

# PRINCIPLES FOR RESPONSIBLE INVESTMENT

An investor initiative in partnership with  
UNEP Finance Initiative and the UN Global Compact

“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.”

2006 - 2016



SHOWCASING LEADERSHIP  
IN RESPONSIBLE INVESTMENT

# MESSAGE FROM THE UN SECRETARY-GENERAL

Sustainability is a global imperative. It is my top priority as Secretary-General and the United Nations believes investors are essential partners in achieving it.

Until recently, the implications of sustainability issues for investors and financial markets were poorly understood and largely overlooked. The United Nations-supported Principles for Responsible Investment (PRI) has helped to correct this oversight by illuminating the financial relevance of environmental, social and governance (ESG) issues and providing a framework for the global investment community to contribute to the development of a more stable and sustainable financial system.

Rising numbers of institutional investors – from all regions of the world – are incorporating ESG factors into their investment decision-making and ownership practices in order to reduce risk, enhance financial returns and meet the expectations of their beneficiaries and clients. They are also directly influencing companies, policy makers and other market participants to improve their performance in these areas. This is delivering tangible benefits to the environment and society as a whole.

The Principles complement the UN Global Compact, which asks companies to embed in their strategies and operations a set of universal principles in the areas of human rights, labour standards, the environment and anti-corruption. They are also a natural extension of the work of the UN Environment Programme Finance Initiative, which has helped sensitise capital markets to the importance of environmental and social issues. Together, these initiatives are helping us achieve the future we want.

I applaud the leadership of the institutions that have committed themselves to becoming signatories to the Principles. Now they must implement them. It is their responsibility and it is their opportunity. I urge other investors around the world to join these crucial efforts.



A handwritten signature in black ink that reads "Ban Ki-moon".

**Ban Ki-moon**  
UN Secretary-General

# INTRODUCING THE PRINCIPLES FOR RESPONSIBLE INVESTMENT

## ABOUT THE PRI AND THE SIX PRINCIPLES

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 1,400 signatories from over 50 countries representing US\$59 trillion of assets.

## THE PRI'S MISSION

### OUR BELIEF AND AMBITION

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.

## THE SIX PRINCIPLES

### SIGNATORIES' COMMITMENT

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society.

Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

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

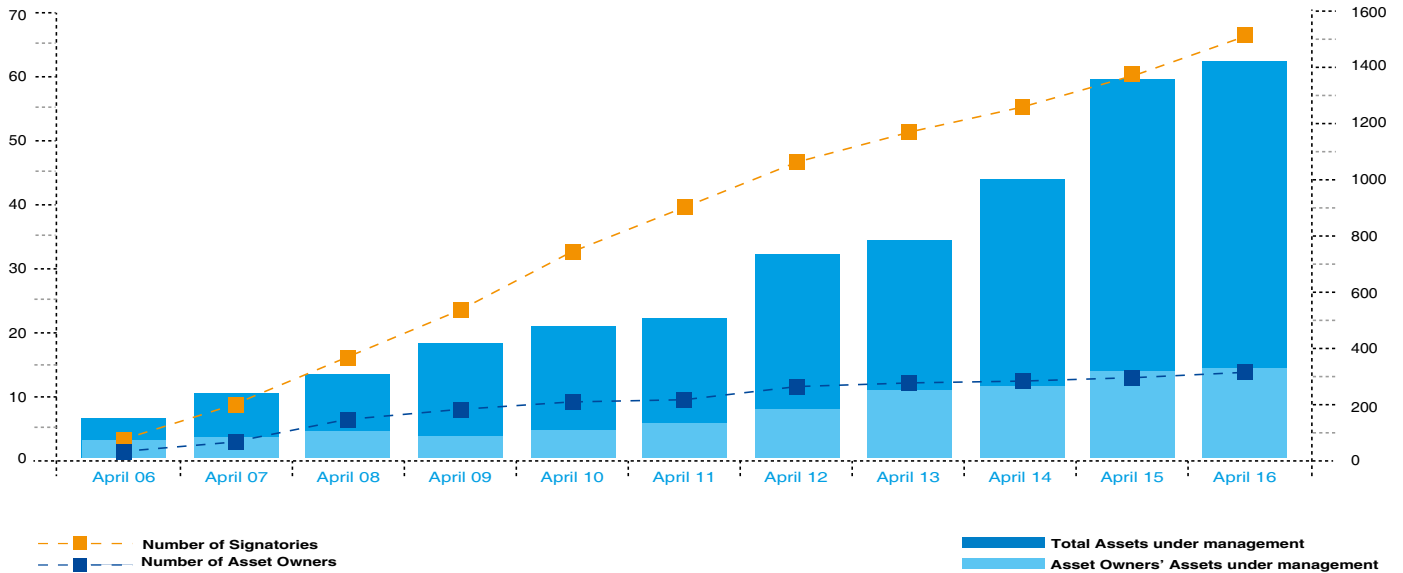
The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

