assets Institute Ltd.
- Notenstein Private Bank Ltd\*
- OP Fund Management Company Ltd\*
- OSO Manajemen Investasi
- Pan-African Asset Management (Pty) Ltd
- Paprico AG
- Par Equity LLP
- Periscope
- Phillimore
- Phoenix Sustainable Asset Management, LLC.\*
- Platypus Asset Management Pty Ltd\*\*
- Portbank Asset Management
- Primonial Asset Management
- PRIUS Partners
- Private Equity Partners SGR S.p.A.
- Qualitas Equity Partners
- RegCharles Finance and Capital Ltd
- Relational Investors LLC
- Rodarte Nogueira consultoria em estatística e atuária
- Sentio Capital Management (Pty) Ltd
- SES
- Signina Capital AG
- Somma Investimentos
- Stafford Timberland Limited\*
- Stichting Beroepspensioenfondsen Loodsen
- Stockland
- Stratus
- Summit Global Management, Inc.

- SustainAbility
- SynTao (Delisted)
- The Climate Institute
- Tocqueville Finance SA
- TRPE Capital
- Turner Investment Partners
- University of Dayton Davis Center for Portfolio Management's Flyer Investments
- VantagePoint Capital Partners
- Vescore Solutions AG\*
- VIP eV
- WCTI Partners
- Wealth Management Partners NV

# SUSTAINABILITY

THE PRI RECOGNISES THAT ITS ACTIVITIES HAVE ENVIRONMENTAL, SOCIAL AND GOVERNANCE IMPACTS ON MANY LEVELS.

Most of the PRI's impact is positive and happens indirectly via the work that we do to help our 1,500+ signatories implement the Principles. We have an impact on:

- our investor signatories – by encouraging them to be more transparent in their investment activities;
- companies – by improving their practices through investor engagements;
- markets – through ventures such as the Sustainable Stock Exchanges initiative.

Beyond these positive, indirect impacts, we recognise that our operating activities can have a negative direct impact, and we try to minimise these wherever possible. A few examples of how we do this are:

## ENVIRONMENTAL

The PRI has been certified as compliant ISO 14001, the international standard for environmental management systems. As part of this certification, we will continue to monitor, manage and reduce our impact on the environment through transport, waste, consumption of natural resources, energy use and procurement.

## SOCIAL

We are proud to be an accredited Living Wage Employer, including in our employment of contracted service staff and interns. We never use unpaid internships. All new parents at the PRI are able to enjoy equal parental leave benefits regardless of gender or sexuality, going beyond the legal minimum standards.

## GOVERNANCE

Good governance at the PRI includes annual signatory elections, term length limits for Board Directors, publishing Board meeting attendance and compensation records and clear separation between the roles of Managing Director and Chair. The PRI has a board diversity policy in the belief that diversity contributes to high-performance.

[READ MORE](#)



# SIGNATORY GENERAL MEETING 2016

## AGENDA

Tuesday 6 September 2016, 14:00-15:40  
Marina Bay Sands, Singapore

**14:00 - 14:15**

**Welcome and Message from the Chair**

Martin Skancke, Chair, PRI Board

**14:15 - 14:45**

**Consultation Recommendations, Q&A**

Fiona Reynolds, Managing Director, PRI

**14:45 - 15:15**

**Management & Financial Report, Q&A**

Fiona Reynolds, Managing Director, PRI

**15:15 - 15:40**

**2016 Board Director Elections**

Martin Skancke, Chair, PRI Board

## GENERAL BUSINESS

The PRI wants to encourage an active dialogue between signatories and the Board. The SGM, the annual general meeting of signatories, is an important forum for communication between the Board and signatories. The Board encourages signatory participation, either in person or via webcast. The SGM is an opportunity for the Board to report to signatories on the PRI's strategy and its implementation, the work undertaken by the Board and its committees, forthcoming Board elections, formal consultations and any other business.

