

**AGILE
MARKETING
IN THE
AGE OF
DISRUPTION**



PAICR | THE ASSET
MANAGEMENT
MARKETING
ASSOCIATION
2017 ANNUAL CONFERENCE

The Westin Grand Central | **Nov.13 & 14, 2017**

Principles for Responsible Investment (PRI)



Chris Fowle, Head of Americas

The PRI is the world's leading proponent of responsible investment. Nearly 1,800 investors have become signatories, from over 50 countries, representing \$70 trillion. Has your firm?

Principles for Responsible Investment (PRI)

PAICR
November 2017



Contents

- **What is responsible investment?**
- Responsible investment trends
- PRI overview
- How does PRI support investors?
- Blueprint/PRI initiatives for the next 10 years
- How to become a PRI signatory

What is responsible investment?

Incorporates 'value' and 'values-based' investing

Responsible investment is an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns.



Approaches to responsible investment

ESG incorporation and active ownership

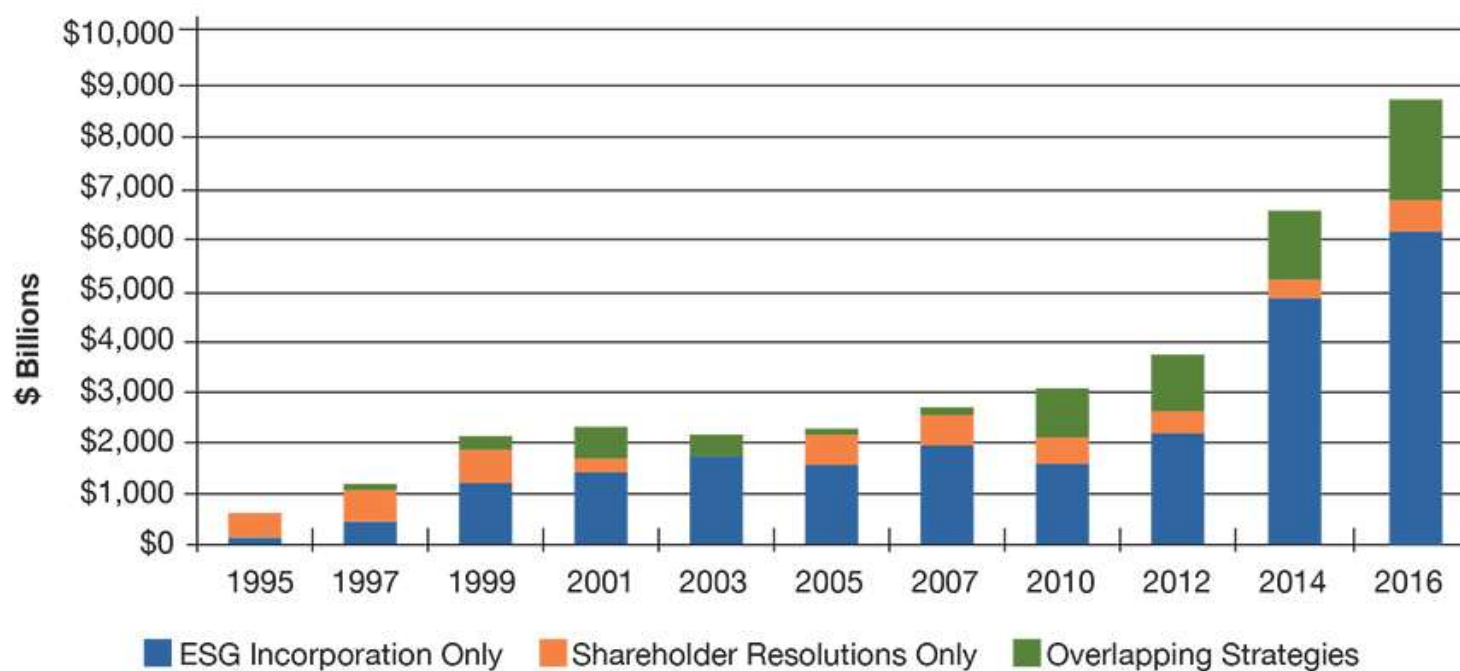


Contents

- What is responsible investment?
- **Responsible investment trends**
- PRI overview
- How does PRI support investors?
- Blueprint/PRI initiatives for the next 10 years
- How to become a PRI signatory

Growth of the Market (US)

Sustainable, Responsible and Impact Investing in the United States 1995–2016

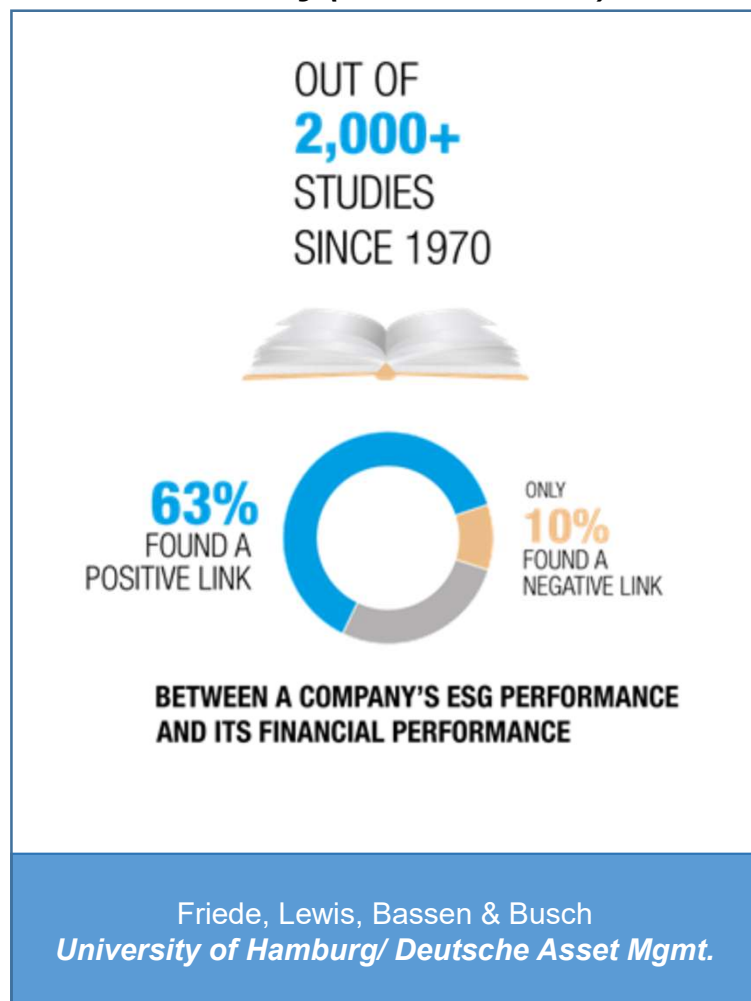


SOURCE: US SIF Foundation.

Recent academic research

ESG incorporation does not come at a cost

Meta-study (December 2015)



November 2009

"There are statistically significant positive abnormal returns associated with going long good corporate governance firms and shorting those with poor governance."

Cremers & Ferrell
Yale School of Management

November 2011

"Firms with high levels of job satisfaction, as measured by inclusion in the 'Best Companies to Work For in America', generate high long-run stock returns"

Edmans
The Wharton School

January 2012

"High-sustainability companies dramatically outperformed the low-sustainability ones in terms of both stock market and accounting measures."

Eccles, Ioannou & Serafeim
Harvard Business School

March 2015

"Responsibility and profitability are not incompatible but wholly complementary... 80% of the reviewed studies demonstrate that prudent sustainability practices have a positive influence on investment performance"

Clark, Feiner & Viehs
Oxford University

August 2015

"After successful engagements companies experience improved accounting performance and governance and increased institutional ownership"

Dimson, Karakas & Li,
Fox School of Business/ University of Cambridge

January 2016

"Firm-size-adjusted carbon emissions have a positive and significant effect on loan spreads... suggesting that spread premia are driven by environmental risks rather than investor preferences"

Kleimeier & Viehs, *Oxford University/ Maastricht University*

ESG issues can be material

Investors are increasingly focused on the impact of ESG factors



“Nike's Labor Woes Leave Soiled Footprint on Image”

THE WALL STREET JOURNAL

1997



“BP set to pay largest environmental fine in US history for Gulf oil spill”

theguardian

2010



“Tokyo Electric executives to be charged over Fukushima nuclear disaster”

REUTERS

2011



“VW slumps to first net loss in 15 years and warns of scandal toll”

FINANCIAL TIMES

2014



“Apple faces record-breaking €13bn penalty over Irish taxes”

FINANCIAL TIMES

2015

Materiality and SASB



- Materiality is a fundamental principle of mandated disclosure in the United States. The concept of materiality recognizes that some information is important to investors in making investment decisions.
- According to the U.S. Supreme Court, information is material if there is “a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the ‘total mix’ of information made available.”
- **Sustainability Accounting Standards Board (SASB)**
 - SASB has developed a set of corporate reporting standards across 79 industries in 10 sectors.
 - SASB standards address the sustainability topics that are reasonably likely to be material and to have material impacts on the financial condition or operating performance of companies in an industry. SASB standards are designed to be integrated into the MD&A and other relevant sections of mandatory SEC filings such as the Form 10-K and 20-F, and to provide investors with disclosure that is material, comparable, and decision-useful.