**WE ENCOURAGE OTHER INVESTORS TO ADOPT THE PRINCIPLES.**

# RESPONSIBLE INVESTMENT: AN AGENDA GATHERING MOMENTUM

The PRI has grown consistently since it began in 2006:



Growing interest in responsible investment is being driven by:

- recognition that ESG issues are financially material;
- understanding that integrating these issues forms part of an investor’s fiduciary duty to their clients and beneficiaries;
- concern about the impact of short-termism on company performance, investment returns and market behaviour;
- public policy requirements for investors to exercise their rights and responsibilities as owners;
- pressure from competitors seeking to differentiate themselves through responsible investment;
- ethical motivations of investors, clients and beneficiaries.

“AXA is a long-term global investor with a duty to act in the best interests of its stakeholders, which means understanding the risks and opportunities related to ESG issues in our portfolios. We believe that these factors have the potential to impact investment portfolios over time, therefore affecting risk and returns. But only collective action can produce meaningful change. This is why we are proud to sign the UN-supported Principles for Responsible Investment.”

**Henri de Castries**  
CEO & Chairman, AXA

# IMPLEMENTING THE SIX PRINCIPLES

The Principles are voluntary and aspirational. They offer a menu of possible actions for incorporating ESG issues:

## 1 We will incorporate ESG issues into investment analysis and decision-making processes.

### Possible actions:

- Address ESG issues in investment policy statements
- Support development of ESG-related tools, metrics, and analyses
- Assess the capabilities of internal investment managers to incorporate ESG issues
- Assess the capabilities of external investment managers to incorporate ESG issues
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis
- Encourage academic and other research on this theme
- Advocate ESG training for investment professionals

## 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

### Possible actions:

- Develop and disclose an active ownership policy consistent with the Principles
- Exercise voting rights or monitor compliance with voting policy (if outsourced)
- Develop an engagement capability (either directly or through outsourcing)
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)
- File shareholder resolutions consistent with long-term ESG considerations
- Engage with companies on ESG issues
- Participate in collaborative engagement initiatives
- Ask investment managers to undertake and report on ESG-related engagement

## 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.

### Possible actions:

- Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative)
- Ask for ESG issues to be integrated within annual financial reports
- Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact)
- Support shareholder initiatives and resolutions promoting ESG disclosure

## 4 We will promote acceptance and implementation of the Principles within the investment industry.

### Possible actions:

- Include Principles-related requirements in requests for proposals (RFPs)
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate)
- Communicate ESG expectations to investment service providers
- Revisit relationships with service providers that fail to meet ESG expectations
- Support the development of tools for benchmarking ESG integration
- Support regulatory or policy developments that enable implementation of the Principles

## 5 We will work together to enhance our effectiveness in implementing the Principles.

### Possible actions:

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning
- Collectively address relevant emerging issues
- Develop or support appropriate collaborative initiatives

## 6 We will each report on our activities and progress towards implementing the Principles.

### Possible actions:

- Disclose how ESG issues are integrated within investment practices
- Disclose active ownership activities (voting, engagement, and/or policy dialogue)
- Disclose what is required from service providers in relation to the Principles
- Communicate with beneficiaries about ESG issues and the Principles
- Report on progress and/or achievements relating to the Principles using a 'Comply or Explain'<sup>1</sup> approach
- Seek to determine the impact of the Principles
- Make use of reporting to raise awareness among a broader group of stakeholders

“These Principles serve as valuable platforms for formalising and focusing our responsible investment efforts, raising internal awareness, and providing a common language and set of expectations for our investment partners, our portfolio company management teams, and other stakeholders. We see the value of interacting with, and learning from, others who share this commitment.”