On 7 June 2016, the PRI asked signatories to submit agenda items and resolutions to be put to the SGM. None were received by the deadline of 6 July. However, time has been set aside for signatories to ask questions during General Business. If you have detailed financial or legal questions, please submit these in advance of the meeting.

The SGM will be screened live online for signatories that cannot attend in person. Please [click here](#) to sign up.

For more information on how to participate online and to submit questions in advance, contact [governance@unpri.org](mailto:governance@unpri.org).

### GOVERNANCE COMMUNICATIONS (APRIL 2015-MARCH 2016)

#### PRI Board meeting/call reports

[April 2015](#)

[June 2015](#)

[September 2015](#)

[December 2015](#)

[February 2016](#)

#### 2015 Signatory General Meeting

[SGM Report: PRI Chair Martin Skancke outlines priorities for 2016](#)

[2015 Signatory General Meeting minutes](#)

The 2015 minutes will be up for signatory approval in October 2016, alongside voting for the 2016 Board election. Minutes are approved by a simple majority (of respondents) through an electronic poll.

As a signatory-based organisation, the PRI encourages all signatories to participate actively in its governance and strategic direction, and provide feedback on strategically important matters via formal consultations.

[PRI FORMAL CONSULTATIONS](#)

## INTRODUCTION FROM THE CHAIR

The past year has been an opportunity to build on the strong foundation built through necessary but introspective work on PRI's governance, by moving onto more expansive, strategic and outward-looking issues. As the PRI has approached its ten year anniversary the Board has reflected on the PRI's impact to date, and our strategic ambitions for the next ten years.

The Board report details the discussions of the Board and its committees over the past year. These have included grappling with issues such as how the PRI can: recognise diversity across the signatory base, encourage more in-depth ESG integration, support signatories in their local markets and demonstrate real-world signatory impact aligned with the Sustainable Development Goals.

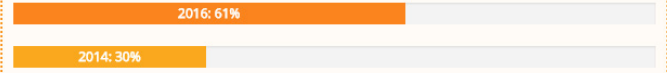
We began 2015/16 in a strong place. April 2015 heralded a fresh start for the PRI: we had delivered a reformed governance structure to improve accountability to signatories, a new strategic plan for 2015-18 and a revised funding model. All of these commitments were delivered after extensive signatory consultations to reflect the needs of the responsible investment community we represent.

Over the past year, the Board has put the reformed governance structure into practice. Board committees have already begun to play an important role as a forum for in-depth discussion and for road-testing proposals before recommendation to the Board. The committees report provides more detail on the work undertaken.

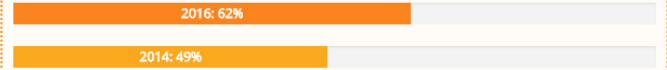
I am pleased that the changes we've made have broadened signatories' understanding of the role of the Board, and increased signatories' satisfaction with the level of disclosure. The Board will continue to make a concerted effort to communicate effectively with signatories.

### iii SIGNATORY BOARD AWARENESS

Signatories that understand the role of the PRI Board:



Signatories that think the PRI provides an appropriate level of disclosure relating to PRI Board governance:



Source: 2016 Signatory Survey

We regularly report on the discussions and actions at every Board meeting and there is extensive information on the new website about the PRI's governance, including the elections. We have sought your feedback on the strategic direction of the PRI, via the [Strengthening Accountability](#), [Recognising Diversity](#) and [Sustainable Financial System](#), [Principles](#), [Impact](#) formal consultations. The PRI's future impact will not be possible without the strength, ambition and support of its signatories.

We welcomed three new directors to the Board this year: Angela Emslie (Hesta Superfund), Sandra Carlisle (Newton Investment Management) and Xander den Uyl (ABP). I would like to thank them for their contributions so far, the Board directors that departed in December 2015 – Masaru Arai (Japan Sustainable Investment Forum), David Atkin (Cbus) and Eric Wetlaufer (Canada Pension Plan Investment Board) – for their dedicated work throughout their terms, and the rest of the Board for their ongoing commitment to overseeing the activities of your PRI.

