

2021-22 ANNUAL REPORT



WELCOME FROM THE CHAIR

A message from PRI Chair, Martin Skancke, introducing the 2022 PRI Annual Report.

[FIND OUT MORE](#)



HOW WE CREATE VALUE

Who we are, what makes us different, and what we deliver for our signatories to improve responsible investment practices.

[FIND OUT MORE](#)



EXECUTIVE TEAM

Introducing the PRI's Executive team, responsible for ensuring that the PRI continues to realise its mission statement.

[FIND OUT MORE](#)



OUR ACTIVITIES

Continuing to support signatories' responsible investment practices with additional guidance in key investment areas - as well as working to improve reporting and assessment.

[FIND OUT MORE](#)



RISKS

The PRI and the landscape in which it operates is becoming more complex, requiring our risk framework to develop.

[FIND OUT MORE](#)



SIGNATORIES

We were delighted to welcome 1,069 new signatories in 2021/22, bringing the total to 4,902 by 31 March 2022, with an estimated total of AUM of US\$121.3 trillion.

[FIND OUT MORE](#)



FINANCIAL STATEMENT

A summary of the PRI's income and expenditure for 2021/22.

[FIND OUT MORE](#)



WELCOME FROM THE CHAIR

By Martin Skancke, PRI Board Chair

In the context of the global COVID-19 pandemic, it has been encouraging to see increased interest, rigour and debate around responsible investment. Investors increasingly understand that their duty to fulfil their obligations to clients can be impacted in fundamental and lasting ways by environmental, social and governance (ESG) trends – and the sustainability outcomes that result from them.

The year has brought change, in the transition to a new CEO following Fiona Reynolds's departure, and challenge, with the difficult delivery of the reporting and assessment programme.

REPORTING AND ASSESSMENT

Reporting and assessment has been the critical item for the board - and by extension, the executive - this year. We have been listening to signatory feedback on the design and functionality, as well as balancing the need to deliver the 2021 Transparency/Assessment Reports and a viable reporting process in 2023.

The board has established a dedicated committee to oversee the programme, as well as employing an external consultancy to be a critical friend of the programme from an outside perspective. Transparency Reports and Assessment Reports are rolling out to signatories in September 2022, alongside an updated 2021 assessment methodology. Further updates will follow on the launch of the 2023 reporting.

We recognise that we fell short of what signatories should expect from the PRI, and appreciate the patience that signatories have shown. The board has been reflecting on lessons learned, as well as on the broader future of reporting beyond 2023. Signatories tell us that they value the learning, benchmarking and accountability that PRI reporting provides, but with the reporting landscape changing rapidly, the PRI needs to deliver this value to signatories without duplicating effort.

We have appointed an [inaugural Chief Reporting Officer](#), Cathrine Armour, to drive these efforts.



MARTIN SKANCKE
PRI Board Chair

CEO RECRUITMENT

CEO recruitment is obviously one of the most critical roles of any board. Firstly I want to thank our former CEO, Fiona Reynolds, for her leadership of the PRI since 2013, and her role in achieving a smooth transition. In Fiona's tenure she led the growth in scope and reach of the organisation, and on a personal note, I really valued working with her – in a relationship of high support and high challenge.

Through a dedicated board committee, we conducted an extensive and global search process that was committed to enabling a strong and diverse pool of candidates, particularly encompassing ethnic and gender diversity.

We were delighted to appoint David Atkin as the new CEO, starting in December 2021. David has brought a wealth of investment industry experience, having served as CEO of three Australian asset owners – Cbus, ESSSuper and Just Superfund – and most recently as Deputy CEO of investment manager AMP Capital. David also has a strong understanding of, and commitment to, the PRI's mission, having previously served as a PRI Board director (2009 -2015).

SIGNATORY CONSULTATION

At the end of the 2021-24 strategy setting process the board committed to a conversation with signatories about the PRI's mission. A formal consultation to deliver this will start later this year.

The PRI's ultimate aim is to enable a sustainable global financial system, as set out in the mission statement, but the board recognises that the external environment has changed significantly since the mission statement was developed: the Paris Agreement and the SDGs have been adopted, terminology is different and investor expectations and practices are evolving.

We place considerable value and effort in consulting with our signatories – without signatory engagement, we lose our relevance and our ability to enable our ultimate aim. Having a structured conversation with signatories on the PRI mission, our role and the value that we provide to you, in the context of a rapidly changing external environment, will be an excellent foundation for setting our future priorities and a more agile strategy process.

ORGANISATIONAL EFFECTIVENESS

The PRI as an organisation needs to continue to develop to serve a growing signatory base as responsible investment rapidly evolves. This year the board commissioned an external review of our financial, business and operating models, which resulted in recommendations on organisational change, evolution of the operating model, a digital transformation programme and internal governance and risk frameworks – work on some of which has already begun, and will continue in the year ahead.

THANK YOU

Thank you to the PRI team for your passion, expertise and hard work. Thank you to signatories for your continued engagement on responsible investment, continuing to learn, collaborate and share on this critical agenda.

For more information on the work of the board and its committees over the past year, see the [PRI board report](#).

[BACK](#)

HOW WE CREATE VALUE

Who we are, what makes us different, and what we deliver for our signatories to improve responsible investment practices.

HOW WE CREATE VALUE

WHO WE ARE

The PRI is the world's leading proponent of responsible investment. We work to understand the investment implications of environmental, social and governance (ESG) factors, and to support our international network of investor signatories in incorporating these factors into their investment and ownership decisions. We act in the long-term interests of our signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

WHAT MAKES US DIFFERENT

Our signatory base is unique in both its scale and diversity. The PRI has more than 5,000 signatories, across asset owners, investment managers and service providers. There are now signatories in more than 80 countries, with different regulatory and market structures, and cultures.

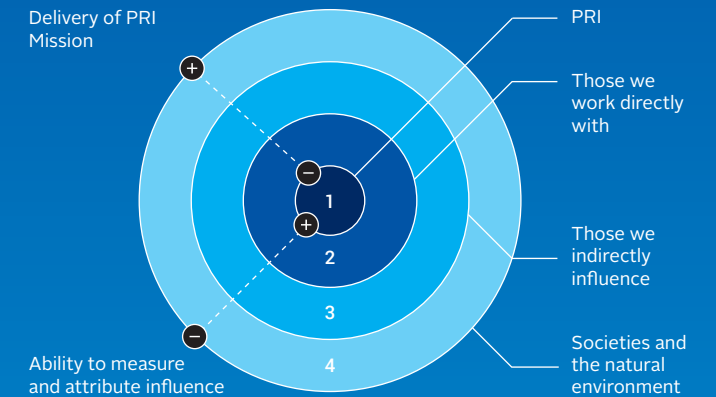
We work across the range of ESG issues, and across asset classes – while drawing on other organisations for specialist expertise, where and when required. As a UN-supported organisation, we bring investor voices and perspectives to the UN forum, particularly through our UN partners UNEP FI and the UN Global Compact.

This scale and diversity give us the ability to convene, to collaborate and to influence widely.

WHO AND WHAT WE INFLUENCE

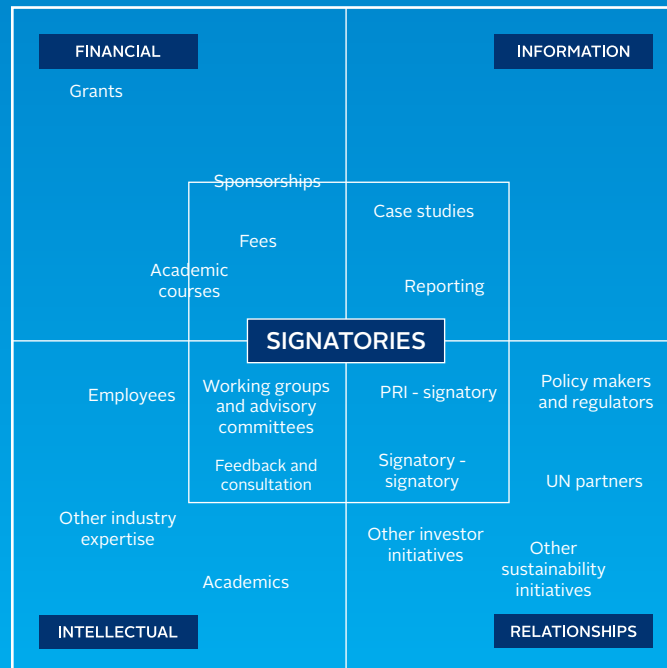
We are most easily able to measure and attribute our impact on our own organisation, and those we work most closely with, but achieving our Mission to makes it imperative that we look far beyond this in assessing our effectiveness.

Starting with: **the PRI** itself (including our impact on our employees); we must also look at **those we work directly with** (including our signatories and other investors, other financial actors, partner organisations and initiatives); **those we indirectly influence** (such as policy makers, companies and other investee entities); and, ultimately, our influence on **the real world**.



INPUTS: WHAT WE DRAW ON TO OPERATE

Performing our work relies on a range of financial, intellectual and informational resources, as well as our relationships with other organisations. Across each group, our signatories are at the heart of the contributions.



OUTPUTS: WHAT WE DELIVER FOR SIGNATORIES

85+

events and webinars

65+

policy consultations

50+

new reports, tools and guides

99%

course satisfaction at the PRI Academy

130+

new articles, blog posts and podcast episodes

1,000+

participations in PRI-led and supported initiatives**

65+

new case studies

380+

signatories involved in signatory groups**

Reporting and assessment
platform and data reviews

Worldwide support
across 22 cities

OUTCOMES: THE RESULTS WE SEEK*

* mapped against the four circles of influence laid out above

- 1 Strong in-house environmental, social and governance performance within the PRI
- 2 Improvements in signatories' responsible investment practices
- 3 Financial markets that incorporate sustainability into their function
- 3 Better quantity, quality and standardisation of sustainability reporting
- 3 Improvements in company/investee practices
- 4 Economies that align with sustainable outcomes
- 4 Sustainable outcomes in the real world

** PRI-led and supported initiatives – such as **Climate Action 100+** and **net zero alliances** – support organisations in committing to tackling an issue, and in collaborating with others at scale. **Signatory groups** – including advisory committees, working groups, practitioner groups and reference groups – provide opportunities for signatories to engage with their peers, develop strategies, share research and best practice and advance ESG issues and implementation of the Principles.



WHAT WE ARE FOCUSED ON

Our [2021-24 strategic plan](#) picks out **22 key initiatives**, grouped under the three over-arching themes set out in our [Blueprint for responsible investment](#): responsible investors, sustainable markets, a prosperous world for all.

HOW WE'LL MAKE THE ORGANISATION STRONGER



Align with signatories on our vision, mission and purpose



Strengthen reporting and assessment programme



Develop our operating model



Develop our people



Improve how we measure and report on our impact



Digital transformation

EXECUTIVE TEAM

Introducing the PRI's Executive team, responsible for ensuring that the PRI continues to realise its mission statement.

EXECUTIVE TEAM



DAVID ATKIN

Chief Executive Officer

David was appointed CEO of the Principles for Responsible Investment in December 2021. He is responsible for the PRI's global operations.

Most recently, David served as the Deputy CEO for AMP Capital and prior to that spent almost 13 years as the CEO at Cbus Superannuation Fund where he saw membership grow from 500,000 to over 750,000 and AUM rise to AUD \$55 billion.

David has received the Distinguished Alumni Award from La Trobe University for his work in the sustainable finance field, was awarded the Fund Executives Association Ltd (FEAL) Fund Executive of the Year in 2017 and was presented with an Association of Superannuation Funds of Australia (ASFA) Life Membership in 2020. He served on the board of the Climate Council until December 2021.



MARK BLAIR

Chief Financial Officer

Mark joined an early-stage PRI in 2010, moving it from the United Nations Global Compact in New York to a newly incorporated entity in London.

Prior to that, Mark had spent fifteen years with General Atlantic as CEO of its international luxury goods division and CFO of General Atlantic's European portfolio.