George R. Roberts

Co-Chairman and Co-Founder, Kohlberg Kravis Roberts

# HOW THE PRI WORKS WITH INVESTORS ON:

## INTEGRATING ESG INTO THEIR INVESTMENT PORTFOLIO

TEAM	KEY FACTS AND NUMBERS
<p><b>Investment Practices</b> guides, case studies and events inform investors how to implement the Principles in a systematic way across asset classes.</p>	<ul style="list-style-type: none"> <li>■ 43,000+ reports downloaded</li> <li>■ 500+ people at IP events in 2014</li> <li>■ 1,200+ signed-up for Investment Practices newsletter</li> </ul>
<p><b>ESG Engagements</b> enable investors to pool their knowledge, resources and influence when engaging with companies and policy makers on ESG issues – including through the PRI's proprietary Collaboration Platform.</p>	<ul style="list-style-type: none"> <li>■ 500 signatories involved</li> <li>■ 600 engagements run</li> <li>■ 1,700 companies targeted</li> </ul>

## THE IMPACT OF THE WIDER INVESTMENT LANDSCAPE

TEAM	KEY FACTS AND NUMBERS
<p><b>Policy</b> projects engage signatories, policy makers and regulators to identify and tackle regulatory barriers to responsible investment.</p>	<ul style="list-style-type: none"> <li>■ fiduciary duty</li> <li>■ long-termism</li> <li>■ effectiveness of regulation</li> </ul>
<p><b>Academic Research</b> publications and events keep the investment community informed of the latest academic research on responsible investment.</p>	<ul style="list-style-type: none"> <li>■ the Academic Network connects 2,000+ investors and academics</li> <li>■ RI Quarterly translates and distils research papers to present academic findings to investors</li> <li>■ 90% of attendees at the Academic Conference said it would positively impact their work</li> </ul>