Materiality and SASB



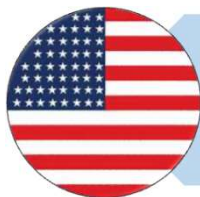
ISSUES

	Health Care	Financials	Technology and Communications	Non-Renewable Resources	Transportation	Services
	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand
Environment						
GHG emissions						
Air quality						
Energy management						
Fuel management						
Water and wastewater management						
Waste and hazardous materials management						
Biodiversity impacts						
Social Capital						
Human rights and community relations						
Access and affordability						
Customer welfare						
Data security and customer privacy						
Fair disclosure and labeling						
Fair marketing and advertising						
Human Capital						
Labor relations						
Fair labor practices						
Employee health, safety and wellbeing						
Diversity and inclusion						
Compensation and benefits						
Recruitment, development and retention						

Source: www.sasb.org

Fulfil investor duty

The changing regulatory environment



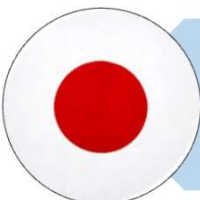
Department of Labor, 'Interpretive Bulletin/ESG Bulletin' (October 2015)

"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"



Law Commission, 'Fiduciary Duty of Investment Intermediaries' (June 2014)

"Where you think environmental, social and governance (ESG) factors are financially significant you should take these into account. Likewise if you think certain ethical issues are financially significant. "



Financial Services Authority (FSA), Stewardship Code (2014) & Governance Code (2015)

Institutional investors should "enhance the medium-to long-term return on investments ... by improving and fostering investee companies' corporate value and sustainable growth through constructive engagement, or purposeful dialogue".

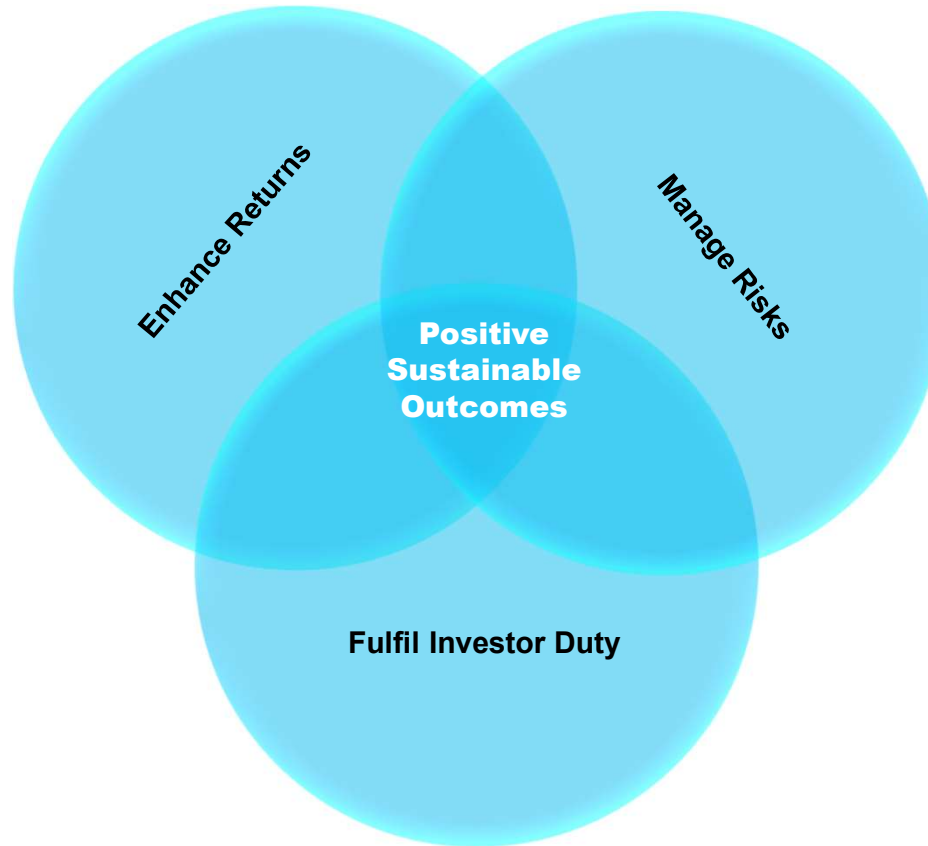


European Council, Institutions for Occupational Retirement Provisions (IORP) Directive (June 2016)

"Member States should ensure that IORPs disclose the relevance and materiality of ESG factors, and how they are taken into account in their risk management system".

Why practice responsible investment?

Manage risks, fulfil investor duty and enhance potential returns



- Assess ESG impact on long term security returns
- Research themes and opportunities in newer sectors
- Look for potential market mispricing of value and risk

- Use ESG analysis as a potential information advantage
- Evaluate material ESG issues and related scenarios
- Go beyond simply excluding unethical investments

- Satisfy growing beneficiary/client demand
- Meet government policy guidance and regulation
- Improve investor practice and market effectiveness

Among PRI Signatories

Responsible Investment Activity by Asset Class

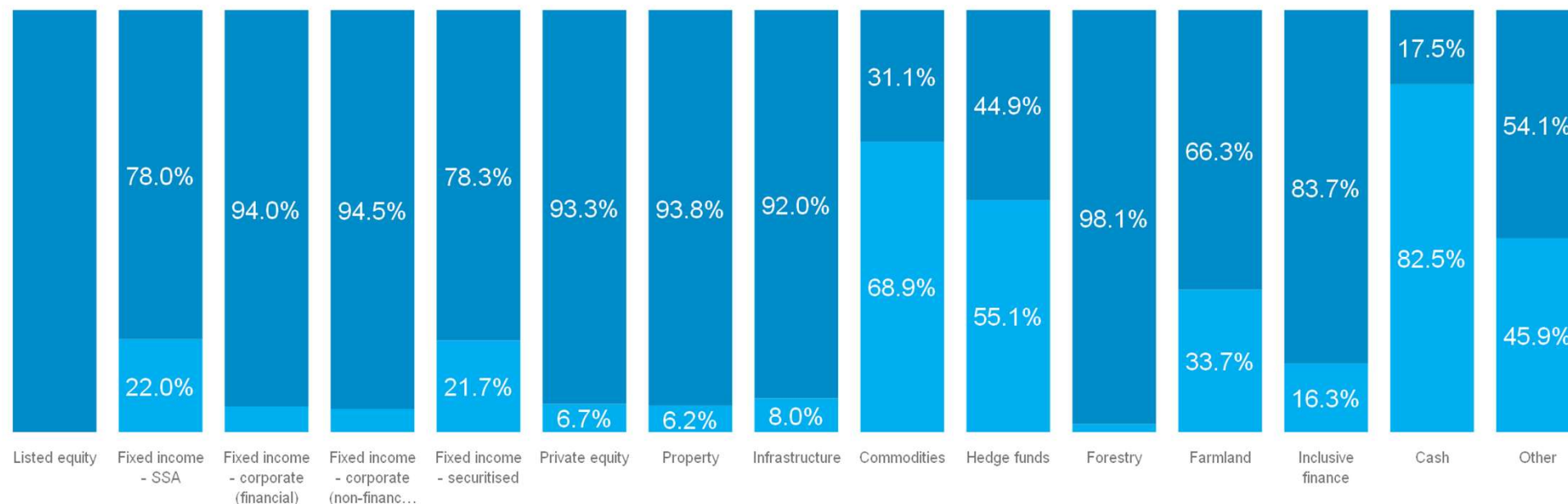
A vast majority of listed assets (equity and fixed income) and non-listed assets (property, infrastructure, private equity) have some form of responsible investment (RI) activity applied to them. Lower RI activity in fixed income SSA is partially due to the tendency in developed markets for signatories having to invest a minimum level in government bonds.