Mark's career began in the investment industry. He has worked in both start-ups and multinationals, often closely with venture capital, private equity, banks and investee companies. He has also enjoyed lecturing in finance and economics. In 2009, Mark helped found Child's i Foundation dealing with baby abandonment in Uganda. His book, *Stroika*, a thriller about the collapse of the Soviet empire and rise of the new elite, was published in 2017.

Mark is a Fellow of the Chartered Institute of Management Accountants (CIMA) and is a Chartered Global Management Accountant (CGMA).



NATHAN FABIAN

Chief Responsible Investment Officer

Nathan has 20 years of professional experience in sustainable finance in government policy, investment research and ratings on companies, and the development of investment processes and tools.

He is the Chair of the European Platform on Sustainable Finance, a public and private sector expert panel to develop sustainable finance policies and tools in Europe, including the EU Taxonomy. He also served as the Rapporteur for the Taxonomy Group of the EU Technical Expert Group on Sustainable Finance, an Observer on the EU High Level Expert Group on Sustainable Finance and was part of the Secretariat for the UK Green Finance Taskforce.

Prior to the PRI, Nathan was the CEO of the Investor Group on Climate Change (IGCC) Australia / New Zealand, Head of ESG Research at Regnan and Corporate Governance Policy Advisor in the Australian Parliament.

Nathan holds an MA in International Relations from the University of New South Wales and is a Vincent Fairfax Fellow in ethics and leadership.



GRAEME GRIFFITHS

Chief Operating Officer

Retired from the PRI at the end of March 2022. Position filled by Esther Teeken in August 2022.

Graeme joined the PRI in 2016 and was appointed its Chief Operating Officer in 2018.

He also serves as a board member of the Aegon Master Trust, a director of the Chartered Alternative Investment Analyst (CAIA) Association and as an investment committee member of the Royal Historical Society and Natasha Allergy Research Foundation.

Prior to joining the PRI, Graeme held senior investment roles with AllianceBernstein and Vontobel Asset Management, in their respective value and quality growth equity teams. He has also held senior mergers and acquisitions roles with KPMG Corporate Finance and J.P. Morgan, where he worked for 16 years in London, Hong Kong and Tokyo.

Graeme holds a BSc in Economics from LSE and an MSc in Management (Sloan Fellowship) with distinction from London Business School. He is also a CAIA Association Charterholder.



LIAN HILLIER

Chief People Officer

Lian has worked for the PRI since 2016. She is responsible for driving the PRI's HR strategy and overseeing the HR practices across the organisation's global offices.

Prior to joining the PRI, Lian was Director of People and Culture at Nesta, where she was part of the executive board, providing strategic oversight of all HR and culture issues. During her eleven years there, Lian played a key role in a range of high-profile initiatives, including the organisation's independence from the public sector.

Lian holds a Postgraduate Diploma in Human Resource Management and is a Fellow of the Chartered Institute of Personnel and Development (CIPD).



LORENZO SAÀ

Chief Signatory Relations Officer

Lorenzo leads the PRI's Signatory Relations 40+ member team; he designs its strategy and oversees the implementation support of existing signatories, recruitment of new signatories and the local implementation of global PRI initiatives.

Lorenzo joined the PRI in 2009 and, prior to his current Signatory Relations role, led the PRI's Investment Practices, Investor Engagements and Reporting and Assessment teams. During this time, he launched the first ever in-house global responsible investment reporting framework. Lorenzo has also held project manager and financial analyst roles at UniCredit and MicroRate, and served as an independent consultant for the World Bank and the International Fund for Agricultural Development (IFAD). In 1996 he started his career as an economic analyst at Arthur Andersen.

He holds a joint MBA/Masters in International Public Policy from SDA Bocconi, Milan and SAIS – Johns Hopkins, Washington, DC and a BA in Business and Economics.



ALEXANDER SCOTT

Chief Technology Officer

Alexander joined the PRI in August 2020, bringing with him 25+ years of experience working and leading technology teams in the UK, Europe and globally.

At the PRI he is responsible for driving the PRI's technology strategy, the Digital Transformation programme (enabling business change through technology) and overseeing the IT team. He is a keen supporter for LGBTQ+ rights and mental health awareness within the PRI.

Alexander firmly believes that technology and innovation should be an integral part of the business change and is currently leading on introducing better practices such as product management, Agile software development and agile ways of working.

As well as his roles in technology, Alexander's career has included managing office facilities, leading a small marketing team, being COO at a maritime services company (which did involve the odd pirate!) and reporting and assessment in the PRI. But perhaps his most challenging role was being chair of governors at Danesfield Manor School (a Nursery and Preparatory School).



SHELAGH WHITLEY

Chief Sustainability Officer

Shelagh leads the PRI's programmes on Environmental, Social and Governance issues, and on sustainability outcomes.

Prior to joining the PRI, Shelagh was Head of the Climate and Energy Programme at the Overseas Development Institute (ODI) where she led research on fossil fuel subsidies, green fiscal policy and private climate finance. Shelagh has also worked in the private sector and within civil society on carbon market development and climate finance; this has included working with Camco, a carbon project developer, and The Climate Group, a non-profit organisation dedicated to advancing business and government leadership on climate change.

Shelagh has a Master's degree in International Environmental Policy and Finance from the Fletcher School at Tufts University in the United States and a BSc in Biology and International Development Studies.

The list above reflects the makeup of the PRI executive team throughout the PRI's 2021/22 financial year. The new position of Chief Reporting Officer has since been added to the team, with Cathrine Armour taking up the position in August 2022. Esther Teeken took over the role of Chief Operating Officer in August 2022, following Graeme Griffiths's departure.



CATHRINE ARMOUR

Chief Reporting Officer

Cathrine is a seasoned leader of strategic, policy-centric organisations.

As Chief Customer Officer at the UK Hydrographic Office (UKHO), Cathrine led the global commercial business – delivering marine data solutions that support safe, secure and thriving oceans. She is committed to the value of data in answering mission critical questions in global policy development and decision-making.

Prior to the UKHO Cathrine established the South West Centre of Excellence for Satellite Applications as inaugural Director, founded Ordnance Survey's Award Winning 'Geovation' Accelerator and Hub and led the international Eye on Earth programme for global cooperation in the use and access of environmental data for sustainable development.

In 2016 she was short-listed for the WISE International Award for Open Source. Cathrine holds a BSc Environmental Studies (GIS & Spatial Analysis) and post-graduate certificates across business, technology, sustainability and impact.



ESTHER TEEKEN

Chief Operating Officer

Esther has a track record of delivering successful transformation programmes to improve operational efficiency.

She joins us from the Institute of Directors where she was the Chief Operating Officer and sat on the Board of Directors. Before this she had a successful career in professional and financial services, spending over 10 years as the Global CFO for Grant Thornton International, supporting the Global Leadership team and advising senior stakeholders in member firms across the international network.

She is a big advocate of greater diversity in the workplace, having seen the benefits first-hand with her multi-cultural and multi-jurisdictional teams in Grant Thornton. She is an active member of various female leaders' networks (IoD Changemakers, Glass ceiling, Women in Tech and ICAEW), an appointed Board member of the IoD since Sept 2021 and is a member of the Women on Board UK and Europe networks.

Esther studied Business Administration (Msc) at Erasmus University in Rotterdam, the Netherlands and subsequently went on to complete her finance qualifications (CIMA).

EXTERNAL ENVIRONMENT

By Nathan Fabian, PRI Chief Responsible Investment Officer and Shelagh Whitley, PRI Chief Sustainability Officer



NATHAN FABIAN
PRI Chief Responsible Investment Officer

SHELAGH WHITLEY
PRI Chief Sustainability Officer

ACUTE AND CHRONIC CHALLENGES ARE RAISING THE BAR FOR RESPONSIBLE INVESTORS

The year to April 2022 saw the sustainable transition encounter headwinds ranging from a continuing global pandemic to the fraying of the global security order. Responsible investors were reminded not only that environmental and social changes lead to market volatility, but that geopolitics can trump all else when it comes to impacting financial market function and human prosperity. Addressing chronic and worsening planetary health – which requires committed, persistent adjustment in what gets financed and where – is made even more challenging by the threat of acute injury to the liberal trade in goods and capital that is the very foundation of global markets.

COVID-19 and the resulting measures to stem the global pandemic showed how disruptive social issues can be for economies and markets. The likelihood that rapid encroachment into animal habitats was a cause of the virus migrating to humans has further highlighted the consequences of unfettered growth and the stripping of environmental resources. For investors, human health rocketed up their ESG risk priorities list.

“The realisation that ESG investing and sustainable finance must ultimately lead to sustainable outcomes, and do so in a transparent way, appeared to cross a point of no return for market supervisors in multiple markets.”

The moment of hope among environmental realists – that pandemic restrictions would be the beginning of the end for runaway environmental harm – evaporated through the year. The temporary massive disruption to transport, supply chains and use of built environments led to less reduction in annual emissions (down 5%) than the year-on-year savings needed to meet our global climate change mitigation goals (7%) – and emissions are now back to historic highs. Lasting emissions reductions can only come from persistent, multi-faceted adjustments in the economy.

In 2021, sustainability-related financial reform went global, with dozens of markets introducing new laws and developing sustainable taxonomies. Policy makers and regulators are becoming more aware of the scale of private financial flows required to reach global goals on climate change and the SDGs, leading financial regulation to continue to internalise sustainability – through disclosure requirements, stewardship codes and investor obligations.

Ever-more widespread claims of sustainable finance practice – including across sustainable funds, green bonds and green fiscal stimulus by governments – has led to increased scrutiny of sustainability claims and greenwashing. The realisation that ESG investing and sustainable finance must ultimately lead to sustainable outcomes, and do so in a transparent way, appeared to cross a point of no return for market supervisors in multiple markets. This has started a wave of review and renaming of investment funds, as the “ESG” moniker has become only the start of explaining an investment approach, not the end. In fact, considering ESG and progress towards sustainability goals is the very basis of fiduciary practice in a global economy that is in transition due to environmental and social trends.

“Maintaining exposure to clean growth sectors will require deliberate attention from investment teams.”

Respecting diversity, pursuing equitable outcomes and ensuring inclusive societies has continued to gain recognition and momentum in many countries. For some citizens and politicians, this is a lens for a culture war, but for those on the receiving end of past injustice, it is simply a path to fair access to respect, freedoms and prosperity. For investors, it is a basis for building their organisations and their investment philosophies, and seeking out the companies that can maintain their social licence to operate in the years ahead.

In markets, the end of cheap money backed by low interest rates has changed the outlook for some investment styles and asset classes, such as growth strategies, technology companies and private equity investments. A period of rapidly rising interest rates and a market rotation into government bonds now risks the progress made in growing the companies of the future. Maintaining exposure to clean growth sectors will require deliberate attention from investment teams.

On top of the long-term environmental, social and economic trends facing investors and the world, the war in Ukraine has set off a wave of human suffering, and highlighted the prospect of a less stable international order. This will have implications for investors' outlook on environmental goals, energy policy, human rights and global governance. Quick government action on financial sanctions decided most investors' reaction to the conflict, but many investors also used ESG frameworks and responsible investment priorities to guide their decisions. Building an ability to judge geopolitical tensions has not traditionally been the purpose of responsible investment, but with a changeable geopolitical environment, institutional investors with a stake in the future may be forced to consider how they can buttress international diplomacy and institution-building on global environmental and social challenges.

The past year was materially disruptive in economic and financial terms, but in this era of sustainable transition, the investment community – including the PRI – must be ready to deal with both chronic and acute disruptions. The bar for responsible and successful investors just got higher.





OUR ACTIVITIES

Continuing to support signatories' responsible investment practices with additional guidance in key investment areas - as well as working to improve reporting and assessment.