**Martin Skancke**

# SIGNATORY GENERAL MEETING 2016



# BOARD REPORT

# BOARD REPORT

This report looks at the PRI Board work undertaken over the past year, including the strategic discussions, PRI Executive oversight and measures to improve the Board's effectiveness.

The Board is collectively responsible for the long-term success of the PRI, in particular:

- establishing the PRI's mission, vision and values;
- setting the strategy, risk appetite and structure;
- delegating the implementation of the strategy to the PRI Association Executive (the Executive);
- monitoring the Executive's performance against the strategy;
- exercising accountability to signatories;
- being responsible to relevant stakeholders.

Matters reserved for Board approval are listed in the [PRI Association Board Directors' Terms of Reference](#).

## BOARD DISCUSSIONS

During the 2015/16 financial year the Board meet three times in person and three times via conference call. The directors from the Executive are invited to all Board meetings, and members of the management team are invited to present on specific agenda items.

Key strategic discussions:

- **Long-term ambitions and impact:** Blueprint for Responsible Investment (including the sustainable financial system project, potential revisions to the Principles, alignment with the Sustainable Development Goals, the PRI's long-term impact and signatory accountability);
- **Asia (ex-Japan) strategy:** initial two-year work plan (2016–2018);
- **Key projects:** PRI's role in COP21, Fiduciary duty in the 21st century;
- **Work-stream strategies:** Policy and Research work plan, priority PRI-coordinated engagements, dissemination of the Reporting Framework;
- **Strategy implementation:** strategic measures, asset owner recruitment, 2015 Report on progress, 2016 signatory satisfaction and engagement.

The Board has also instigated more regular communication between the Executive and the Board between meetings, including monthly updates from the Managing Director.

## PRI BOARD DISCUSSIONS AND ACTIONS IN 2015/16

### April 2015 (call)

- Approval of the 2015/16 budget
- Approval of company secretary (Bristows LLP) and auditors (Buzzacott LLP)
- Approval of Board committees and members
- Approval of 2015 PRI Board election communications
- Discussion of the establishment of a PRI US entity

### June 2015 (meeting)

- Discussion of PRI risks and the risk management framework
- Approval of the PRI's strategic measures
- Approval of rules and policies required by the Articles
- Approval of the PRI Board committees terms of reference
- Agreement of the Board self-assessment template and skills matrix
- Further discussion on the proposed PRI US entity
- 10-year anniversary plans and reflections on the PRI's ambitions over the next 10 years
- Update from the Executive on the Fiduciary duty in the 21st century project
- PRI in Person 2015 update and plans for 2016
- Executive presentation on PRI-coordinated collaborative engagements

### September 2015 (call and meeting)

- Approval to increase signatory fees for 2016/17 only by inflation
- Discussion of the PRI's strategy in Asia
- Approval of the establishment of a C Corporation, registered in Delaware, to consolidate the PRI's existing US operations
- Approval of the 2015 PRI Board election candidates
- Approval of UN Permanent Advisors Terms of Reference
- Presentation on PRI human resources and approval of updated HR policies
- Discussion of the Policy and Research work plan
- Presentation on how the Executive plans to identify, map and manage relationships with signatories and key external stakeholders
- Approval of priority and policy for PRI-coordinated engagements
- Presentation of the highlights of the 2015 Report on progress
- Discussion on signatory accountability
- Report on the PRI's 10-year anniversary plans

**December 2015**

- Discussion of the sustainable financial system consultation and the PRI's work aligned with the UN Sustainable Development Goals
- Approval of the Recognising diversity, strengthening accountability formal consultation
- Discussion of how the Reporting Framework can be shared more widely with signatories
- Presentation on the PRI's role in COP21
- Review of PRI in Person 2015
- Presentation of the Board self-assessment results
- Approval of PRI Board committee composition, starting January 2016