RI coverage in alternatives is a lot more varied. With the PRI's release in 2017 of the first industry standard Due Diligence Questionnaire for Hedge Fund, it is expected that IMs will have to revisit their practices as AOs start using the DDQ to select IMs on the basis of their responsible investment practices.

RI coverage is high in listed and non-listed assets, albeit less than the respective AUM managed by IMs. 30% of fixed income SSA is lacking any form of RI activity - this is particularly low for the externally managed AUM.

There is a weak correlation between RI activity and whether assets are managed internally or externally. While there is higher RI coverage for internally managed fixed income SSA and corporate (financial), non-listed assets and some of the alternatives, the opposite is true for fixed income securitised and corporate (non-financial), and hedge funds.

RI AUM (\$bn) ● No RI ● RI



Contents

- What is responsible investment?
- Responsible investment trends
- **PRI overview**
- How does PRI support investors?
- Blueprint/PRI initiatives for the next 10 years
- How to become a PRI signatory

The PRI

Investor-led, supported by the United Nations

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 issues and to support signatories in integrating these issues into investment and ownership decisions.

The six Principles were **developed by investors** and are supported by the UN. They have more than 1,700 signatories from over 50 countries representing over US\$68 trillion of assets.

2

UN PARTNERS:

UNEP FINANCE INITIATIVE
UN GLOBAL COMPACT



1800+

SIGNATORIES:

ASSET OWNERS
INVESTMENT MANAGERS
SERVICE PROVIDERS



68+

US\$ trn

ASSETS UNDER
MANAGEMENT



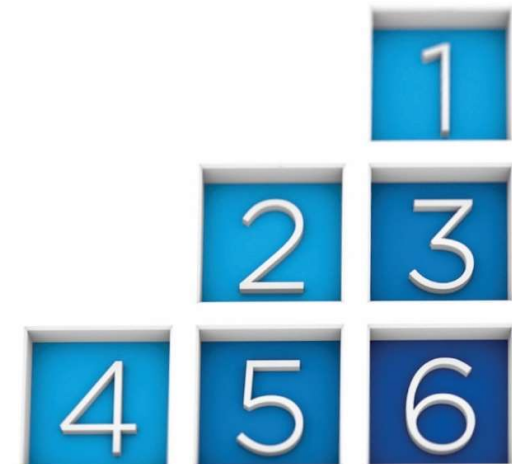
One mission – Six principles

The Mission

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

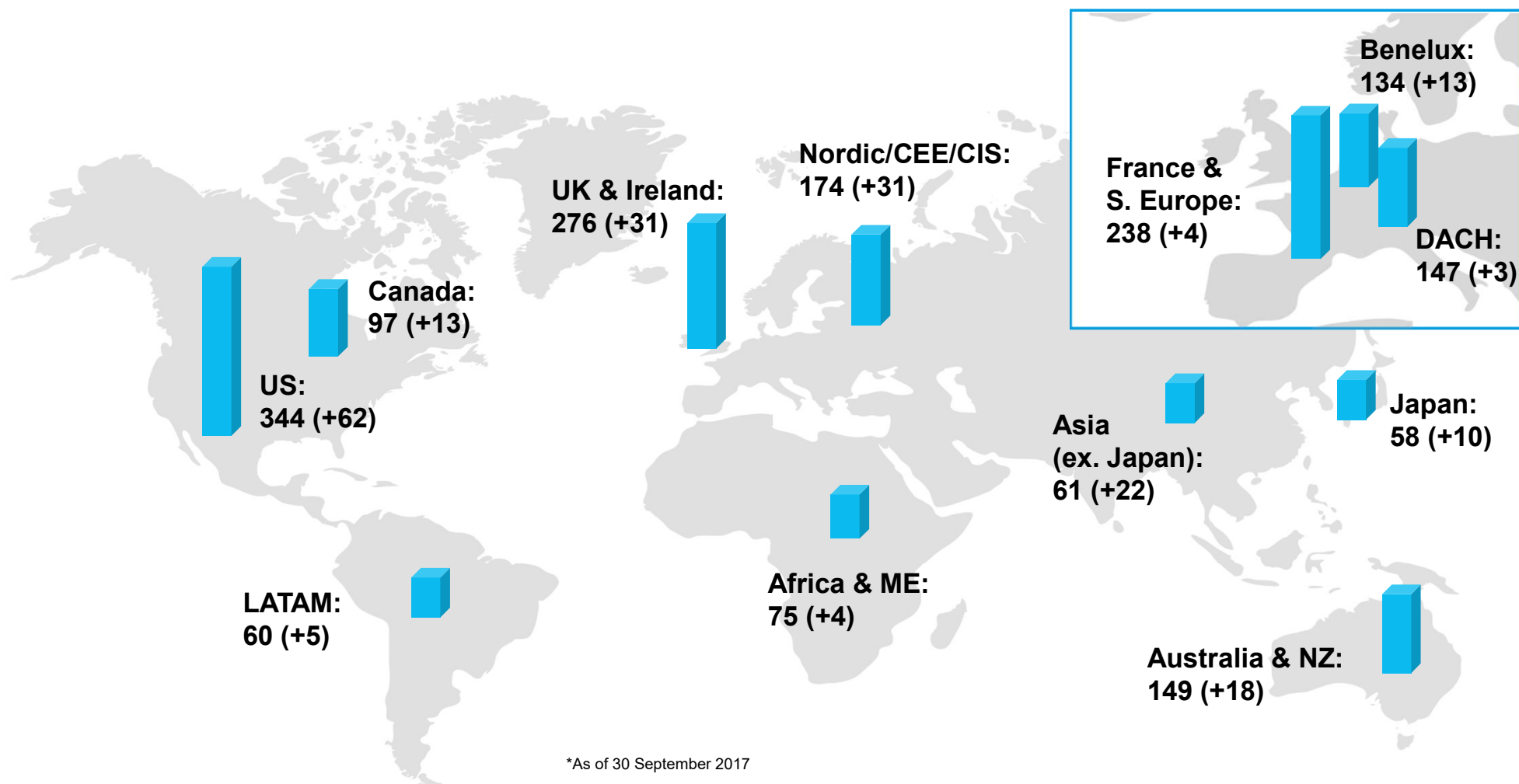
The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation."

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



More than 1800 investors worldwide

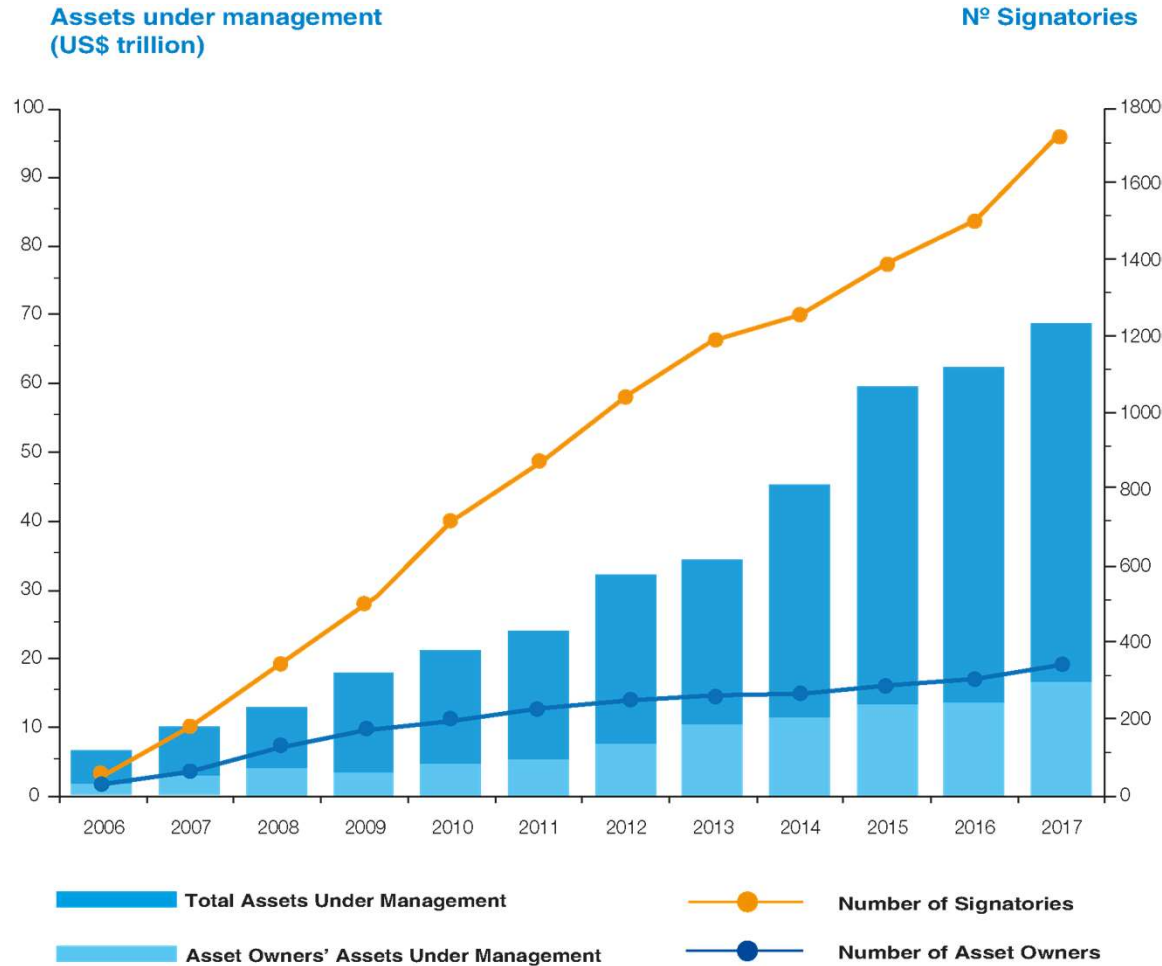
Have adopted the principles for responsible investment