OUR ACTIVITIES

We continue to work to deliver against our [Blueprint for responsible investment](#), guided specifically by the priorities set out in our current [three-year strategy](#). Our work under the Blueprint's three over-arching areas – responsible investors, sustainable markets and a prosperous world for all – spans an enormous breadth and depth of activity, across both asset owners and investment managers, across a wide range of asset classes and ESG issues, and across numerous policy jurisdictions and financial system components. It sees us delivering through a range of outputs, from tools and guides, to collaborative initiatives, events, thought leadership, leadership/accountability mechanisms and more.

This report provides just a flavour of some of the key areas in which we've delivered value for signatories and other stakeholders in the 2021/22 financial year. We also encourage you to explore the [PRI website](#) to discover the full range of our activities and work areas.

Take a look at some highlights of what we've delivered this year - through our work supporting responsible investors, championing sustainable markets and striving towards a prosperous world for all.



RESPONSIBLE INVESTORS

Continuing to support signatories' responsible investment practices with additional guidance in key investment areas - as well as working to improve reporting and assessment.



SUSTAINABLE MARKETS

How we're engaging with policy makers and embedding sustainability outcomes in policy frameworks - plus our work to improve corporate disclosure standards.



A PROSPEROUS WORLD FOR ALL

Our work on climate change and supporting investors to implement net-zero commitments - plus addressing human rights issues such as diversity, equity and inclusion.



RESPONSIBLE INVESTORS

Continuing to support signatories' responsible investment practices with additional guidance in key investment areas - as well as working to improve reporting and assessment.

RESPONSIBLE INVESTORS

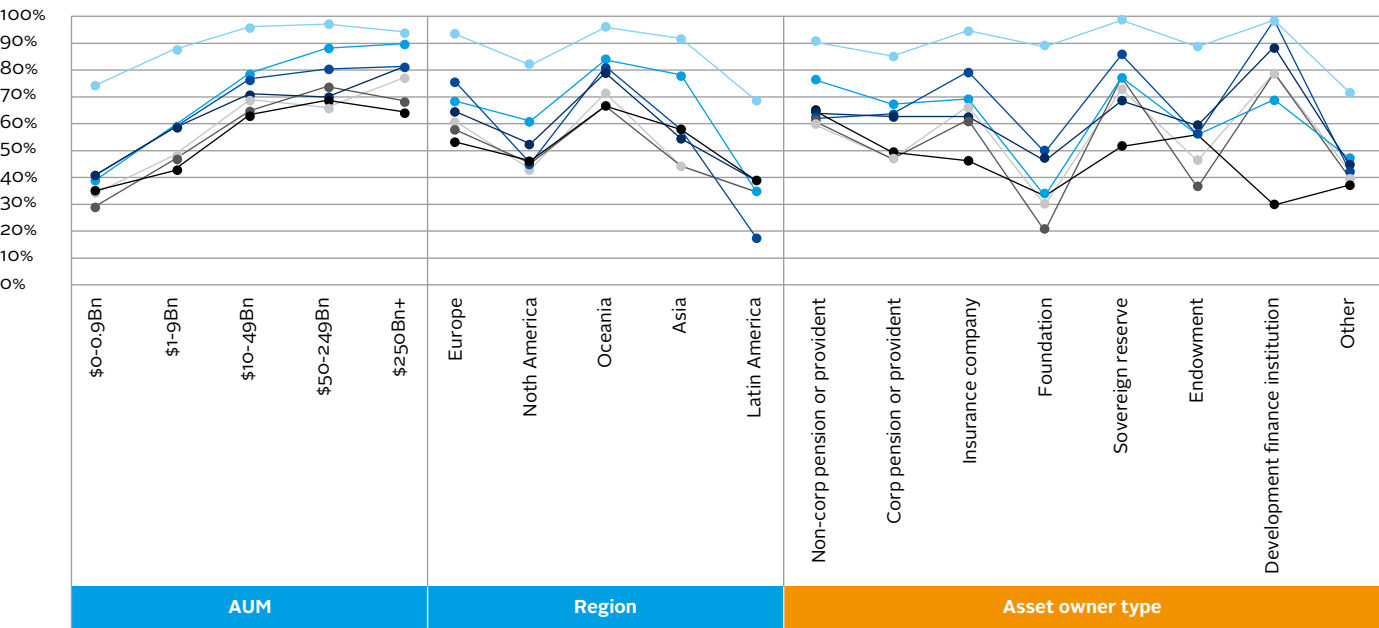
ADDRESSING THE TOP OF THE INVESTMENT CHAIN

There is much to celebrate about asset owner signatories' responsible investment practices: over 90% have a public responsible investment policy; analysing managers' responsible investment credentials is common; more than 85% of boards now have some oversight of climate-related challenges and three-quarters have started to take steps to implement the TCFD recommendations.

These were some of the findings of Inside [PRI data: asset owner action](#), which analysed responses from 454 asset owner signatories that participated in PRI reporting in 2021. The analysis also identifies a range of areas where signatories could go further, including in:

- Formalising responsible investment requirements in contracts
- Robustly implementing TCFD recommendations
- Increasing attention paid to social issues including human rights
- Expanding responsible investment approaches across asset classes and strategies
- Assessing specific stewardship practices

Policy elements publicly available, by AUM, region and type



Overall approach to RI Approach to stewardship Definition of RI and how it relates to our investment objectives Guidelines on environmental factors
Approach to exclusions Guidelines on governance factors Definition of RI and how it relates to our fiduciary duty

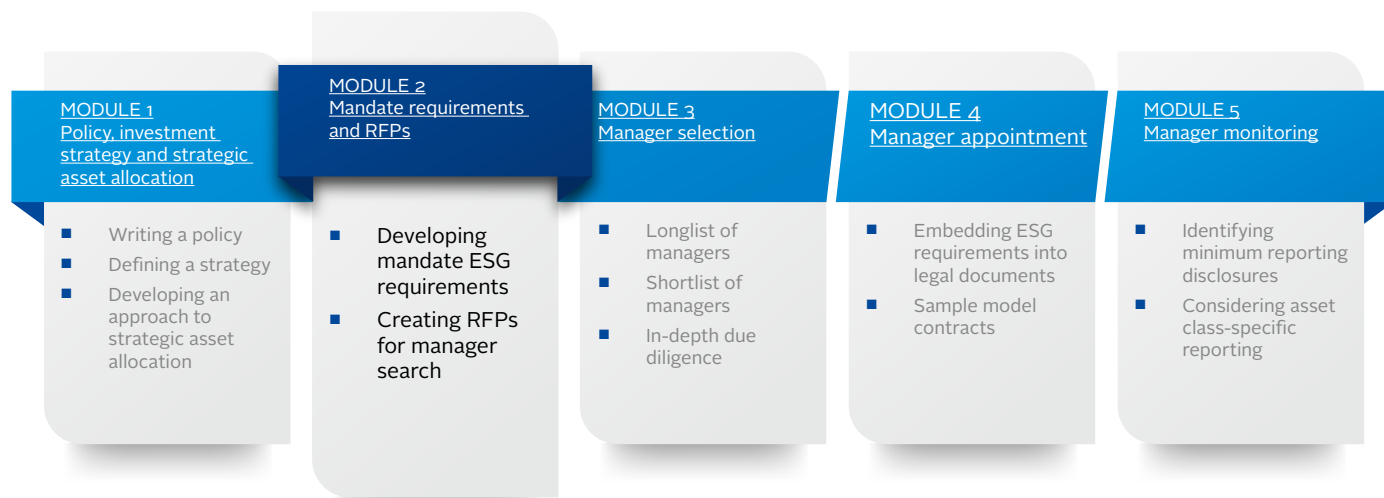
[Listen to the podcast episode](#)

[Read the blog post](#)

Read the chair of PRI's Asset Owner Advisory Committee, Kylie Molinaro, detail her thoughts on [what leading ESG incorporation looks like for asset owners](#) in our [ESG incorporation best practice](#) series.

INVESTMENT MANDATES: THE MISSING PIECE OF THE PUZZLE

Figure 1: The PRI asset owner programme



Having built up a suite of resources for asset owners stretching from strategy, policy and strategic asset allocation through to selecting, appointing and monitoring managers, in 2021/22 we added guidance on how asset owners can use a valuable and often underutilised tool to signal ESG requirements to managers – the investment mandate.

Informed by interviews with asset owners and investment consultants, and data on industry practice, [Embedding ESG factors in investment mandates](#) outlines common approaches and challenges to incorporating ESG considerations and sustainability outcomes in new or existing investment mandates.

Watch the webinar

Listen to the podcast episode

Read the blog post

MORE TOOLS FOR EVALUATING MANAGERS

To help asset owners assess investment managers' approaches to responsible investment, we've continued to expand our suite of responsible investment due diligence questionnaires (DDQs). This year we've added [listed equity](#) and [hedge fund](#) DDQs, meaning we now provide DDQs across [eight asset classes](#).

For the first time, this year we also released an issue-specific questionnaire. Our [Diversity, equity and inclusion DDQ](#) helps institutional investors understand how investment managers and investment consultants approach diversity, equity and inclusion within their own organisations, through their investment activities and through the manager research process.

Read more about our work supporting investor action on diversity, equity and inclusion.

SHARING EXAMPLES OF REAL INVESTOR PRACTICE

Commissioning case studies from signatories is a vital way we highlight and share examples of good practice. This year we've added case studies from asset owners on topics including selecting managers, engaging with managers and monitoring managers' proxy voting practices.

Take a look at the full range of [case studies for asset owners](#) on the PRI website.

Explore our full range of work supporting [asset owners](#) (including the Net-Zero Asset Owner Alliance)

DRIVING CONSIDERATION OF ESG FACTORS IN CREDIT RISK ANALYSIS

EXAMINING THE ROLE OF CONSULTANTS

Our [ESG in credit risk and ratings](#) project continues apace, working to enhance the transparent and systematic integration of ESG factors in credit risk analysis.

A key piece this year has been [broadening the outreach to investment consultants](#), whose ESG support is often biased towards equities, where responsible investment is more advanced. The project recommended how investment consultants can adjust their due diligence processes to better meet clients' fixed income needs, including:

- Improving their communication with the investment managers they assess
- Strengthening their initial and follow-up ESG assessments
- Expanding their ESG fixed income coverage across instruments, strategies and geographies

Asset owners, meanwhile, need to provide investment consultants with more guidance on their fixed income ESG policies and investment objectives.

ARE THE TCFD RECOMMENDATIONS USEFUL FOR CREDIT RISK ANALYSIS?

There is a growing recognition among fixed income investors and credit risk agencies that [climate-related financial disclosures should be embedded in bond valuations](#) and that climate change can impact issuers' probability of default.

Alongside data on metrics and targets, disclosures on how companies identify, manage and integrate climate-related risks are now considered to be crucial, according to the asset owners, investment managers and CRAs we surveyed. However, more consistent, standardised, sector-specific and forward-looking disclosures are needed.

Investors and CRAs highlight the need to address data gaps and the lack of harmonisation between sectors, to help them better incorporate risk management disclosures into their analysis qualitatively and quantitatively.

We also explored [whether ESG information providers meet the needs of fixed income investors](#).

[Listen to the podcast series](#)

[Watch credit risk webinars](#)

[Explore the workshop series](#)

[Track credit rating agencies' latest research](#)

Explore our full range of [fixed income](#) resources (including on human rights and sovereign debt), along with our work on [listed equity](#) (including an [ESG leadership podcast series](#)) and [private markets](#) (including discussion papers on [venture capital](#) and [shorting](#)).

Also check out [The case for ESG incorporation and sustainability outcomes in emerging markets](#)

TAKING STEWARDSHIP TO THE NEXT LEVEL

Read about our work on large-scale stewardship initiatives [Climate Action 100+](#) and [Advance](#).

DISCUSSING DIVESTMENT

Investors increasingly recognise that the real-world outcomes they contribute to through their investment activities will feed into the financial risks they face, and are considering the role divestment can play in pursuing these outcomes.

But divestment may be more effective in some contexts than others. Divestment reduces investors' ability to directly influence the sustainability performance of investees, and evidence suggests that its financial impact on investees is unlikely to alter corporate behaviour.