**February 2016 (meeting)**

- Discussion of signatory categorisation guidelines
- Presentation on asset owner recruitment and the role of the Board
- Results of the Chair assessment and approval of the 2016/17 Chair contract
- Presentation of the initial results of the signatory satisfaction and engagement survey
- Introduction to the new Director of Investment Practices and Reporting, Kris Douma
- Approval of the PRI in Asia (ex-Japan) initial two-year work plan (2016–2018)
- Approval of the 2016/17 budget
- Discussion of a possible ESG-focused UN resolution
- Discussion of the Board self-assessment results and 2016 Board elections
- Presentation on plans for PRI in Person 2016, Singapore
- Reflection on the independent report on PRI's impact over the past 10 years
- Outline of the proposed Blueprint for Responsible Investment
- Update on the next phase of the Fiduciary duty in the 21st century project

**At each meeting**

## Discuss:

Management report – updates on key projects, work stream activities, PRI accounts, human resources and signatory recruitment/delisting

## Review:

- Minutes of the previous meeting
- Matters arising
- Register of interests
- Correspondence
- 12-month rolling Board agenda

**COMMITTEES REPORT**

Five Board committees were established in April 2015 within the new governance structure to facilitate the work of the Board. Every committee has a terms of reference, setting out roles and responsibilities, and an annual work plan. Committees support a lot of the strategic, operational and governance discussions at the Board. Committees are often asked by the Board to explore certain issues in more depth and then report back with the arguments considered and a recommendation for Board approval.

**ETHICS COMMITTEE**

**Members:** Geeta Aiyer, Marcel Barros, Niels Erik Petersen (Chair), Xander den Uyl\*\*

The committee is responsible for overseeing the values, ethics and good reputation of the PRI, including matters related to the PRI Association Board Code of Ethics.

**KEY DISCUSSION ITEMS:**

The committee reviewed the PRI Code of Ethics, and recommended no changes. The committee reiterated to the Board that although directors are nominated by a signatory organisation and elected by signatories from one signatory category, directors have a responsibility to fulfil their duties as an individual and in the best interests of the initiative as a whole.

The committee met once between 1 April 2015 and 31 March 2016.

[Terms of Reference](#)**FINANCE, AUDIT AND RISK COMMITTEE**

**Members:** Mark Chaloner, Priya Mathur, Colin Melvin (Chair)

The committee assures the Board of: the veracity of the financial statements, the efficacy of risk management and the strength and appropriateness of control processes across the PRI. The committee's responsibility and authority covers the entire PRI Association and any joint ventures that may be entered into.

**STANDING ITEM:****Risk register**

At the start of the year the committee reviewed the risk register methodology and process. Risks are grouped into five broad categories: governance, strategy, reputation, finance and project/operations. Every identified risk has an owner and risks are scored according to potential impact and likelihood. New risks added to the risk register during the year include: the PRI website and cyber-security, fraud response security, litigation, currency fluctuation, falling AUMs and the potential for the UK to leave the European Union. After every committee meeting the risk register is updated and circulated to the Board. The committee provides an update on the register at every Board meeting.

#### KEY DISCUSSION ITEMS:

- The committee met with the auditors independently from the Executive to review the PRI Association and PRI Enterprises audited statutory accounts for the year ended 31 March 2015. The committee recommended the PRI Board approve the accounts.
- The newly established cyber-security risk register, recommendations from the security maturity review and key proposed actions over the next 12 months.
- PRI internal controls including practices around authorisation, documentation, reconciliation, security and separation of duties.
- The establishment of a contingency reserve, set aside for possible eventualities such as falling signatory AUM and annual event risk.

The committee met twice between 1 April 2015 and 31 March 2016.

#### [Terms of Reference](#)

### HUMAN RESOURCES AND REMUNERATION COMMITTEE

**Members:** Mark Chaloner\*\*, Renosi Mokate (Chair), Daniel Simard\*, Xander den Uyl\*\*, Eric Wetlaufer\*

The committee ensures that the human resources and remuneration arrangements support the strategic aims of the PRI Association and enable the recruitment, development and retention of staff. They must comply with regulatory and governance requirements, satisfy the expectations of members and meet target employees' expectations.