*As of 30 September 2017

** Net new signatories over 12 months

Signatory growth 2017



* As of 1 April 2017

Norfund

Walter Scott
Global Investment Management

SFERS
San Francisco Employees' Retirement System

Colonial
First State

inarcASSA

E FUND MANAGEMENT
易方達資產管理

PT ASABRI
(PERSERO)

LB&BW Asset Management

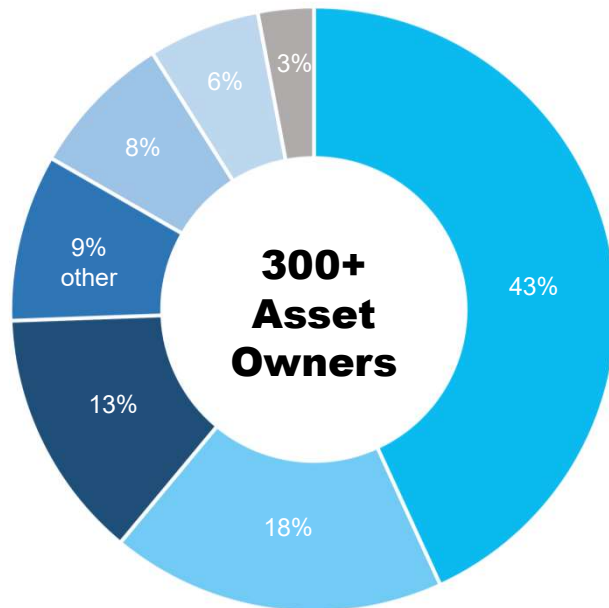
(April to October 2017):

✓ **106 new signatories (net)**

✓ **20 new asset owners**

Asset owners & investment managers

Signatories – across asset class and investment strategy



- 145 public institutions
- 60 corporates/privates
- 45 insurance companies
- 26 foundations
- 20 endowments
- 10 dev. finance institutions



- 299 private equity
- 281 listed equity
- 259 multi-asset
- 86 fixed income
- 51 property
- 32 hedge fund
- 30 infrastructure
- 24 commodities
- 23 impact investing
- 9 other

*As of January 2017

Contents

- What is responsible investment?
- Responsible investment trends
- PRI overview
- **How does PRI support investors?**
- Blueprint/PRI initiatives for the next 10 years
- How to become a PRI signatory

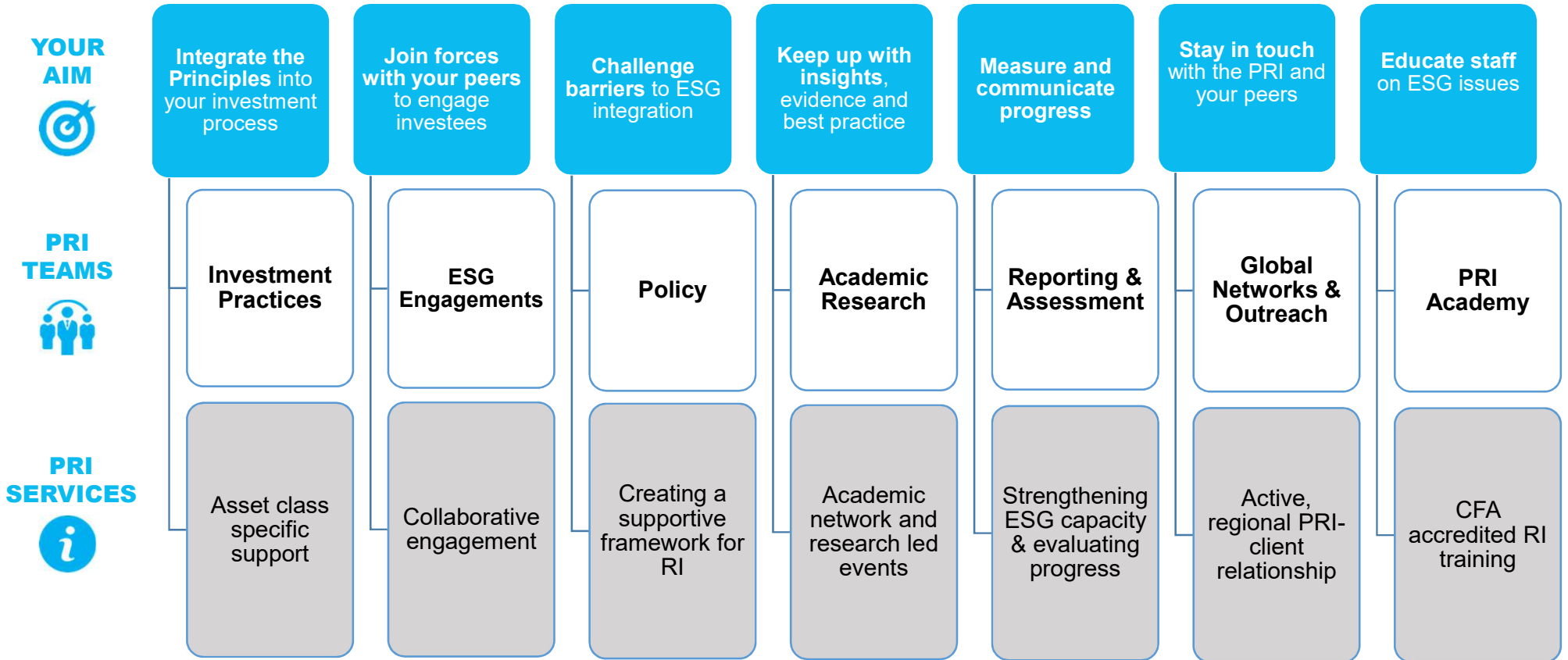
PRI value proposition

Understanding ESG risks, improving returns and creating long-term value

WHY RESPONSIBLE INVESTMENT	Responsible investment is about holistic risk management, securing long-term returns and being a good corporate citizen. Demand from beneficiaries and other investors is growing, regulation is increasing and reputational risks are becoming ever more severe. Research from academics, and the private and public sector, is increasingly showing the materiality of ESG factors for investors.
WHY BECOME A PRI SIGNATORY	Join a leading global network of more than 1,500 signatories who are collaborating and learning with their peers, incorporating ESG factors into investment decisions and ownership practices to minimise risk and potentially add value. Demonstrate your public commitment to responsible investment via an independent link to the United Nations.
WHAT IS REQUIRED FROM SIGNATORIES	Start to incorporate the six Principles into investment decision-making and ownership practices and report on implementation. Benefit from a widely recognised set of Principles, devised by the investment community, for integrating ESG issues into investment decision-making and ownership practices.
SUPPORT AND GUIDANCE	PRI teams will support you along the way with a variety of useful guidelines, toolkits and case studies specific to your asset classes and your direct/indirect investments. You will have the opportunity to participate in events and workshops with other signatories. Dedicated network managers and industry-leading events around the world tailor support locally.
COLLABORATION	The PRI Collaboration Portal enables you to learn, engage and collaborate with peers through a private online platform. Share experiences, knowledge and resources with companies, policy makers and academics, as well as over 1,500 fellow investors and service providers.
REPORTING & ASSESSMENT	Signatories are required to report on their ESG implementation by asset class through the PRI Reporting Framework. This includes an element of public disclosure and an assessment process for signatories to learn and develop year-on-year. Benefit from the accountability and transparency provided by a global standard for reporting and assessment, developed with and for investors.
ACADEMIC RESEARCH	Access key findings from academic research and collaborate with academics through the PRI's Academic Network.
TRAINING	The PRI Academy is a CFA-accredited, online training and education system that can be tailored specifically for your staff needs.