Trends such as the growth in passive investing, acquisitions of apparently undervalued assets by short-term investors and improvements in investor stewardship also may further weaken the case for divestment.

That's why we explored [how to develop a divestment approach when pursuing sustainability outcomes](#), considering the key factors favouring divestment, and those favouring engagement.

UNDERSTANDING CLIMATE TRANSITION PLAN VOTING

We also investigated [climate transition plan votes](#) – a nascent form of governance, popularised by the Say on Climate initiative, whereby companies hold votes on their plans for managing greenhouse gas emissions.

Our work provides a list of recommendations for investors, reviews key considerations for those casting votes, highlights resources to help investors assess climate transition plans and offers guidance on how to address plans that are unclear or insufficient.

BRINGING INVESTORS TOGETHER THROUGH THE PRI COLLABORATION PLATFORM

The [PRI Collaboration Platform](#) – the forum for PRI signatories to collaborate, pool resources, share information and enhance their influence – has received a host of improvements this year, including a sleeker design and better controls for collaboration owners. Collaboration owners can better manage subspaces, privacy settings and how information is displayed to peers.

In 2021/22 the platform averaged 3,500 monthly users, a 31% increase year-on-year.

Another new feature this year is a publicly accessible [database of ESG-related resolutions and votes](#), which PRI signatories can use to publicly pre-declare their voting intentions for each resolution.

Explore our full range of [stewardship](#) resources (including [Engaging on plastic packaging](#)).

Stewardship guidance is also one part of our new governance issues papers [The investor case for responsible political engagement](#) and [What is tax fairness and what does it mean for investors?](#), which set a course for our work on these issues in the years ahead.

PROVIDING LEARNING OPPORTUNITIES

BRINGING SIGNATORIES TOGETHER

Throughout 2021/22, we maintained a fully virtual events programme, enabling us to continue convening signatories and other responsible investment stakeholders from around the world during an uncertain environment for international travel and in-person events.

The [PRI Digital Conference](#) was attended by more than 2,000 delegates, logging in from 103 countries, and featured more than 100 expert speakers across the four days. Highlights included an opening discussion between prominent policy makers from the EU, US, Japan and The

International Organization of Securities Commissions (IOSCO), as well as panels on topical ESG issues ranging from biodiversity to diversity, equity and inclusion and a keynote interview with Pascal Saint-Amans, Director of the Centre for Tax Policy and Administration at the OECD.

Five [PRI Digital Forums](#) supplemented the flagship conference, providing focused deep dives into specific topics, drawing viewing figures¹ of between 1,000 and 3,000 each.



Alongside these larger-scale events, an active calendar of [webinars](#) enabled us to provide regular updates across the full spectrum of our work right throughout the year.

85
WEBINARS

NEARLY
25,000
REGISTRATIONS

15,000+
UNIQUE VIEWERS

RELAUNCHING THE PRI ACADEMY TO ADDRESS EVOLVING ESG TRAINING NEEDS

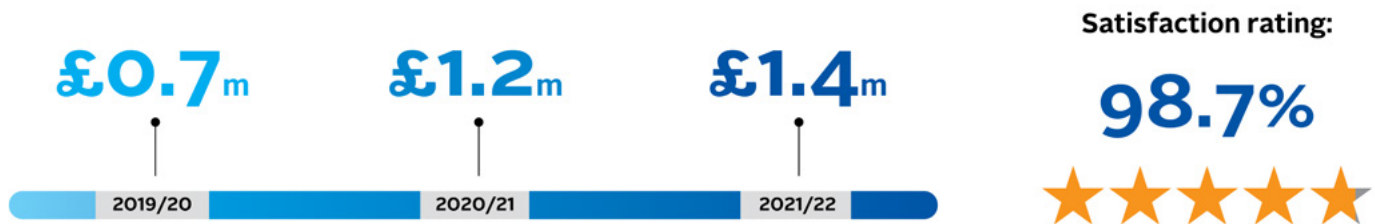
This year we relaunched the PRI Academy, with a new suite of modern, user-friendly courses that make increased use of the PRI's content experts. New digital badges and credentials allow learners to showcase their achievement.



¹ Live and on-demand views combined

Demand for the Academy's offering continues to grow, driving revenue to more than £1.4 million, with 75% coming from group purchases.

PRI Academy revenues



BRINGING INVESTORS THE LATEST ACADEMIC INSIGHTS

Our [research programme](#) continues to bring the latest high quality evidence and insights from academic research to investors. The Academic Network has grown to more than 11,000 investors and academics from around the world.

Key themes in our [academic article series](#) this year have included examining the role and impact of ESG ratings and of companies' climate disclosures.

Our [academic seminar series](#) gave investors a chance to hear from leading ESG experts on topics such as Sexism, culture, and firm value: evidence from the Harvey Weinstein scandal and the #MeToo movement.

[Academic Network Week](#) attracted 2,270 registrations – more than three times the previous year's total. Amongst the research profiled was Best conference paper winner [Firm commitments](#)², which examined the effect of companies' emissions reductions commitments under CDP and the Science Based Targets initiative.

² Patrick Bolton, Columbia University and Marcin Kacperczyk, Imperial College

WORKING TO IMPROVE REPORTING AND ASSESSMENT

In February 2021, following two years of consultation with signatories, we launched a pilot for a new Reporting Framework and new Reporting Tool. They were aimed at delivering a raft of enhancements including better differentiation between process-focused and outcomes-focused activity in the reporting questions, and improving the customisation and visualisation of information seen in the Transparency Reports and Assessment Reports.

However, issues with how some of the reported data was captured introduced gaps and errors into our record of signatories' submissions, which required a lengthy and manual process working with individual signatories to verify and correct. This delayed the release of the Transparency Reports and Assessment Reports, the Leaders Group, updates to the minimum requirements and ultimately led us to postpone any further reporting until all the issues in the pilot Reporting Framework and Reporting Tool were addressed.

Working to address these issues, internal working groups tackled discrete workstreams, bolstered by external support from consultants from KPMG and PwC. 2021 Transparency Reports and Assessment Reports are now set to launch in early September 2022.

Listening to signatory concerns over executive oversight of PRI reporting, we created a new role of Chief Reporting Officer, reporting to the CEO, and established a reporting-focused board committee, to oversee the recruitment and provide PRI employees with a dedicated connection to the board for reporting-related matters.

Cathrine Armour joined as our Chief Reporting Officer on 1 August 2022, joining from the UK Hydrographic Office within the Ministry of Defence. Cathrine brings experience in reporting ecosystems, in data collection, quality, assessment and analysis and in engaging customers. Cathrine will be responsible for the team, technology and processes that underpin our reporting and assessment work.

We appreciate our signatories' patience and collaboration as we work together to resolve issues with the Reporting Framework and improve the reporting experience in future. Signatory feedback gathered during the 2021 pilot will continue to inform our work, feeding into plans for 2023.

Our focus for the next reporting period in 2023 is to deliver a process that is best suited to the needs of our signatories, and that provides visibility of global responsible investment practices.

2021 REPORTING PILOT CHALLENGES

2021 CONSULTATION ON NEW REPORTING FRAMEWORK AND REPORTING TOOL

More than 1,700 signatories responded to our call for feedback on the content of the new Reporting Framework and the functionality of the new Reporting Tool. Overall, signatories indicated that the content of the new Reporting Framework better captured their responsible investment activities compared to that of previous years. However, the level of satisfaction varied across modules, and a significant number of signatories indicated issues with the functionality of the Reporting Tool, which they found time- and resource-intensive to use.

ISSUES WITH DATA COLLECTED DURING THE 2021 REPORTING

Additionally, while reviewing signatories' reporting, we identified some integrity issues with the way a subset of the reported data had been captured. Starting in October 2021, we informed signatories of missing data and indicator errors specific to their reports. Those signatories were asked to check for any discrepancies in their data and PRI employees then implemented changes required. Unfortunately, these checks delayed the release of the Transparency Reports and Assessment Reports, the Leaders Group and the updated minimum requirements.

Visit [R&A Updates](#) for the latest news on Reporting and Assessment, including updates on reporting in 2023 following our September Board meeting.



SUSTAINABLE MARKETS

How we're engaging with policy makers and embedding sustainability outcomes in policy frameworks - plus our work to improve corporate disclosure standards.

SUSTAINABLE MARKETS

HELPING TO BUILD A MORE SUPPORTIVE POLICY ENVIRONMENT

EMBEDDING SUSTAINABILITY OUTCOMES IN POLICY FRAMEWORKS

Building on the findings of the original [A Legal Framework for Impact](#) (LFI)³ report, our first regional follow-up [European Union: Empowering investors to pursue sustainability goals](#) sets out why legal changes are needed in the European Union (EU) to enable mainstream investors to work towards sustainability impact goals.

EU law does not fully enable investors to invest, or exercise stewardship, in alignment with social and environmental goals, except where it is also financially beneficial to do so – and existing duties can be understood in ways that result in investors not considering pursuing sustainability impact goals even where they do align with pursuing financial return.

As a result, there is a potential inconsistency between the EU's financial regulations and its wider sustainability goals.

[Watch the webinar](#)

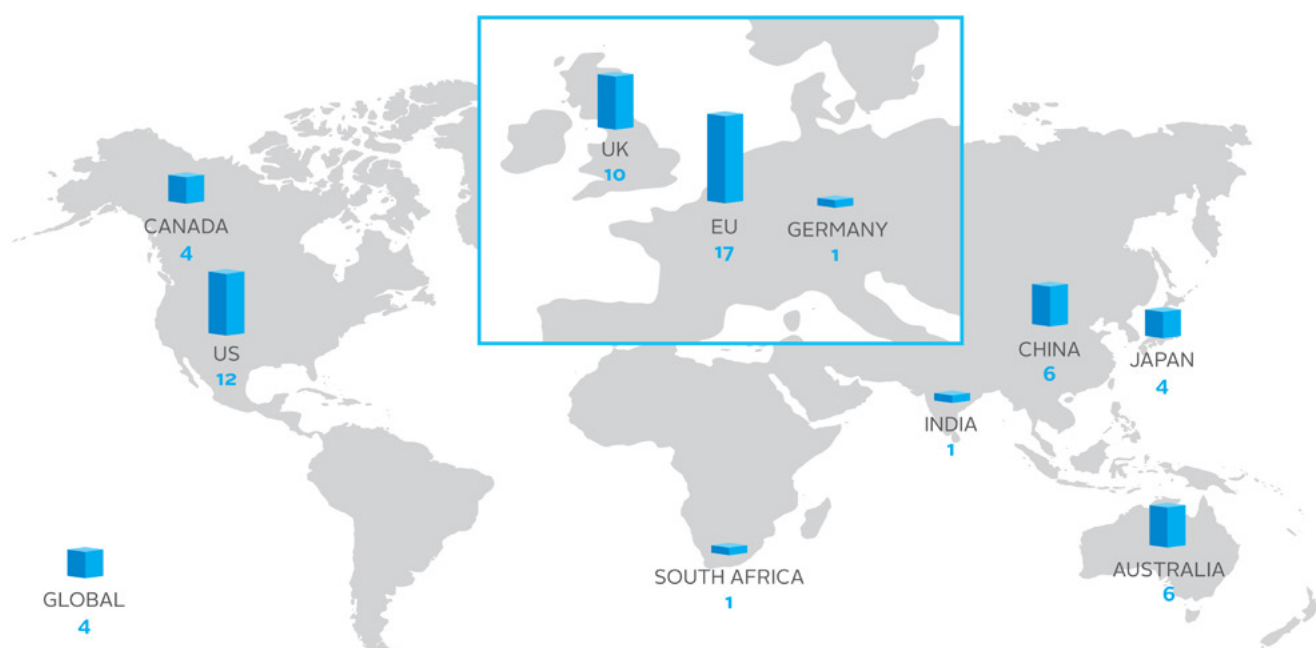
[Read the blog post](#)

Learn more about how the LFI project is exploring the realities of investing for sustainability impact in different jurisdictions – including Australia, UK, Canada and Japan – through our [webinar series](#).