#### KEY DISCUSSION ITEMS:

- PRI Executive-related policies: Staff and Political Activity; Travel; Equality, Diversity and Inclusion.
- Alignment of PRI Executive-related fringe benefit packages across geographies.
- Amendments to the Shared Parental Leave and Maternity Leave policy, aligned with changes to UK employment law as of 1 April 2015.
- Revisions to UK pensions for the PRI Executive as a result of new legislation on auto-enrolment as of 1 April 2015.
- Results of the PRI Executive engagement questionnaire and proposed actions.
- Results of the PRI Executive 360 reviews, appraisals and proposed salary reviews.

- Review of the Managing Director performance and recommendations to the Board on the Managing Director goals and time allocation for 2016/17.
- Review of the Chair performance and recommendations to the Board on the Chair contract, remuneration, goals and time allocation for 2016/17.

The committee met three times between 1 April 2015 and 31 March 2016.

#### [Terms of Reference](#)

### SIGNATORY AND STAKEHOLDER ENGAGEMENT COMMITTEE

**Members:** David Atkin (Chair)\*, Sandra Carlisle\*\*, Angela Emslie\*\*, Priya Mathur (new Chair)\*\*, Renosi Mokate, Gavin Power, Daniel Simard\*, Eric Usher, Peter Webster

The committee guides the Board and Executive on: signatory categorisation, active participation of signatories in PRI activities and work streams, effective communication with signatories, outreach to prospective signatories and effective partnerships with key stakeholders.

#### STANDING ITEMS:

- Signatory categorisation clarifications and precedents.
- New approved signatories by quarter.
- Asset owner recruitment.
- Review of formal signatory complaints to the PRI Board or Executive.
- PRI KPIs relevant to the remit of the committee: signatory collaboration, downloads of PRI publications, PRI events participation, stakeholder collaborations, projects with UN partners, asset owner growth and signatory satisfaction.

#### KEY DISCUSSION ITEMS:

- Signatory categorisation guidelines, including process and precedents.
- How to identify, map and manage relationships with signatories and key external stakeholders.
- Research for further collaborations with key stakeholders.
- Asset owner recruitment and the role of the Board.
- Clarification of the fee structure and rules for service providers.
- Signatory categorisation rules for campaigning organisations.

\* Until December 2015

\*\* From January 2016

- PRI transparency on fee discounts and reciprocal arrangements.
- Participation of service provider signatories in PRI coordinated collaborative engagements.

The committee met four times between 1 April 2015 to 31 March 2016.

[Terms of Reference](#)

### SKILLS, DIVERSITY AND ELECTIONS COMMITTEE

**Members:** Geeta Aiyer, Sandra Carlisle\*\*, Angela Emslie (new Chair)\*\*\*, Martin Skancke (Chair)\*, Peter Webster

The committee guides the Board on measures to foster the diversity and the skills/expertise it needs to carry out its duties effectively. It facilitates the process to evaluate the performance of the Board and the Board Chair, and supports the Board in overseeing the election process.

#### KEY DISCUSSION ITEMS:

- The proposed Board self-assessment framework and skills matrix.
- Results of the Board self-assessment and proposed actions for the Board, Board committees and the Executive.
- Development of a Chair assessment template and process, including collaboration with the Human Resources and Remuneration committee to analyse and communicate the results.
- 2015 PRI Board Elections communications, including requested expertise: previous/current Board experience, experience in investment markets outside of Europe/US and demonstrated leadership within responsible investment/ESG expertise.
- Eligibility of the 2015 PRI Board election candidates. (All candidates were recommended as eligible.)
- Approval of the 2015 PRI Board election results.
- New Director induction process, including introductory calls with the Chair and Managing Director and half day sessions with the Management team, focused on PRI strategy and work streams.
- 2016 PRI Board elections, with a focus on encouraging specific diversity, skills and experience. The committee reflected on the PRI's strategic priorities, the results of the Board skills self-assessment and the current Board diversity. The committee focused on how to encourage candidates from signatories with a headquarters in Asia.