PRI services

What the PRI does for you



Global Networks & Outreach

Address local challenges in all markets where you invest



Key functions:

- Provide active PRI-signatory relationship
- Recruit and on-board new signatories
- Bring global ESG perspectives into local markets

Local offices

- AMERICAS
 - Brazil (Rio de Janeiro)
 - Canada (Toronto, Montreal)
 - US (New York, San Francisco)
- EMEA
 - France (Paris)
 - Germany (Cologne, Munich)
 - Netherlands (The Hague)
 - South Africa (Cape Town)
 - UK (London)
- ASIA-PACIFIC
 - Australia (Melbourne)
 - Hong Kong
 - Japan (Tokyo)

Investment Practices

Integrate the principles into your investment process

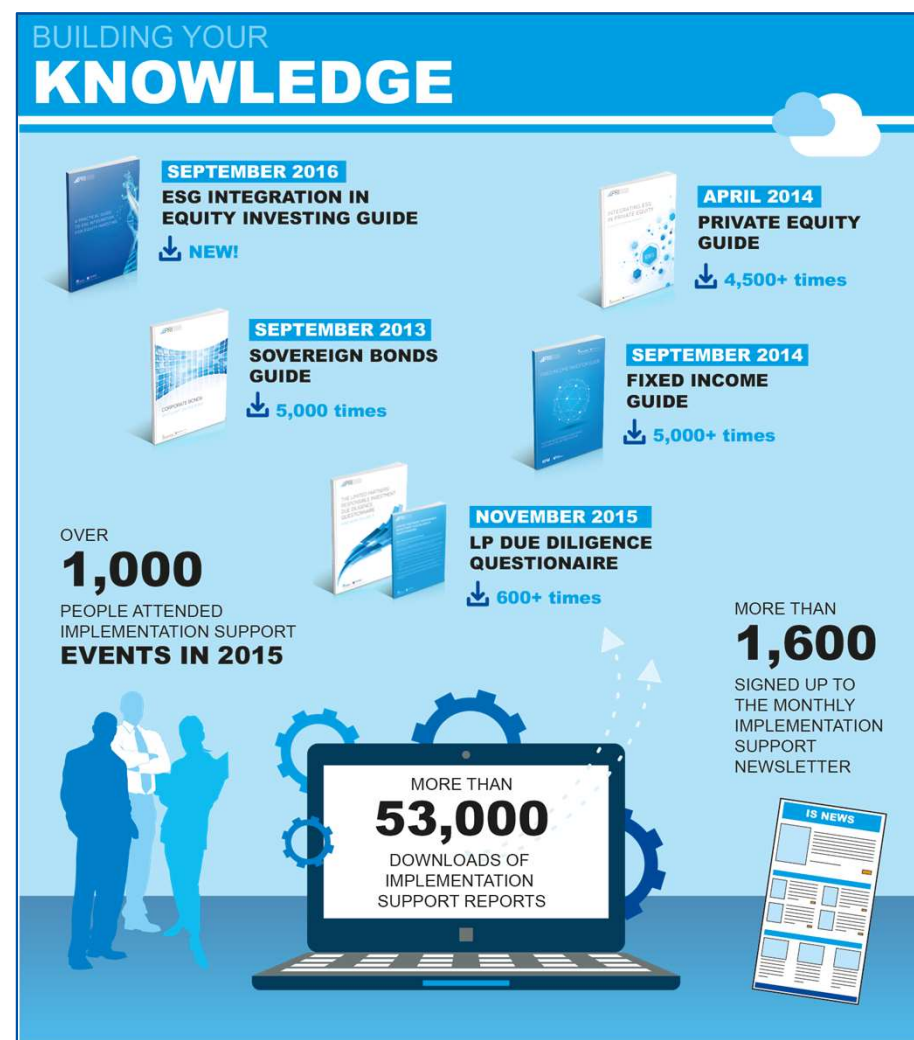
The Investment Practices team provides signatories practical tools to help them implement the Principles across all asset classes.

Work areas

- Listed equity
- Fixed income
 - Sovereign and corporate
 - Credit ratings
 - Infrastructure
- Asset owner insight
 - Investment strategy
 - Investment policy
 - Selecting, appointing and monitoring managers
 - Passive investments
- Alternative and themed
 - Private equity
 - Hedge funds
 - Property
 - Environmental and social themed

Tools

- Guidance documents
- Case studies
- Discussion papers
- Webinars
- Events
- One-to-one discussion
- Working groups and committees
- Peer learning
- Newsletters
- Outreach Projects



Guidance on ESG Integration across asset classes

Examples are available on: <http://www.unpri.org>



A PRACTICAL GUIDE TO ESG INTEGRATION FOR EQUITY INVESTING

The guide contains information and case studies on integration techniques that apply to investment strategies including fundamental, quantitative, smart beta and passive investment.



FIXED INCOME INVESTOR GUIDE

Written by fixed income practitioners from around the world, the PRI's Fixed Income Case Study series highlights examples of interesting and innovative approaches to integrating ESG, negative and positive screening, thematic investment and engagement across the asset class.



SUSTAINABLE REAL ESTATE INVESTMENT, IMPLEMENTING THE PARIS CLIMATE AGREEMENT: AN ACTION FRAMEWORK

This guide presents investors, managers and advisers with easy to understand and apply actions in a framework that distils relevant industry material published over the past five years.



INTEGRATING ESG IN PRIVATE EQUITY: A GUIDE FOR GENERAL PARTNERS

This report advises GPs to develop a framework for integrating ESG factors into their investment activities, linking this to organisational governance, structure and culture.

RECENTLY LAUNCHED PUBLICATIONS



SHIFTING PERCEPTIONS: ESG, CREDIT RISK AND RATINGS – PART 1: THE STATE OF PLAY (JULY 2017)

Building on the successful launch of the ESG in Credit Ratings Statement last year, the PRI has produced a report outlining how investors and credit rating agencies (CRAs) are paying heed to environmental, social and governance factors (ESG) in credit risk analysis.



ALIGNING VALUES: WHY CORPORATE PENSION PLANS SHOULD MIRROR THEIR SPONSORS (APRIL 2017)

The report urges CEOs to ensure their corporate pension plans - an untapped sustainability resource - adopt responsible investing policies, highlighting concrete benefits including improved investment performance, fulfilling fiduciary duty, managing regulatory risk and boosting corporate sponsor credibility.



ESG INTEGRATION: HOW ARE SOCIAL ISSUES INFLUENCING INVESTMENT DECISIONS? (MAY 2017)

Case studies from a wide range of sectors, from retail to mining, highlighting methods investors can use to integrate social issues into listed equity investments. It demonstrates how a range of factors, from gender equality to workforce culture, can be applied to different integration techniques.



RI DUE DILIGENCE QUESTIONNAIRE FOR HEDGE FUNDS (MAY 2017)

A tool to assist investors in their managers' selection and assessment process. It comprises a standardised set of questions, which will make it easier to identify those fund managers who best incorporate Environmental, Social and Governance (ESG) factors in the investment decision-making process.

Policy

Challenge regulatory barriers and promote supportive policy

“The long-term financial consequences of many critical policy issues are just too significant to ignore: engagement is a tool for risk management.”

Jane Ambachtsheer, Partner, Mercer Investments

Policy sets the rules of the game. It critically affects investors' ability to generate sustainable returns and create value.

The PRI's policy service:

- works to improve the sustainability of the financial system and address systemic market risks through policy change, research and investor education;
- works alongside other organisations, including the **OECD**, **European Commission** and **UNEP FI** to maximise its impact for signatories;
- integrates the Sustainable Development Goals into the PRI's work with signatories.

SUPPORTING A SUSTAINABLE FINANCIAL SYSTEM

FIDUCIARY DUTY IN THE 21ST CENTURY

Understanding why investors are not systematically integrating ESG as part of their fiduciary duty.

The three-year Fiduciary duty project includes:

- publishing Fiduciary Duty in the 21st Century;
- creating policy change roadmaps for each country covered by the report;
- publishing Investor obligations and duties in six Asian markets;
- developing an international statement on fiduciary duty and ESG engagement.