BEING A PART OF POLICY DISCUSSIONS

We continue to engage with policy makers in order to optimise the financial system for responsible investment. This year we've responded to more than 65 policy consultations across the world.

Policy consultation responses



³ [Legal Framework for Impact \(LFI\)](#) report, authored by [Freshfields Bruckhaus Deringer](#) and commissioned by the PRI, [UNEP FI](#) and [The Generation Foundation](#).

We've also published nearly 20 [policy briefings](#) evaluating changes in the policy landscape, including:

- Recommending [how policy makers could take decisive action at COP26](#) to deliver the needed emissions cuts this decade and a net-zero economy by 2050 – backed by country-specific recommendations for the [US](#) and [China](#)
- Updating our [briefing on the EU taxonomy](#), incorporating developments such as the proposal covering gas and nuclear energy, disclosure requirements and methodology and the next policy steps

Our [Global Policy Reference Group](#) grew to more than 150 members: providing input to our consultation responses, strengthening our/signatories' engagement with policy makers and encouraging signatories to align their public policy efforts with their responsible investment commitments.

Explore our full range of [policy](#) work (including [updated guidance on implementing the EU taxonomy](#) and our regularly updated [regulation database](#)).

WORKING TOWARDS IMPROVED CORPORATE DISCLOSURE

HELPING TO SHAPE THE ISSB

Following the IFRS Foundation establishing the [International Sustainability Standards Board \(ISSB\)](#) at COP26, we analysed the two prototype IFRS Sustainability Disclosure Standards published in November 2021 – one tackling general requirements (derived from SASB standards) and one climate-specific (based on the TCFD recommendations).

Our analysis, developed with our [Corporate Reporting Reference Group](#), found that the general prototype standards should help improve the amount of decision-useful, comparable information available to investors on some sustainability-related matters, but recommends improvements to how materiality, interoperability, presentation and implementation are addressed. We welcomed the climate prototype's strong alignment with TCFD guidance documents, but encourage improvements in areas including implementation, physical risks, strategy, metrics, targets and comparability – alongside a number of sector-specific considerations.

Building on these prototypes, the ISSB's [draft standards](#) followed in March 2022, and we continue to engage.

We have also fed in to regional corporate sustainability reporting initiatives, including in the [EU](#), [US](#) and [China](#).

BRIDGING THE CIO-CFO GAP

Our ongoing [collaboration with the WBCSD](#) saw us convene a series of [roundtable discussions](#) bringing chief investment officers and chief financial officers together to understand each others' priorities, processes and challenges.

Explore all our work on [driving meaningful data](#) throughout markets.



A PROSPEROUS WORLD FOR ALL

Our work on climate change and supporting investors to implement net-zero commitments - plus addressing human rights issues such as diversity, equity and inclusion.

A PROSPEROUS WORLD FOR ALL

COMMITTING TO CLIMATE ACTION

All eyes were on Glasgow in October/November 2021, as world leaders gathered for the much-anticipated COP26, postponed by a year due to the COVID-19 pandemic. Leading up to the conference, we set out actions [investors](#) and policy makers could take to contribute.

We also contributed to the work of the [High-Level Champions](#) (seconding two members of our climate team) – including through the [Race to Zero](#) campaign, working with partners in the [Glasgow Finance Sector Alliance for Net Zero \(GFANZ\)](#) to encourage signatories to sign up to net-zero initiatives and advance net-zero targets.

SUPPORTING INVESTORS TO UNDERSTAND THE INEVITABLE POLICY RESPONSE TO CLIMATE CHANGE

The [Inevitable Policy Response \(IPR\)](#) is a climate transition forecasting consortium commissioned by the PRI. The [latest scenarios](#) from IPR forecast a dramatic acceleration of climate policy in the run up to 2025, the next stage of the Paris Agreement's ratchet mechanism.

This year's forecast policy scenario (FPS) – which describes the most likely policy developments and assesses their impact on the real economy – covers 21 major economies at a granular level and sees total CO₂ emissions falling by 80% by 2050. It projects that policy makers will be pushed to make changes by a combination of the following:



Investor, corporate and civil society pressure around net zero



Climate impacts



Volatile weather patterns



Low-carbon technology developments

Even with this rapid transformation, the forecasted changes in the FPS are only projected to give a 50% chance of warming being limited to well below 2°C. IPR's required policy scenario (RPS) highlights the policy developments that would be needed to limit warming to 1.5°C, including:

- Ending deforestation across the entire globe, ideally by 2025
- The energy system being able to absorb any reductions not achieved through changes in deforestation, potentially through bioenergy with carbon capture and storage (BECCS)
- Eliminating unabated coal in most advanced economies including China by 2035
- Phasing out new fossil fuel cars in almost all markets by 2040
- Moving to 100% clean power globally by 2045

Throughout 2022 the IPR project is issuing [quarterly forecast trackers](#) assessing climate policy, technology and land use developments and acceleration or deceleration in policy ambition against the 2021 IPR scenarios.

IPR has also [published its database](#) of more than 500,000 data points, enabling investors and service providers to incorporate the data underlying the latest IPR scenarios into their own valuation models.

Read more from the [Inevitable Policy Response](#) project (including on [food and land systems](#), on the implications of [Russia's ongoing war against Ukraine](#) and the [Transition Disruption Metric](#)).

HELPING INVESTORS ENSURE THE WORLD'S LARGEST GREENHOUSE GAS EMITTERS TAKE ACTION

We continue to assist investors signed up to [Climate Action 100+](#) in engaging with focus companies, and to help plan the initiative's long-term strategy as its initial five-year phase draws to a close.

Climate Action 100+ achievements so far include:



Investor engagement through the initiative resulted in faster and more ambitious climate commitments from a significant number of focus companies. [BloombergNEF analysis](#) found if net zero targets set by focus companies were realised, it would equate to an emissions drop by 2050 equivalent to over a quarter of current global greenhouse gas house emissions.

However the initiative's [latest round of benchmarking](#) – using an updated methodology and introducing assessments focused on the just transition, and on [climate accounting](#) and audit – also found that companies have failed to show progress across key indicators, including disclosure of 1.5°C-aligned medium-term emissions targets and capex strategies.

The initiative is now focused on pressing all companies to translate commitments into tangible action and demonstrate what they are going to do over the short term to achieve their longer-term goals.

[Read the Climate Action 100+ progress report](#)

We commissioned a series of [climate accounting analyses](#) for 52 Climate Action 100+ focus companies to raise awareness and inform investor engagement about the extent to which companies' audited financial statements and audit reports are currently integrating climate change. An accompanying [report by Carbon Tracker](#) examines whether 107 companies (and their auditors) considered material climate-related risks in financial reporting, as well as whether investor concerns about Paris-alignment of assumptions and estimates have been addressed.

ENCOURAGING AND SUPPORTING INVESTORS TO IMPLEMENT NET ZERO COMMITMENTS

The [Net-Zero Asset Owner Alliance \(NZAOA\)](#), co-convened by the PRI and UNEP FI, and the PRI-supported [Net Zero Asset Managers](#) (NZAM) initiative each released their first assessments to date, detailing investors' progress in setting targets. The initiatives have been bolstered by the launch of the [Net Zero Financial Service Providers Alliance](#) for which we advised on set-up, and the PRI-supported [Net Zero Investment Consultants Initiative](#).

[Read the NZAOA progress report](#)

[Read the NZAM progress report](#)

56 Investors with
US\$ 9.3 trillion AUM
are now in the Alliance

29 Investors with
US\$ 4.6 trillion AUM
have now set targets for attainment by 2025

US\$ 1.5 trillion AUM
are now in motion towards a 1.5°C
aligned target by 2025

Net-Zero Asset Owner Alliance 2021 progress report: October 2021

Read more about other climate initiatives we support, including [The Investor Agenda](#), private equity's [Initiative Climat International](#), and the [Assessing Sovereign Climate-related Opportunities and Risks](#) project.

COORDINATING INVESTOR ACTION ON DEFORESTATION

With forests absorbing 40% of greenhouse gas emissions, addressing deforestation is a critical aspect of tackling climate change. To support investors in doing so, we convened a series of workshops for investors to share practices and collaborate with technical experts. Nearly 50 signatories (representing over US\$31 trillion in AUM), along with Global Canopy and Vivid Economics, have been exploring:

- The financial risks associated with three key commodities (cattle, soy and palm oil)
- A model deforestation policy for financial institutions
- Key metrics, data and tools used to assess deforestation risk
- Best practices in assessing transition risks

Explore our full range of [climate change resources](#) (including [Climate risk: an investor resource guide](#) and our [TCFD for real assets investors guide](#)).

TACKLING HUMAN RIGHTS

EXPLORING HOW SOVEREIGN DEBT INVESTORS CAN CONSIDER HUMAN RIGHTS

As the largest fixed income asset class, the sovereign debt market is an important area for the PRI's work to improve investor practice on human rights. But investors in sovereign debt face unique challenges when considering human rights. As well as the usual engagement challenges that fixed income investors face from lacking ownership, pressing a state on human rights violations can raise contentious questions about sovereignty.

We have therefore started by working to build understanding of the [actions investors are starting to take](#) and the barriers to doing more, before laying out a three-step process sovereign investors can use to meet human rights responsibilities.

Key actions include to:



**Improve
communication**



**Scale up
engagement**



**Lend with
strings attached**

[Listen to the podcast episode](#)

SUPPORTING INVESTORS' CONTRIBUTION TO EQUITY FOR ALL

Diversity, equity and inclusion (DEI) have a clear basis in human rights, as reflected in the Universal Declaration of Human Rights and the International Labour Organization (ILO) standards. We have therefore started exploring what the issue means for responsible investors.

[Diversity, equity and inclusion: key action areas for investors](#) not only outlines the link between DEI and financial performance, but sets out the role investors have in shaping inclusive corporate cultures, business models and societies, to advance DEI efforts for all groups in society – including indigenous communities, women, people of colour, religious minorities and others.

As well as providing the case for integrating DEI into investment and ownership decisions, it outlines how investors can lead by example and address DEI within their own organisations.

COORDINATING COLLECTIVE ACTION

To enable large-scale investor action on human rights, we have launched a new stewardship initiative bringing institutional investors together. Through [Advance](#), the PRI will support investors in using their collective influence with companies, policy makers and other decision makers to drive positive outcomes for workers, communities and society.

Explore our full range of [human rights resources](#) (including our [case studies](#), [podcast series](#) and [webinar series](#)).





RISKS

The PRI and the landscape in which it operates is becoming more complex, requiring our risk framework to develop.

RISKS

The PRI Board assumes overall accountability for overseeing risks facing the PRI.

The board is supported by the Finance, Audit and Risk Committee, which evaluates the veracity of the financial statements, the efficacy of risk management, the efficacy of compliance controls and the strength and appropriateness of general control and mitigation processes across PRI Association.

Risks – divided into strategic risks and operational risks – are scored by likelihood and impact, and include relevant controls and mitigants.

The PRI and the landscape in which it operates is becoming more complex, requiring our risk framework to develop. Following an organisational effectiveness review, the board has committed to reforming the risk framework over time, including developing a board-agreed formal risk appetite.

STRATEGIC RISKS

Strategic risks are risks to the relevance or efficacy of the organisation in working towards the PRI Mission. They largely arise from external factors in the investment industry and broader political, social and economic trends. Strategic risks are discussed by the board at the start of the strategy period, and as part of any ongoing discussions to which they are relevant.

Strategic risks identified by the board in the most recent strategy include:

- Greenwashing
- Differing expectations over responsible investment process and real-world outcomes
- Divergent regulatory environment
- Changes in the investment landscape (such as shifts from defined benefit to defined contribution systems, and from active to passive management)
- Varying needs and preferences of a diverse signatory base
- Changes in the responsible investment landscape (such as new organisations or new regulations)
- Failure to adapt to technological developments
- Dysfunctional collaboration with external partners

For more information on these identified risks, see the PRI [2021-24 strategy](#).