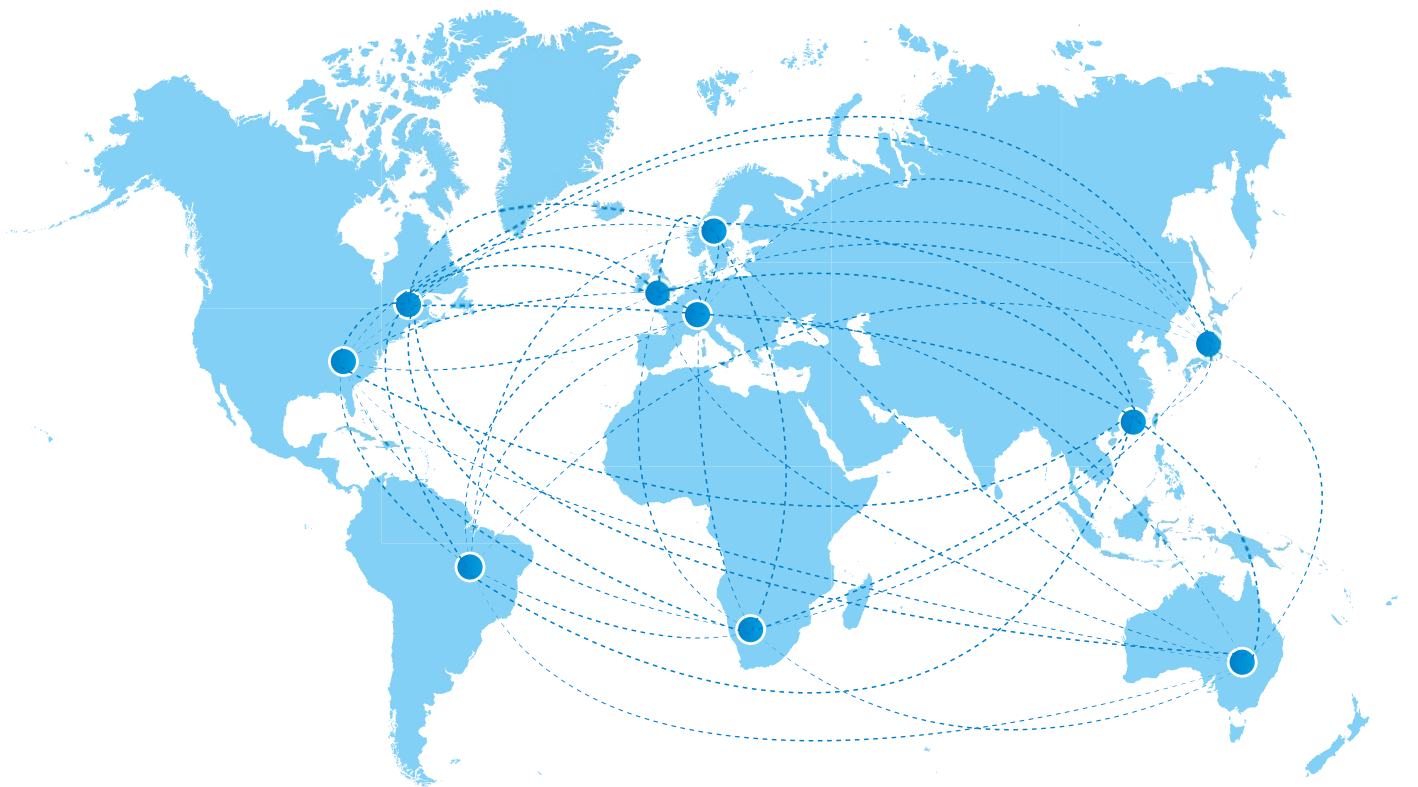
## REPORTING AND ASSESSING PROGRESS

TEAM	KEY FACTS AND NUMBERS
<p><b>Reporting and Assessment</b> ensures accountability of the PRI and its signatories. The annual Report on Progress showcases the activities of the signatory base as a whole, analysing findings and presenting practical case studies of signatories' work.</p>	<ul style="list-style-type: none"> <li>■ 900+ investors reported in 2014/15</li> <li>■ 100,000+ downloads of 2013/14 Transparency Reports</li> <li>■ 250 investors in public consultation, 360 in pilot report, 800+ reporting in first year</li> </ul>
<p>Each signatory receives: a Transparency Report – a public record of their reporting, allowing them to demonstrate to stakeholders and the public how they incorporate ESG issues; an Assessment Report – a confidential evaluation measuring their year-on-year progress and comparing them to their peers.</p>	

# INTERNATIONAL SUPPORT

The PRI supports signatories in addressing challenges specific to their local market through its regional networks. Networks help signatories coordinate engagements with local companies and address local regulatory issues. They organise regional events and tailor PRI resources to local markets.

Dedicated network managers in each region provide signatories with an active relationship with the PRI.



- Canada
- US
- Latin America
- Nordic
- UK & Ireland
- Continental Europe
- Africa
- Japan
- Asia (ex Japan)
- Australasia

“The PRI provides an excellent framework for structuring our responsible investment activities and offers an irreplaceable network. We consider it to be the global standard for responsible investment and we encourage our external managers to join.”