PUBLIC POLICY CONSULTATIONS

SEC seeks public comment on business and financial disclosure requirements in Reg S-K – July 2016
South Africa King Code – May 2016
French Energy Transition Law – April 2016
UK Department for Work and Pensions consultation – December 2015

CASE FOR INVESTOR ENGAGEMENT IN PUBLIC POLICY

SUSTAINABLE STOCK EXCHANGES (SSE) INITIATIVE

ESG Engagements

Join forces with your peers to engage investee companies

- The **PRI Collaboration Platform**: Create your own engagement or initiative and use webinar-hosting software and a confidential online workspace to work with peers.
- **PRI-coordinated engagements** bring together groups of signatories across asset classes to engage with investee companies from different sectors and regions in order to reduce risk and better manage ESG issues, such as:

Environmental	Social	Governance
Water risks Climate lobbying Carbon disclosure	Labour standards Human rights	Anti-corruption Director nominations Cyber security Corporate Tax

- **Research reports and engagement guidance:**
 - *From poor working conditions to forced labour: What's hidden in your portfolio?*
 - *Engagement guidance on corporate tax responsibility*
 - *Water risks in agricultural supply chains*

THE POWER OF ACTING COLLECTIVELY

More than **550 signatories** have used the Collaboration Platform to collaborate on over **800 engagements**, targeting **in excess of 1,800 companies**.

In a sample of **379 companies**, with a combined market capitalisation of US\$19 trillion, PRI signatories held on **average 46.2% of all shares** managed by institutional investors.

EXAMPLES

HUMAN RIGHTS

The PRI-coordinated engagement on human rights attracted

51 signatories
with **US\$7.3 trn in AUM**

CORRUPTION

The PRI-coordinated engagement on anti-corruption led to

75% of engaged companies
significantly improving transparency.

PRI Academy

Educate staff on ESG issues

CFA-accredited online training for your staff on how ESG issues impact company performance, shareholder value and investment decisions.

Courses feature content from international experts, real and hypothetical case studies and financial modelling. The PRI Academy has enrolled in excess of 1,500 candidates from over 225 investment organisations in more than 40 countries.



"The PRI Academy is a particularly well put together course, and it is helping us better understand how we can integrate ESG issues into our investment frameworks."

Sovereign, New Zealand

"The PRI Academy is the gold standard and unique in the marketplace."

Colonial First State Global Asset Management, Australia



RI Fundamentals	Three-hour introduction to the basic tenets of responsible investment
RI Essentials	Comprehensive examination of responsible investment from theory to practice
Enhanced Financial Analysis	In-depth look at using sustainability data in fundamental investment analysis

Every course is delivered entirely online – work wherever and whenever suits you.

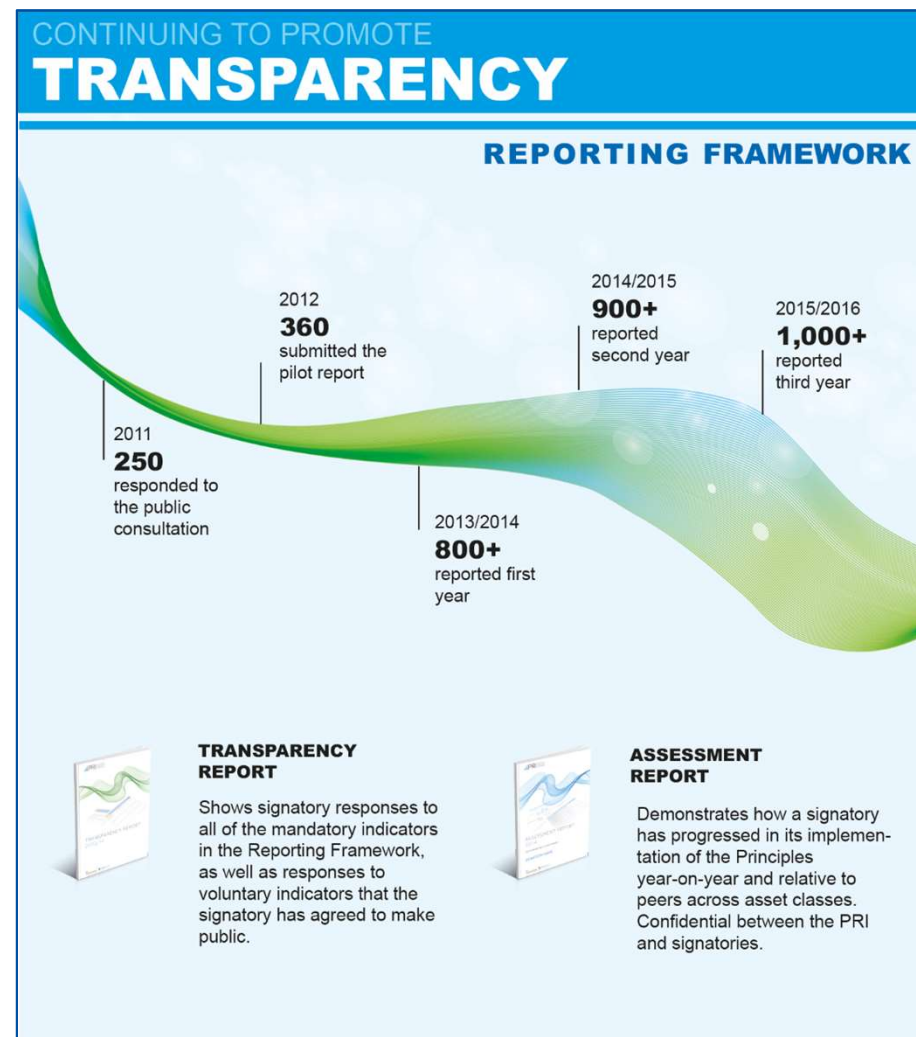
Reporting & Assessment

Measure progress against your targets and your peers

The Reporting Framework was launched in October 2013 to **ensure accountability** of the PRI and the work of its signatories, to **encourage transparency** from signatories on responsible investment and to **foster continued learning and development** through annual assessment.

Key details:

- The largest global reporting project on responsible investment
- Developed **with signatories, for signatories**: 1,000+ signatories reported in 2016
- **Robust and practical** disclosure requirements
- **Intuitive, efficient and customised** online tool to simplify data submission
- More than **80,000 downloads of PRI Transparency Reports** per year
- Assessment results are yours to use as you wish: **share to demonstrate performance** against peers, **or keep in-house** as an internal learning and development tool



Reporting & Assessment

Measure progress against your targets your peers

Benefits for signatories

- **Evaluates progress** against industry-standard framework (some signatories are beginning to audit their responses) and to benchmark performance against peers'
- **Strengthens internal procedures** and builds ESG capacity
- **Delivers ongoing PRI feedback** and tools for improvement
- **Presents the big picture** – the dataset and Reports on Progress are a huge resource for best practice
- **Summarises your RI activities** – valuable for engaging with internal staff, clients, shareholders and regulators

"The reporting has been an informative exercise that has indicated just how much we can improve our engagement and activities. The questions will form the basis on which we seek to enhance our activity."

London Borough of Haringey Pensions Committee, UK

"The PRI reporting framework has been a useful tool in understanding how our responsible investment practices are being perceived by the market."

Itaú Asset Management, Brazil

"We regard the reporting as a significant ESG implementation process for identifying future improvement and reviewing our activities for the next year."

Nissay Asset Management Corporation, Japan

"I had budgeted several weeks to complete it and found it took far less time. I really like the way the modules flow and felt as if I always had this big picture visibility of where I'd been, where I was, and where I needed to go."