OPERATIONAL RISKS

Operational risks are risks to the day-to-day business activities of the organisation, including its governance, finances, operations and human resources. Operational risks are reviewed by the Finance, Audit and Risk Committee alongside the compliance report, at least quarterly, and reported to the board. Key operational risks discussed this year include:

- Delivery of the 2021 Transparency/Assessment Reports and 2023 reporting
- Financial risks, including rising work programme costs, currency fluctuations, rising inflation and lower AUM (impacting fees)
- Reputational risks to the PRI from actions of individual signatories
- Information security and cybersecurity risks
- COVID-19 risks, including implications for PRI in Person 2022



BACK

SIGNATORIES

We were delighted to welcome 1,069 new signatories in 2021/22, bringing the total to 4,902 by 31 March 2022, with an estimated total of AUM of US\$121.3 trillion.

NEW AND FORMER SIGNATORIES

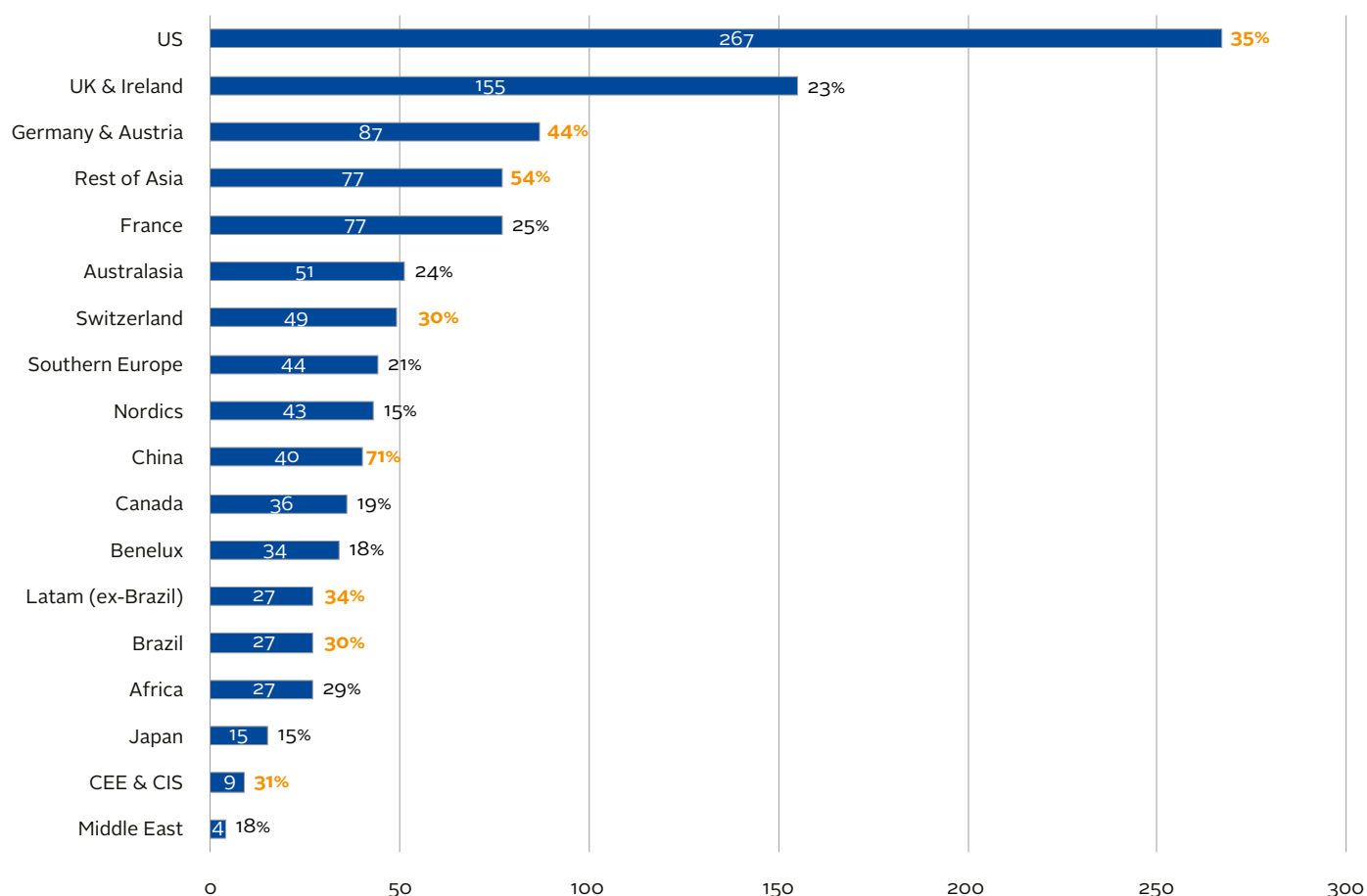
GROWTH IN SIZE AND DIVERSITY OF SIGNATORY BASE CONTINUES

Growth in signatory numbers has continued to accelerate, increasing 28% year-on-year to 4,902 signatories (4,395 investors and 507 service providers) by 31 March 2022. Investor signatories' AUM is estimated at US\$121.3 trillion.⁴

Growth was also strong in China (71%); Asia excl. Japan and China (54%); Latin America excl. Brazil (34%); and Brazil (30%).

The United States (267 new signatories) and the UK & Ireland (155) together accounted for 39% of new signatories, with the rest of Europe accounting for a further 31%.

New signatories, by region

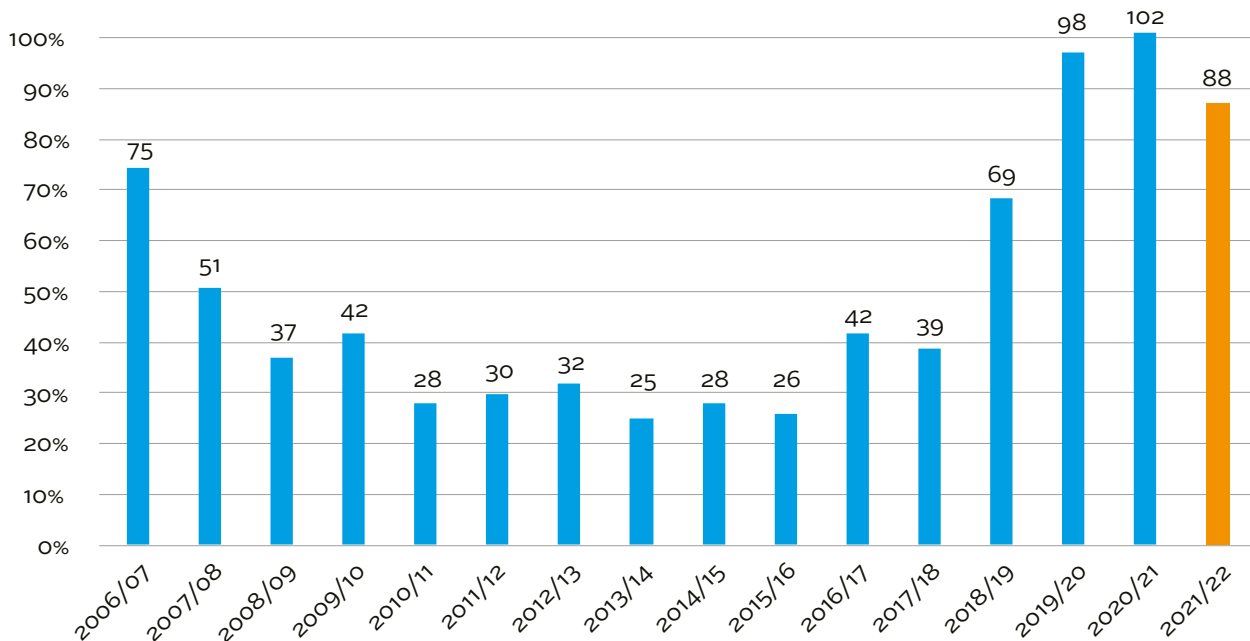


⁴ As AUM is primarily calculated based on PRI Reporting submissions, the figure has not been updated for 2021.

ASSET OWNER GROWTH

A further 88 asset owners became PRI signatories in 2021/22, making it the third largest year for asset owner growth and bringing the total to 681.

New asset owner signatories, by year

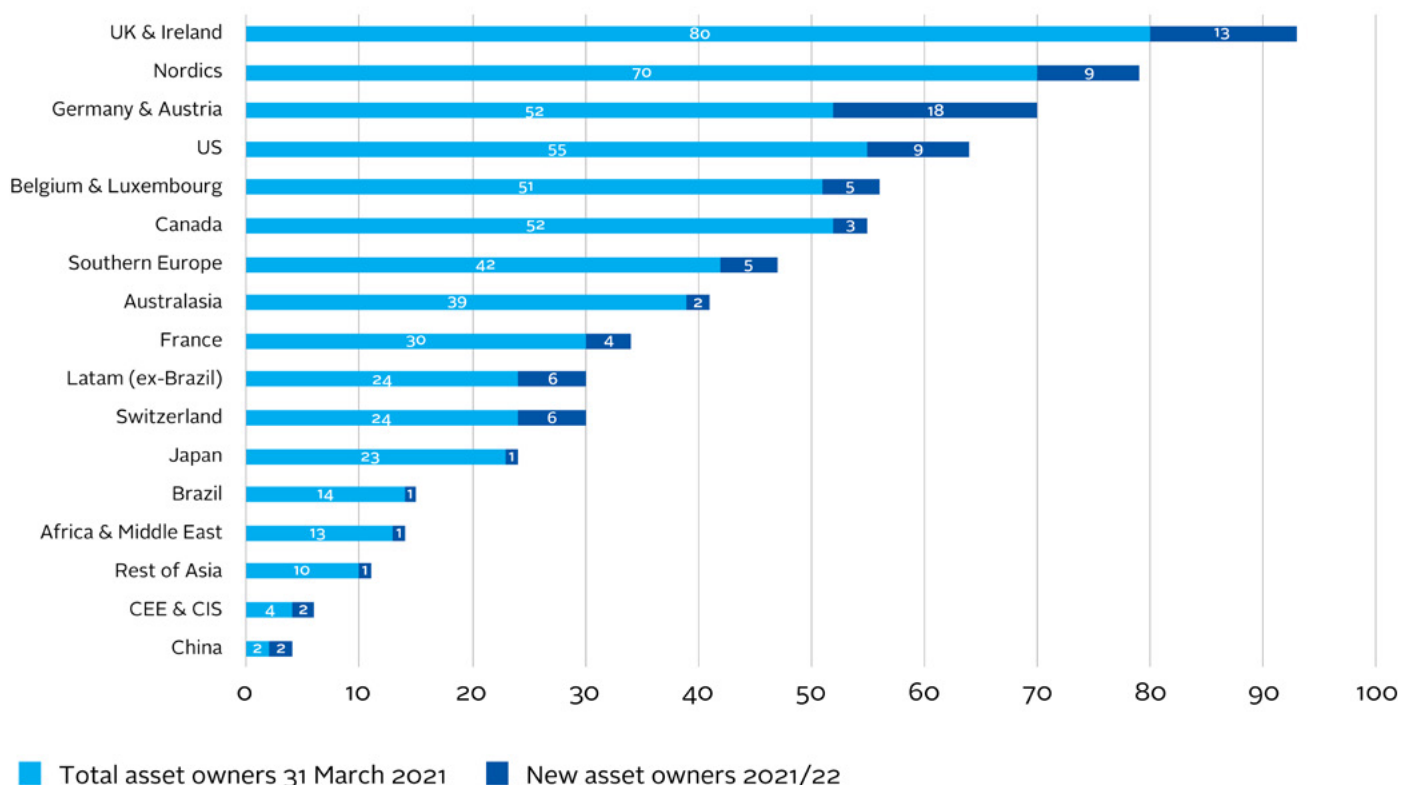


Number of asset owners that signed up the PRI in each year. The cumulative total over time will be lower due to signatories leaving.