- A review of the effectiveness of the mid-term election rules.
- Outreach measures to encourage diverse Board election candidates with suitable skills, experience and leadership.

The committee met seven times between 1 April 2015 and 31 March 2016.

[Terms of Reference](#)

\* Until December 2015

\*\* From January 2016

## BOARD EFFECTIVENESS

### BOARD SELF-ASSESSMENT

Within the revised Articles of PRI Association, the PRI Board is mandated to undertake a self-assessment every year and an independent assessment every two-to-four years, and to report to signatories on the results of these reviews.

The 2015 Board self-assessment framework focused on three areas:

1. performance on core responsibilities (shaping the organisation's mission and strategic direction, ensuring that there is leadership and adequate resources, monitoring and improving the organisation's performance);
2. focus issues for the next one-to-two years;
3. effectiveness enablers (size and structure, composition, leadership, processes).

The self-assessment was carried out in November 2015 via a detailed questionnaire. All Board members and the Managing Director responded to the survey. The assessment results were initially discussed by the Skills, Diversity and Elections committee in December 2015. A summary of the results and proposed actions was presented by the committee to the Board at the February 2016 meeting, for an in-depth discussion.

The results of the first self-assessment were generally positive. The most positive scores were for:

- the leadership of the Board and committees;
- the reporting to signatories on the discussions and actions of the Board at the SGM;
- the structure, roles and responsibilities of Board committees;
- the quality of Board meeting preparation (papers and Chair outreach);
- the common understanding on the Board of the PRI's purpose and mission;
- the agreement on the distinction between board-level and management-level decisions.

The Board agreed on four action points to improve its effectiveness:

1. develop the new director induction process;
2. develop individual director self-assessments, linked to succession planning and development of Board leaders;
3. clarify the expectations of current directors (and future directors in the election materials), for example the responsibilities of PRI advocacy, regional representation, asset owner recruitment and working with stakeholders;
4. set Board goals for the forthcoming year.

The Board agreed to five goals for the forthcoming year:

1. oversee the implementation of the strategy;
2. oversee delivery of the 10-year anniversary plans;
3. support asset owner recruitment and stakeholder outreach;
4. establish balance of decision-making between the Executive and the Board;
5. develop work plans for the Board committees.

The general reflection was that the self-assessment framework was too detailed and consequently the results too fragmented. Future self-assessment frameworks will be more streamlined and focus the Board on a few select items to improve its effectiveness.

### CHAIR ASSESSMENT

In late 2015 the Executive coordinated an assessment of the Board Chair. The assessment focused on two areas:

- leadership of the Board, ensuring its effectiveness and working with the Executive;
- feedback on focus activities for the Chair in 2016/17.

The questions were devised by the Executive and approved by the Chair of the HR and Remuneration Committee. All Board members and the Managing Director responded to the survey.

The results of the assessment were very positive. Following discussion of the survey the Board agreed to three broad focus activities for 2016/17 for the Chair:

1. Leadership of the Board;
2. PRI strategy and consultations;
3. Targeted outreach to potential asset owner signatories and stakeholders.

### BOARD SKILLS, EXPERIENCE AND DIVERSITY

Signatories acknowledge that the PRI's Board needs to be representative of the diversity amongst PRI signatories in order to generate effective debate and discussion around the key issues that it considers, and to deliver the broadly-founded leadership that the initiative deserves. Diversity encompasses a sufficient mix of relevant skills/competence, and differing perspectives, including through geographical origin, ethnicity, gender, language and culture

The current Board is geographically diverse, including representatives from Africa, Australasia, Europe, North America and South America, and has a 65:35 ratio of male to female directors.



The Board undertook a skills self-assessment exercise that found the current Board is strong on: strategic thinking and leadership, and knowledge of the pension and investment industry (including responsible investment). As a result, the PRI is encouraging 2016 PRI Board election candidates who could strengthen the Board with expertise in governance and risk management (gained from Board experience) and expertise of working across multiple jurisdictions (gained from experience within global organisations).