California State Teachers' Retirement System, US



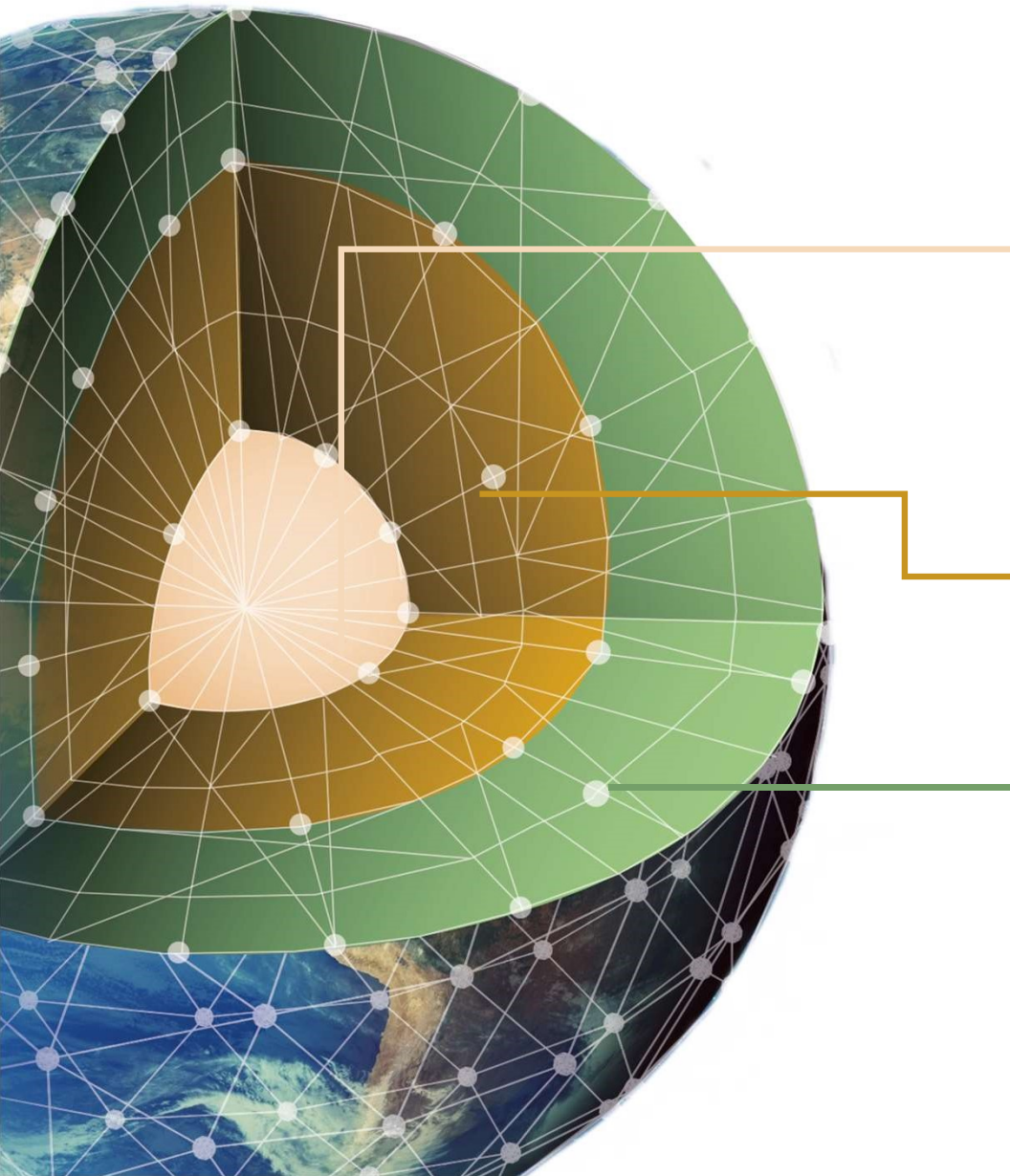
PRI Reporting vs. Corporate Reporting

- The “**Investment Chain**”
 - Asset Owner > Investment Managers > Corporations
 - PRI is addressing the top of the investment chain where the financial influence sits.
- Corporate Reporting “**Bottom Up**” approach
- **PRI Reporting “Top Down” approach**
- PRI is **multi-issue** (ESG)
- **Self-reporting**
 - Accountability to the Principles
 - Supporting signatories on RI progression
 - Not a rating agency

Contents

- What is responsible investment?
- Responsible investment trends
- PRI overview
- How does PRI support investors?
- **Blueprint/PRI initiatives for the next 10 years**
- How to become a PRI signatory

The Blueprint Vision



Responsible Investors

- Empower asset owners
- Support investors incorporating ESG issues
- Create an industry of active owners
- Showcase leadership and increase accountability
- Convene and educate responsible investors

Sustainable Markets

- Challenge barriers to a sustainable financial system
- Drive meaningful data throughout markets

A Prosperous World for All

- Champion climate action
- Enable real-world impact aligned with

Responsible Investors

Empower asset owners – Data Portal

The Data Portal is a web-based platform that allows users to search, view and collate transparency reports. The portal enables users to request access to private reports from other signatories, export responses and view distribution of scores for different peer groups.



Key objectives

- Empower asset owners to engage with managers
- Promote the sharing of best practice/knowledge
- Facilitate informed decision making

Responsible Investors

Empower asset owners – Resources

- **Asset Owner Work stream** – Guidance on (right):
 - Investment strategy
 - Fund manager selection
 - Fund manager appointment
 - Fund manager monitoring

STRATEGY



CRAFTING AN INVESTMENT STRATEGY: A PROCESS GUIDANCE FOR ASSET OWNERS

Supports asset owners, including their board of trustees and executives, in developing and formulating their investment strategy, and outlines how ESG issues can be incorporated across six steps.

POLICY



INVESTMENT POLICY: PROCESS & PRACTICE – A GUIDE FOR ASSET OWNERS

Provides a concise and implementable framework to support asset owners in revising their investment policy in order to incorporate long-term factors in their investment chains.

SELECTION, APPOINTMENT & MONITORING



ALIGNING EXPECTATIONS – GUIDANCE FOR ASSET OWNERS

Guidance on incorporating ESG-factors into manager selection, appointment and monitoring - covering setting expectations on managing ESG factors in a portfolio/fund and ESG related expectations in RFPs, questionnaires and discussions.

Example resources are available on: <http://www.unpri.org>

Responsible investors

Showcase leadership and increase accountability

Delisting: minimum requirements

- Objective, criteria-based approach:
 - ✓ Investment policy that covers the firm's responsible investment (RI) approach
 - ✓ Internal/external staff responsible for implementing RI policy
 - ✓ Senior-level commitment and accountability mechanisms for RI implementation
- Watch list – not published
- Two years to improve
- Appeals process

Showcasing leadership

- Public recognition of best practices and innovation each year
- Displayed in an annual leadership report
- Leadership cohort identified from an overall score
- Leaders will be required to share learning (e.g. case studies)

Accountability has been developed with signatory consultation



Sustainable Markets

Challenge barriers to sustainable financial system

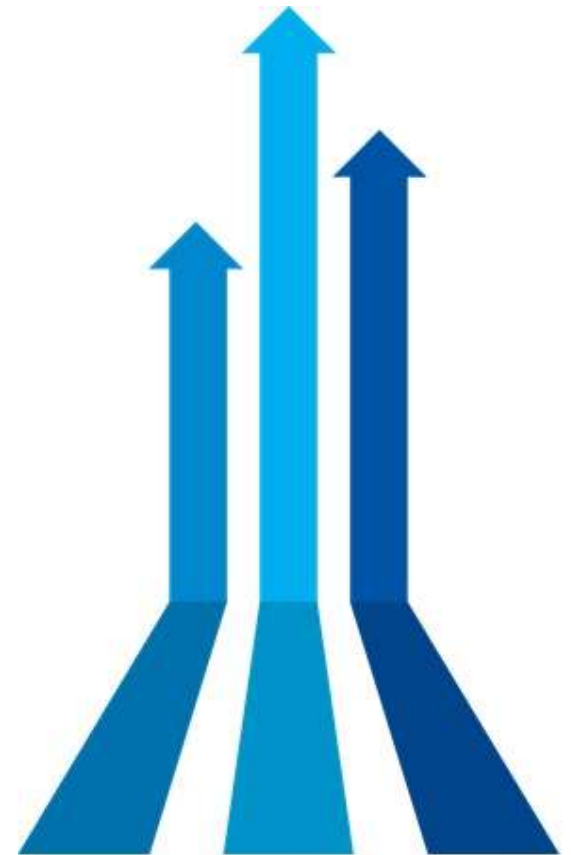
The Sustainable Financial System (SFS) programme has so far identified 19 projects to address key risks and challenges in the financial system.

In 2017/18 we will launch six ongoing priority projects:

- Trustee readiness for a sustainable system
- Asset consulting services review
- Promote sustainable system linkages and the role of actors
- Macroeconomic risks - investor response to threats and instability
- Encourage governments to link financial and sustainability policy
- Enhanced modern portfolio theory (MPT)/Alternatives to MPT

In 2018/19 we are looking to start work on:

- Banking sector sustainability review
- Sustainable finance mechanisms



A PROSPEROUS WORLD FOR ALL

CHAMPION CLIMATE ACTION

Highlights from the PRI's climate work

Investor action and practical tools

- 2 degrees of separation report and regional workshops
- [Climate Action 100+](#) coalition
- PRI collaboration platform alerts for climate resolutions e.g. ExxonMobil

Climate disclosure and FSB Task Force (TCFD)

- PRI Chair served on Task Force, with strong signatory input
- Final recommendations were published June 2017
- PRI-Baker McKenzie country climate disclosure reviews
- PRI will drive TCFD implementation

Forward looking priorities – supporting signatories through the transition

- Paris Agreement implementation
- FSB Task Force implementation
- Green finance



A PROSPEROUS WORLD FOR ALL

Enable real world impact aligned with the SDGs

In 2016 we consulted signatories on what our goals should for the next 10 years: More than 50% of asset owner signatories think SDGs are relevant for investors and the PRI Board has decided to make PRI's mission and Preamble more central to its work.