**Niels Erik Petersen**  
CIO, Unipension

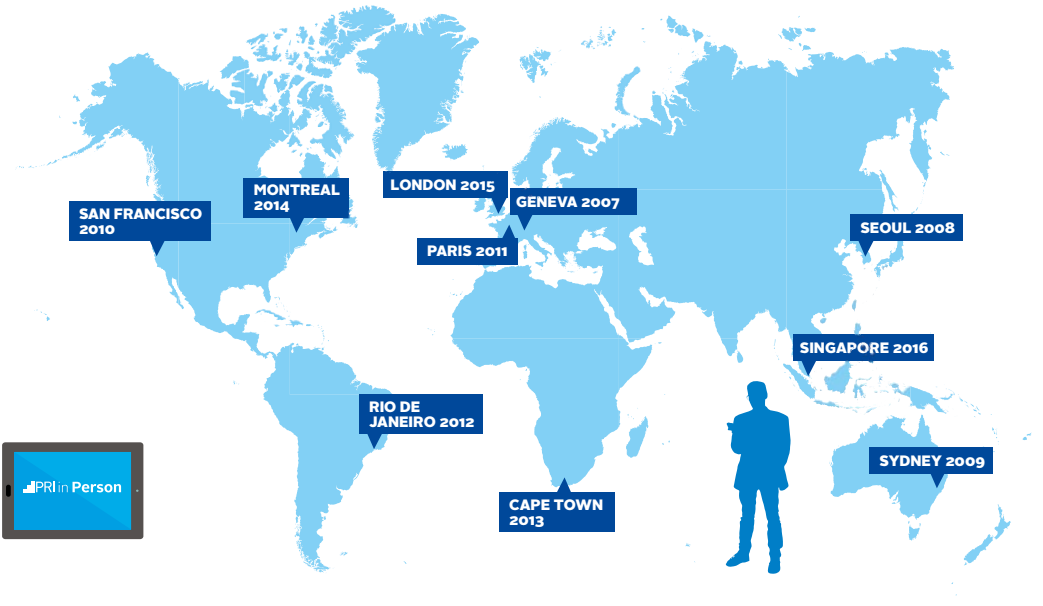


# PRI IN PERSON

## PRI in Person

Since its inception, PRI in Person has brought together:

**240+** SESSIONS  
**660+** SPEAKERS  
**3500+** ATTENDEES



### 2013 | THE APP REVOLUTION

In Cape Town we introduced for the first time the PRI event app, which allows users to network, check and also comment on the latest updates of the conference.



PRI in Person is the only truly global conference on the responsible investment industry calendar, providing a platform for PRI signatories and investment professionals to learn, network and collaborate over several days. The conference allows attendees to discuss topical issues and share experiences from their own region and organisation with peers from around the world. More than 3,500 delegates have attended the conference since the inaugural PRI in Person in Geneva in 2007.

In 2015, the investors from around the world gathered in London for the largest ever responsible investment event. Please visit [www.unpri.org](http://www.unpri.org) to see highlights.

During the PRI's tenth anniversary year, PRI in Person 2016 will take place in Singapore on 6-8 September, bringing the world's leading responsible investment event to Asia for the first time since 2008. For more information and to be added to the PRI in Person mailing list visit [www.unpri.org/Singapore2016](http://www.unpri.org/Singapore2016).

For sponsors, the conference offers a wide range of opportunities to reach a global investor audience. For more information about sponsorship opportunities, please visit the PRI website.



# THE PRI ACADEMY



THE GOLD STANDARD FOR ESG TRAINING

The PRI Academy provides CFA-accredited online training 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. Every course is delivered entirely online.

“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

## COURSES

The PRI Academy offers three courses:

### RI FUNDAMENTALS

Responsible Investment Fundamentals is a two-hour training course designed for professionals across the business spectrum that want an insight into responsible investment. The course delivers the business case for responsible investment and introduces new ideas to traditional investment approaches.

### RI ESSENTIALS

Responsible Investment Essentials is a 12-14 hour course focusing on identifying and implementing ESG factors into investment decision-making. It 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 is the 6-8 hour advanced course. The course explores and examines the use of sustainability data in fundamental investment analysis and stock valuation. It identifies critical ESG issues relevant to sustainability performance, key value drivers, and overall financial outcomes.

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

Colonial First State Global Asset Management, Australia



The training is completely web-based, which means you can start and finish when and where you please, as long as you have access to the internet: no travel, no pressure, lower greenhouse gas emissions.

Each PRI Academy course comes with a one-year licence. Structured learning programmes, progress monitoring and assessments are all managed by the Academy support team via the online learning platform.

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.

## HOW TO ENROL

- To enrol please visit our website at [www.priacademy.org](http://www.priacademy.org)
- For group enrollments please email us at [priacademy@unpri.org](mailto:priacademy@unpri.org)



## OUR UN PARTNERS

### 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

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

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



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