Our asset owner base is becoming more diverse, with increasing numbers of endowments, foundations, corporate pension and insurance companies in the last three years balancing out the previously dominant position of public pension funds. The number of insurers grew by 27% to 167, compared to overall asset owner growth of 12%.

Five countries saw their first asset owner signatories in 2021/22: Cyprus, Turkey, Costa Rica, Slovenia and the Republic of Palau. In existing markets, Germany/Austria and the UK & Ireland saw particularly strong growth, with 18 and 13 new asset owner signatories respectively.

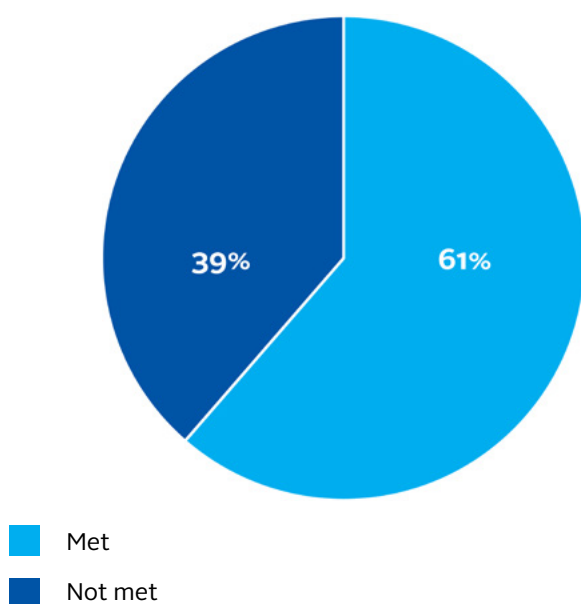
Asset owner signatories, by region



SERVICING A DIVERSE AND GROWING SIGNATORY BASE

Working with more than 4,900 signatories in over 90 countries, the PRI team now includes 37 signatory engagement professionals, working in 22 cities around the world, typically acting as the first point of contact for PRI signatories.

% of asset owner met



Last year saw a new high of over 2,000 one-to-one meetings with signatories, up nearly 18% on the previous year. We met with over 60% of asset owners, and in total with signatories accounting for more than two-thirds of AUM.

As many countries have emerged from wide-ranging COVID restrictions, it has been great to see the return of face-to-face meetings and events. Stockholm and London provided the venues for two highly successful in-person events, the PRI's first since the outbreak of the pandemic.

Alongside the welcome return of face-to-face engagement, video conferencing and other digital tools are continuing to evolve our engagement towards a hybrid model, providing signatories with more ways to connect with the PRI's relationship managers, services and content.

In addition to events and one-to-one signatory calls, regional group calls are proving a popular way for signatories to connect in a growing number of regions, including for emerging markets in the Middle East and Latin America. An increasing number of signatories are also joining themed networks, such as those dedicated to wealth managers and venture capital.

As the PRI continues to grow, so too do the opportunities for signatory engagement, tailored to individual needs.

NEW SIGNATORIES

We were delighted to welcome 1,069 new signatories in 2021/22, bringing the total to 4,902.

Search for signatories by name, signatory category, location or join date:

[Signatory directory](#)

FORMER SIGNATORIES

Between 1 April 2021 and 31 March 2022, 134 organisations ceased to be signatories. While some signatories are delisted for failing to meet the requirements of being a signatory, other delistings arise for administrative reasons such as two signatories merging. Where signatories contact us asking to end their signatory status, we capture and report the reasons why, wherever possible.

ASKED TO BE DELISTED, CITING 'NO LONGER INTERESTED'

- Africa REN Development
- Avenir Capital
- Cougar Global Investments
- Datamaran
- European Capital Partners S.A.
- Guildfords Funds Management
- HÄLIG-PARTNERS
- Jantz Management LLC
- Murex Partners
- Omni Partners LLP
- Praesidian Capital
- Sparda-Bank Muenchen eG
- Velocity Credit Ventures

ASKED TO BE DELISTED, CITING 'LACK OF RESOURCES'

- Altor Capital I, S.C (Provisional Signatory)
- Armstrong Energy Limited
- Bell Ratings
- Cantab Asset Management Limited
- FACTS East Africa
- Fuse Venture Partners
- Ideas and Capital
- Knightsgate Ventures
- Kobalt Capital Limited
- Marcho Partners
- Panitek Power AG
- Sapphire Capital Partners LLP
- SKBA Capital Management, LLC
- Taptrove Ventures
- Zilliard Capital

ASKED TO BE DELISTED, UNCLEAR/UNKNOWN REASON

- Explora Investments
- Kikkoman Corporation Pension Scheme
- Omega Overseas Investment Corporation
- Richwood Capital Management

DID NOT PAY AND/OR REPORT

- AFIG Funds
- AGNITIO REI
- Agreen Capital
- Baobab Capital (Pty) Ltd
- Bell Rock Group
- Bridging Finance Inc.
- Digital Technology Foundation
- EBG Investment Solutions AG
- ECPI Group
- EFM Asset Management
- Fairpointe Capital, LLC
- Global Impact Initiative
- Hottinger Group
- JCR LATAM S.A.
- Lunar Capital Management
- Mosaic Real Estate Investors
- Oner Capital
- Pacific Community Ventures
- Pechel Industries
- Pixiu Asset Management Limited
- Ratios AB
- Sarah Cleveland Consulting
- SEIU Pension Plans Master Trust
- Siraj Fund Management Company
- Solon Capital Partners Limited
- Style Analytics Limited
- SUMAC JUPITER
- Swiss Bright Advisors SA

MERGED WITH OR ACQUIRED BY A NON-SIGNATORY

- GGP Family Office
- Global Thematic Partners
- Perkins Investment Management LLC
- Tetra Impact Partners, LLC
- Vantage Point Asset Management

MERGED WITH OR ACQUIRED BY ANOTHER SIGNATORY

- Acclimatise
- Alm. Brand Bank Asset Management
- Atlas Master Trust
- BANKIA ASSET MANAGEMENT
- Banque Pâris Bertrand
- Cornerstone Capital
- Four Twenty Seven
- Humanis
- Idinvest Partners
- KAS BANK
- LUCRF Super
- Merian Global Investors
- Mizuho Real Estate Management Co., Ltd.
- MTAA Super
- Orfila Management, S.L.
- Pramerica SGR S.p.A.
- Psagot Investment House
- r2 Invest GmbH (Provisional Signatory)
- Roche-Brune Asset Management
- RRSE
- SOFIDY
- SOFIMAC
- THB Asset Management
- The Colonial Mutual Life Assurance Society Limited
- Truvalue Labs
- University of Toronto Asset Management Corporation (re University of Toronto Pension Plan)
- Vigeo EIRIS

REASSIGNMENT OF WHERE SIGNATORY STATUS SITS WITHIN OVERALL PARENT GROUP

- Bankhaus Schelhammer & Schattera AG
- CGD Pensões - Sociedade Gestora de Fundos de Pensões, S.A.
- CSSP - Center for Social and Sustainable Products AG
- Dalton Strategic Partnership LLP
- Espiria Kapitalförvaltning
- LocalTapiola Real Estate Asset Management Ltd
- Seligson & Co Fund Management Company PLC
- UFF - African Agri Investments
- UTI International Limited

STOPPED OPERATING

- Alder Capital Investment Management
- Arcobaluce AM S.r.l.
- Cameron Hume Limited
- Carve Capital AB
- Davis Global Advisors, Inc.
- Harvest Funds AS
- HQ Asset Management GmbH
- IPM Informed Portfolio Management AB
- Novalpina Capital
- Quatre
- Solidate Oy
- Spring Bridge Management, L.P.
- Strukturinvest Fondkommission

OTHER

- 3S Advisory GmbH
- ASR Vermogensbeheer N.V.
- Bedford Funds, LP (Provisional Signatory)
- Capital Governance (S) Pte Ltd
- Cassia Investments
- Environmental Investment Services Asia Limited
- Equis Pte. Ltd
- Heard Capital LLC
- Independent Credit View AG
- Kirstein
- Magni Global Asset Management
- Reinsurance Group of America, Incorporated
- Stonyrock Partners (provisional signatory)
- Trustee Decisions
- VTB Capital Asset Management*

* Delisted due to being on the UK government's list of sanctioned organisations following Russia's invasion of Ukraine.



FINANCIAL STATEMENT

A summary of the PRI's income and expenditure for
2021/22.

FINANCIAL STATEMENT

FINANCIAL REPORT

SUMMARY OF INCOME

Between 1 April 2021 and 31 March 2022, total income grew to £26.8 million, up from £21.5 million in 2020/21.

| | Actual 2020/21 £000s | Actual 2021/22 £000s | Budget 2022/23 £000s |
|--|-------------------------|-------------------------|-------------------------|
| Membership fees | 17,310 | 22,088 | 25,670 |
| Grants, donations, other* | 3,214 | 3,750 | 3,054 |
| PRI in Person/ Digital Forum income surplus | -231 | -438 | 1,811 |
| PRI Academy | 1,213 | 1,409 | 1,200 |
| Total Income | 21,506 | 26,809 | 31,735 |

GRANTS, DONATIONS AND OTHER INCOME

Projects funded with grants: Projects funded with grants: A Legal Framework for Impact, Building the responsible investment market in China, Driving Forward TCFD Implementation, The Inevitable Policy Response, ESG in Credit Risk and Ratings, ESG Data Providers, Climate Action 100+, The Investor Agenda.

Projects funded with restricted fees: UN Asset Owner Alliance and Transition Pathway Initiative.

SUMMARY OF CONSOLIDATED EXPENDITURE

Between 1 April 2021 and 31 March 2022, total expenditure (excluding PRI in Person) grew to £24.7 million, up from £18.5 million in 2020/21.

2021/22 actual expenditure

Bought-in services, consulting and research: David Pitt Watson (Analysis report for CA100+), Chronos Intelligent Sustainability (Responsible political engagement, Guidance on shareholder resolution), London School of Economics (TPI), PWC (Data and technical support, Digital transformation support), KPMG (Strategic change initiatives support), Right Lane (Programme planning and rhythm of performance project).

Expenditure by area

| | Actual 2020/21 £000s | Actual 2021/22 £000s | Budget 2022/23 £000s |
|------------------------------|-------------------------|-------------------------|-------------------------|
| Management and Operations | 3,823 | 5,415 | 6,827 |
| Global Outreach and Networks | 3,143 | 3,862 | 4,882 |
| Communications & Events | 1,793 | 2,065 | 2,548 |
| Content teams | 3,099 | 4,990 | 6,984 |
| Reporting and Assessment | 1,624 | 2,304 | 3,127 |
| Premises costs | 1,033 | 1,035 | 1,115 |
| Grants, other | 2,697 | 2,896 | 2,102 |
| UN Asset Owner Alliance | 191 | 839 | 1,185 |
| PRI Academy | 446 | 635 | 808 |
| Partnerships | 142 | 186 | 184 |
| Consulting and research | 533 | 439 | 475 |
| Total | 18,525 | 24,666 | 30,177 |

Number of employees by department

| | March 2021 | March 2022 | Forecast March 2023 |
|------------------------------|------------|------------|---------------------|
| Content team | 65 | 88 | 98 |
| Reporting and Assessment | 14 | 18 | 26 |
| Global outreach and networks | 33 | 42 | 48 |
| Management and Operations | 26 | 42 | 46 |
| PRI Academy | 5 | 5 | 7 |
| Communications and Events | 18 | 25 | 31 |
| Total | 161 | 161 | 210 |

Operating surplus

After taking into account interest receivable, depreciation and tax 2021/22: £1.7 million (2020/21 £2.6 million).

Cash

Increased to £13.9 million by the end of 2021/22, up from £11.8 million (2020/21). This includes restricted funds (£1.5 million) and sponsorship from PRI Barcelona (£1.6 million).