PRI five point work plan:

1. **Landscape map – what is the investment world already doing on the SDGs**
2. **Investment case – why should investors care about the SDGs (Launched at PRI in Person in September)**
3. **SDGs in ESG incorporation – how to invest in the SDGs**
4. **SDGs in active ownership – how to engage with companies on the SDGs**
5. **Reporting on the SDGs – how can signatories report on SDGs**



Contents

- What is responsible investment?
- Responsible investment trends
- PRI overview
- How does PRI support investors?
- Blueprint/PRI initiatives for the next 10 years
- **How to become a PRI signatory**

How to become a PRI signatory

In four steps

1

Confirm your organisation's approval of the Principles by submitting the declaration on your company's letterhead, signed by your CEO (or equivalent)

Declaration forms can be downloaded at <https://www.unpri.org/about/becoming-a-signatory>

2

Provide your company details, contact information and reasons for signing in the application form

Application forms can be downloaded at <https://www.unpri.org/about/becoming-a-signatory>

3

Provide an organisation chart, showing the structure of your organisation including all its legal entities

Send all of the above information to info@unpri.org

4

Once provisionally approved we will send you an invoice, upon payment of which your application will be fully approved*

*The PRI aims to process applications within two weeks. The invoice will cover the period until the start of the next fee year (1 April). Upon payment, the PRI will contact you to welcome you and introduce you to all of the resources at your disposal.

How much does it cost to be a signatory?

2017/18 fees

ASSET OWNERS		INVESTMENT MANAGERS		SERVICE PROVIDERS	
AUM (US\$ bn)	2017/18 fee (£)	AUM (US\$ bn)	2017/18 fee (£)	Employees	2017/18 fee (£)
>10	8,190	>50	13,270	>200	8,190
5 - 9.99	6,210	30-50	11,670	51-200	6,210
1 – 4.99	2,860	10 - 29.99	10,610	26-50	2,860
0.1 – 0.99	820	5 - 9.99	7,430	11-25	820
0 – 0.09	450	1 – 4.99	4,240	<10	450
		0.1 – 0.99	1,600		
		0 – 0.09	1,060		

The annual signatory fee is payable in April and is scaled according to each signatory's category, type and assets under management.

Who can sign the six principles?

ASSET OWNERS: Organisations that represent the holders of long-term retirement savings, insurance and other assets. Examples include pension funds, sovereign wealth funds, foundations, endowments, insurance and reinsurance companies and other financial institutions that manage deposits.

INVESTMENT MANAGERS: Organisations that manage assets as a third-party, serving an institutional and/or retail market. Investment managers that are still raising funds, rather than actively managing assets, can sign pre-emptively as *provisional* signatories.

SERVICE PROVIDERS: Organisations that offer products or services to asset owners and/or investment managers. Although such companies are not stewards or managers of assets in their own right, they do have considerable influence over how their clients address ESG issues. For this group, becoming a signatory is a commitment to providing, developing and promoting services that support clients' implementation of the Principles.

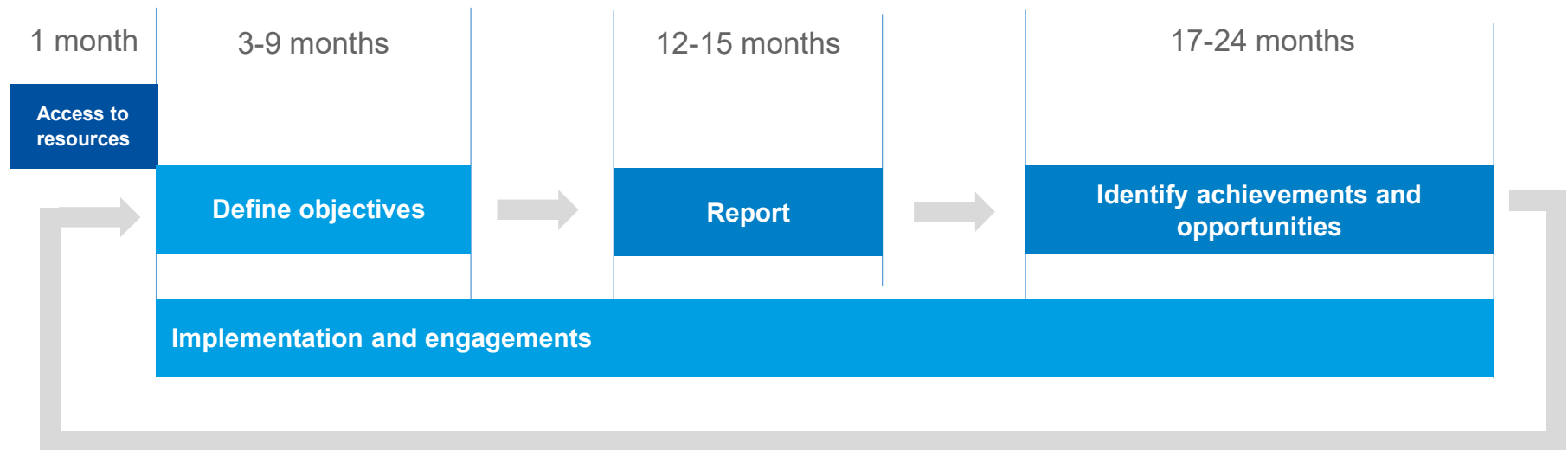
Reporting process

Reporting workload and things to consider

	DATA COLLECTION (80-85%)		REPORTING (15-20%)
	<ul style="list-style-type: none"> Defining your asset mix – is it consistent with the PRI framework? 		
1 st TIME REPORTING	INTERNALLY MANAGED ASSETS <ul style="list-style-type: none"> Organisation wide readiness for RI reporting Size of organisation Consistency of approach across asset classes Data collection infrastructure: internal collection/sharing process, use of service provider data etc. Where responsibility for data collection sits: with ESG specialist, with PMs etc. Existing data collection processes Data sharing approval process 	EXTERNALLY MANAGED ASSETS <ul style="list-style-type: none"> Number of asset managers/asset consultants employed Consistency of approach across asset classes and consistency of data collection processes How the data is relayed to asset owner and the consistency of format 	<ul style="list-style-type: none"> If all information is collected, reporting on one asset class (either external or internal) can take 1 hour Anecdotally, once all information is collected, completing the reporting framework (all modules) can take 3 days
2 nd YEAR ONWARDS	<ul style="list-style-type: none"> Prefilling functionality tends to make the workload a lot lighter – depending on changes. Around 70-90% of answers can be prefilled going into second year reporting How much of the investment process has changed? If very little, data collection and reporting likely to take less time Are last year's policies still in place? Change in staff responsible for completing reporting framework? If little has changed, can take from a few hours to 1 day to completed second year reporting (depending on the number of asset classes reported on) 		

The signatory roadmap

Signing the Principles



The timeframe for reporting will depend on when an organisation signs the Principles. New signatories will always have one full reporting cycle during which it is voluntary to report. The PRI encourages signatories to report in their first year and use this process as a learning experience.

YOUR DEDICATED PRI TEAM

SUPPORTED BY 80+ PROFESSIONALS



NAME: Chris Fowle
TITLE: Associate Director, Americas,
Global Networks & Outreach
Email: Chris.Fowle@unpri.org



NAME: Carol Jeppesen
TITLE: Senior US Network Manager,
Global Networks & Outreach
Email: Carol.Jeppesen@unpri.org



NAME: Ophir Bruck
TITLE: US Network Manager, Global
Networks & Outreach
Email: Ophir.Bruck@unpri.org



NAME: John Du
TITLE: Project Manager, Global
Networks & Outreach
Email: John.Du@unpri.org

MEET THE EXECUTIVE TEAM



Fiona Reynolds
Managing Director



Kris Douma
Director, Investment Practices and
Engagements



Nathan Fabian
Director, Policy and Research



Mandy Kirby
Director, Reporting,
Assessment and Accountability



Lorenzo Saa
Director, Global Networks and
Outreach



Graeme Griffiths
Director, Global Networks
and Outreach