Candidates will therefore be asked to set out within their election materials: governance experience, such as previous/current Board experience, and experience in investment markets outside of Europe/US, especially Asia. Candidates are also asked to elaborate on their demonstrated leadership within responsible investment, ESG expertise and other experience relevant to the long-term success of the PRI.

Candidates are also asked to elaborate on their demonstrated leadership within responsible investment, ESG expertise and other experience relevant to the long-term success of the PRI.

#### **GOVERNANCE, SKILLS AND KNOWLEDGE:**

- governance, risk and compliance
- financial and audit
- strategic thinking and leadership
- industry knowledge, including responsible investment
- environmental, social and governance expertise
- geographical scope
- mission-led organisations
- technology and marketing/communications
- executive management

## ATTENDANCE RECORDS

|  | Board meetings | Boards |
|--|----------------|--------|
| <b>Total number of meetings - 1 April 2015- 30 August 2016</b> | <b>4</b>       |        |
| Geeta Aiyer  | 3/4            |        |
| Masaru Arai (term started June 2015 - December 2015)           | 2/2            |        |
| David Atkin (term ended December 2015)                         | 2/2            |        |
| Marcel Barros  | 3/4            |        |
| Sandra Carlisle (term started January 2016)                    | 1/2            |        |
| Mark Chaloner  | 3/4            |        |
| Angela Emslie (term started January 2016)                      | 2/2            |        |
| Priya Mathur   | 4/4            |        |
| Colin Melvin   | 2/4            |        |
| Renosi Mokate  | 3/4            |        |
| Niels Erik Petersen  | 3/4            |        |
| Gavin Power  | 3/4            |        |
| Luciane Ribeiro (term ended April 2015)                        | n/a            |        |
| Daniel Simard (term ended December 2015)                       | 2/2            |        |
| Martin Skancke   | 4/4            |        |
| Eric Usher   | 2/4            |        |
| Xander den Uyl (term started January 2016)                     | 2/2            |        |
| Peter Webster  | 4/4            |        |
| Eric Wetlaufer (term ended December 2015)                      | 1/2            |        |

| Board calls | Ethics Committee | Finance, Audit and Risk Committee | Human Resources and Remuneration Committee | Signatory and Stakeholder Engagement Committee | Skills, Diversity and Elections Committee |
|-------------|------------------|-----------------------------------|--|--|---|
| <b>5</b>    | <b>1</b>         | <b>4</b>                          | <b>3</b>                                   | <b>5</b>                                       | <b>9</b>                                  |
| 3/5         | 0/1              |                                   |  |  | 6/9                                       |
| 2/2         |                  |                                   |  |  |   |
| 3/3         |                  |                                   |  | 3/3  |   |
| 2/5         | 1/1              |                                   |  |  |   |
| 2/2         |                  |                                   |  | 0/2  | 0/3                                       |
| 5/5         |                  | 4/4                               | 1/1  |  |   |
| 1/2         |                  |                                   |  | 2/2  | 3/3                                       |
| 5/5         |                  | 4/4                               |  | 2/2  | 7/7                                       |
| 3/5         |                  | 4/4                               |  |  |   |
| 3/5         |                  |                                   | 3/3  | 2/5  |   |
| 5/5         | 1/1              |                                   |  |  |   |
| 5/5         |                  |                                   |  | 5/5  |   |
| 0/1         |                  |                                   |  |  |   |
| 3/3         |                  |                                   | 2/2  | 3/3  |   |
| 5/5         |                  |                                   |  |  | 6/6                                       |
| 4/5         |                  |                                   |  | 3/5  |   |
| 2/2         | 1/1              |                                   | 1/1  |  |   |
| 5/5         |                  |                                   |  | 5/5  | 8/8                                       |
| 2/3         |                  |                                   | 2/2  |  |   |

## The Principles for Responsible Investment (PRI)

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

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

More information: [www.unpri.org](http://www.unpri.org)



## 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](http://www.unepfi.org)



### UN Global Compact

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

More information: [www.unglobalcompact.org](http://www.unglobalcompact.org)