FINANCIAL REPORT

For the PRI Association Directors' report, group strategic report and consolidated financial statements for the year ended 31 March 2022, [click here](#).

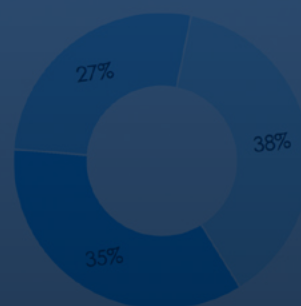
BACK



BOARD REPORT



Sales share



INTRODUCTION TO BOARD REPORT

The main objective of this PRI Board report is to complement my [Chair introduction](#) in the annual report and provide more detail on the PRI Board and committees' discussions and their outcomes.

The PRI Board report also includes information on the role of the PRI Board, the directors and UN partners that serve on the Board, their commitment to their Board roles, and the recommendations from the recent external Board review.

Lastly the report has the agenda for the forthcoming PRI Signatory General Meeting on 13 /14 October and the items that signatories will be requested to vote on in late 2022. I look forward to seeing many of you online at the SGM.

Regarding the functioning of the Board, I am pleased that the recent external board review confirms my belief that we have a committed and engaged board that is focused on the oversight of the strategy and using the PRI's mission to inform strategic decision-making. Implementation of the review recommendations are underway or are planned. A number of the recommendations, such as more time spent on forward looking discussions and increased Board access to the Executive team, will be enabled by having a balance of in person and virtual meetings. Having had sixteen virtual meetings (and none in person) during the past financial year we as a Board are really relishing the opportunity to meet in person.

I would like to thank Angela Emslie, Hiro Mizuno, and Xander den Uyl, who left the board in the past year, for their dedication to the PRI. We have also welcomed three newly elected directors, Scott Connolly, Takeshi Kimura, and Wilhelm Mohn, as well as welcoming back three re-elected board members, Wendy Cromwell, Sharon Hendricks, and Laetitia Tankwe. I am sure that our board discussions are better for the diversity of representation on the board, with members broadly representative of the global signatory base, as well as diversity of role, experience, and gender. Thank you to my fellow Board members for their commitment to the PRI.









If you require more information about the Board's role and discussions or more generally about the PRI's governance please see the governance pages of the [PRI website](#) and or contact governance@unpri.org.



Martin Skancke,
Chair, PRI Board

[Read the full board report here](#)



BOARD MEMBERS

| CHAIR | | DIRECTORS ELECTED BY ASSET OWNERS | | | | | |
|---|---|---|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
| Martin Skancke Independent member <i>Current term expires: 2023</i> | Scott Connolly Telstra Super (Australia) <i>Current term expires: 2024</i> | Eva Halvarsson AP2 (Sweden) <i>Current term expires: 2022</i> | Sharon Hendricks CalSTRS (USA) <i>Current term expires: 2024</i> | Takeshi Kimura Nippon Life Insurance Company (Japan) <i>Current term expires: 2023</i> | Wilhelm Mohn NBIM (Norway) <i>Current term expires: 2024</i> | Renosi Mokate GEPP (South Africa) <i>Current term expires: 2023</i> | Laetitia Tankwe CFDT (France) <i>Current term expires: 2024</i> |
| Committee membership: <ul style="list-style-type: none"> CEO Search (Chair) Reporting and Assessment, to December 2021 | Committee membership from January 2022: <ul style="list-style-type: none"> Governance Policy Signatory Status | Committee membership: <ul style="list-style-type: none"> CEO Search Finance, Audit and Risk HR and Remuneration | Committee membership: <ul style="list-style-type: none"> Governance (Chair, from January 2022) HR and Remuneration, from January 2022 Policy, to December 2021 | Committee membership: <ul style="list-style-type: none"> Policy, from July 2021 Signatory Status, from January 2022 | Committee membership from January 2022: <ul style="list-style-type: none"> Finance, Audit and Risk Reporting and Assessment | Committee membership: <ul style="list-style-type: none"> HR and Remuneration (Chair) | Committee membership: <ul style="list-style-type: none"> Finance, Audit and Risk, to December 2021 Policy Reporting and Assessment (Chair) |

DIRECTORS ELECTED BY NON-ASSET OWNERS

| | | |
|---|---|---|
|  |  |  |
| Wendy Cromwell Wellington (USA) <i>Current term expires: 2024</i> | Tycho Sneyers LGT (Switzerland) <i>Current term expires: 2023</i> | Michael Jantzi Sustainalytics (Canada) <i>Current term expires: 2022</i> |
| Committee membership: <ul style="list-style-type: none"> Finance, Audit and Risk (Chair) Reporting and Assessment HR and Remuneration, to December 2021 | Committee membership: <ul style="list-style-type: none"> Finance, Audit and Risk, to December 2021 Governance, from January 2022 Signatory Status (Chair) | Committee membership: <ul style="list-style-type: none"> CEO Search Policy Reporting and Assessment Signatory Status |

PERMANENT UN ADVISORS

| | |
|---|--|
|  |  |
| Sanda Ojiambo UN Global Compact | Eric Usher UNEP FI |
| Committee membership: <ul style="list-style-type: none"> Governance | Committee membership: <ul style="list-style-type: none"> CEO Search Policy (Chair, from January 2022) |

BACK



OUTLOOK

OUTLOOK

By David Atkin, PRI CEO

PRI IN A CHANGING WORLD

The past year has been one of change, challenge and opportunity for responsible investors. Operating in an environment intensified by geopolitical events, and against a backdrop of increased debate around ESG investing, investors' role in contributing to sustainable capital markets has continued to be critical. The PRI's role, working with our signatories to navigate change and to take advantage of opportunities, continues to be an important one.

I was very pleased to join as CEO in December last year. With responsible investment entering the mainstream, my focus is to help the PRI mature as the organisation continues to grow, and to ensure it stays relevant. The PRI needs to be agile, to be relevant across its broad and diverse signatory base and to further advance investors' role in responsible investing around the world.

First and foremost, as a signatory-based organisation, we must put our signatories at the centre of decision making and ensure we provide value to them. This includes conducting the [PRI in a Changing World signatory consultation](#) on the PRI's mission and purpose in the second half of this year.

DELIVERING FOR OUR SIGNATORIES

Ensuring that we have an operating model that delivers for a growing and diverse signatory base is a key priority. A significant amount of work is already underway across areas including organisation design, workforce management, infrastructure, processes and products/services, to enable us to deliver the best possible signatory offering.

From an asset owner in China to a private equity firm in the US, each has its own needs. To effectively serve this varied group, there may be opportunities to align content more closely with different signatory types and to make processes and services as efficient and robust as possible – without losing our global focus.

An investment in our digital strategy to reach signatories more effectively – especially in a post-COVID world – forms part of this work. This includes how we convene signatories through our events – for example, for the first time this year our flagship event, [PRI in Person & Online](#), will be hybrid, welcoming stakeholders from around the world to the venue in Barcelona both in-person and remotely.

The PRI's success will depend both on the organisation's own operating model, and on signatories' active engagement to progress the Principles. The PRI is a joint initiative with its signatories of all types – with a shared goal of creating a more prosperous world for all.



DAVID ATKIN
PRI CEO

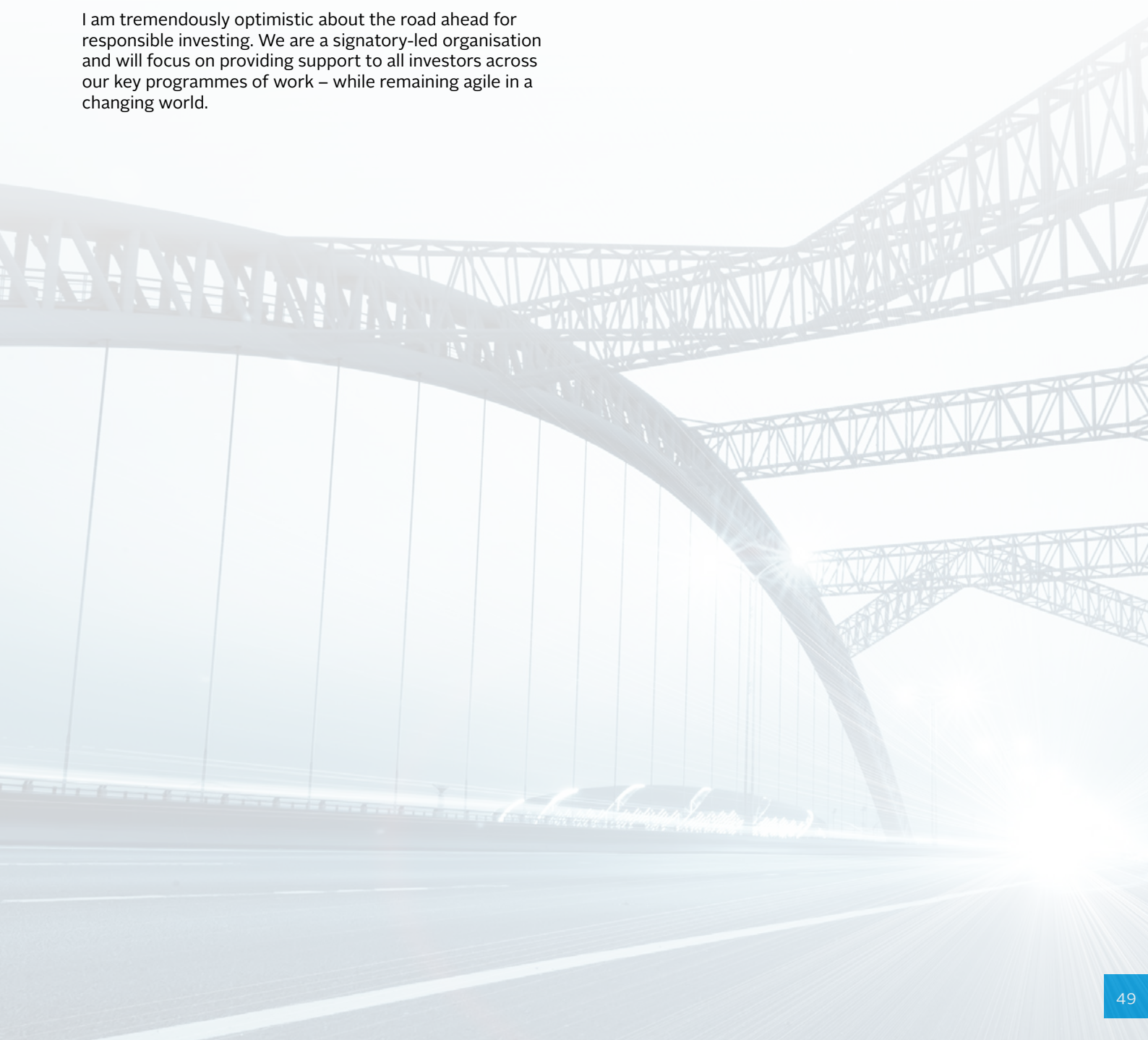
PUTTING THE RIGHT STRUCTURES IN PLACE

Early in my tenure as CEO we ran recruitment for a new Chief Operating Officer and Chief Reporting Officer – the latter being a new executive-level role to oversee our critical reporting and assessment work. This work sits at the top of my agenda. The feedback we received from you over the past year has been invaluable and will ultimately shape the 2023 Reporting Framework. The team is now hard at work ensuring that it has a clear purpose and delivers signatory value.

DIVERSITY, EQUITY AND INCLUSION

As with many of our signatories, diversity, equity and inclusion (DEI) within our own organisation has been a strong area of focus at the PRI in the past year. A PRI DEI lead started in January, and we launched our new DEI strategy internally this year, which was approved by the board in July. Our work is centred around creating an inclusive culture, embedding strong governance, measuring our impact through data and sharing our progress through storytelling. We've seen some early successes here and look forward to further progress in the future.

I am tremendously optimistic about the road ahead for responsible investing. We are a signatory-led organisation and will focus on providing support to all investors across our key programmes of work – while remaining agile in a changing world.



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



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



United Nations 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

