

# 2022-23 ANNUAL REPORT

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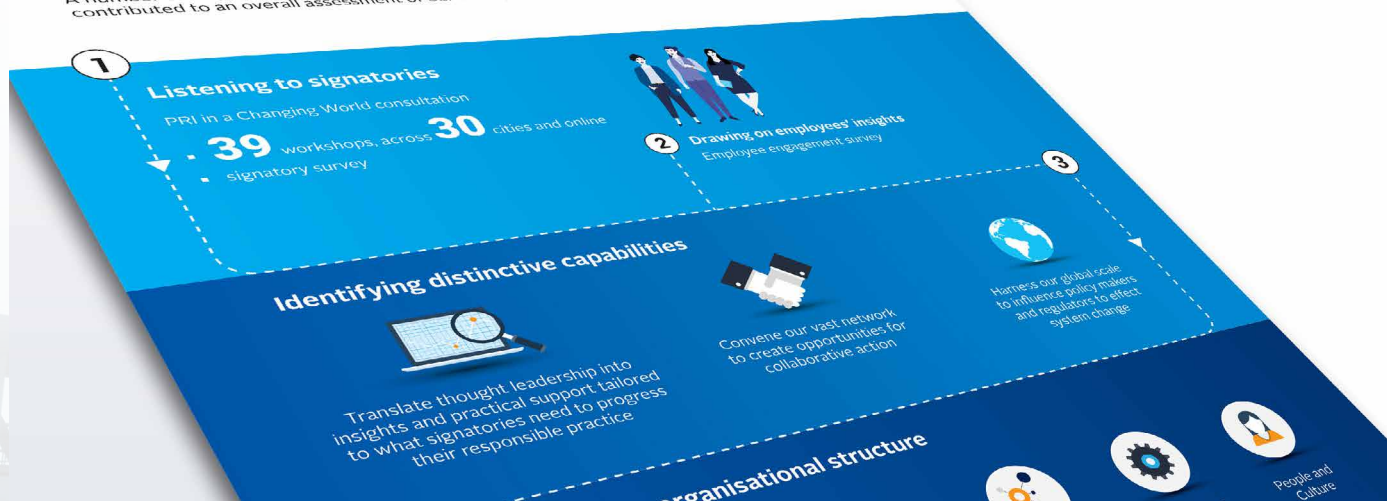
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# WELCOME FROM THE CHAIR

By Martin Skancke, PRI Board Chair

It has been an immense source of pride to have served as the PRI Chair since 2014. As my third and final term draws to a close, I hope that you will excuse me using my last message as an opportunity to reflect on my time at the PRI, and to look to the organisation's future.

## REFORM

When I joined in 2014, the first priority was to transform the PRI's own governance and direction. We set ourselves an ambitious agenda for reform and renewal, comprising a new governance structure, a new three-year strategy and a revised funding model – all within 12 months. After a lengthy signatory consultation, we changed the PRI's governance structure from a two-tier governance structure to a single fiduciary board supported by committees, approved by 98% of signatories voting in March 2015. The contribution of signatories was critical to our success in implementing all of the changes.

The foundations were in place: we had more transparency and accountability, a sound strategy for the years ahead and the necessary resources to implement it.

## EVOLUTION OF THE PRI

Responsible investment has evolved considerably over the past nine years, to today where it is a part of the mainstream financial landscape. Investor expectations and practices have changed significantly.

Thinking around the fiduciary duty to integrate ESG factors into investment decision-making has developed dramatically. International norms created by the Paris Agreement, the Sustainable Development Goals (SDGs), the UN Guiding Principles on Human Rights, amongst other ESG-related norms, are being transposed into regulations, codes and reporting requirements. Beneficiaries' expectations that their investments should contribute to a world worth retiring into are rising.

The PRI's work, to support and enable signatories' responsible investment, has both reflected and shaped the external environment. It has been a symbiotic relationship. ESG integration practices across all asset classes have deepened. The PRI has convened communities of signatories to develop and showcase best practices – within asset classes and on particular environmental, social and governance issues. There is better understanding of how complex systemic risks, such as climate change and human rights, can be better addressed through investor collaboration.



**MARTIN SKANCKE**  
PRI Board Chair

Signatories and the PRI have increasingly recognised the importance of a sustainable financial system, engaging policy makers on aligning policy frameworks with responsible investment and of driving meaningful data through markets. It has been particularly rewarding to see the arc of the PRI's policy work over time. That the PRI should engage in policy work was initially contentious, but with the right guardrails and signatory engagement, the PRI's policy engagement is increasingly valued by signatories.

The PRI has also worked with signatories on ground-breaking work towards understanding and shaping the sustainability outcomes of investments, in line with the ten-year [Blueprint for responsible investment](#) we developed with signatories in 2017.

On a personal note, let me also mention how much I have enjoyed interacting with our excellent academic network over the years and how impressed I have been with the network events.



## PROVIDING VALUE IN THE YEARS AHEAD

The PRI remains a big tent organisation, welcoming organisations, wherever they are on their responsible investment journey, that are committed to being better responsible investors.

In my early years as chair, I often referred to the analogy of the PRI as a personal trainer, who could support and enable a diverse range of signatories, via a variety of tools, to progress and learn. The PRI has more than four times as many signatories today as it did then – it needs to scale its support to signatories and understand how it can best provide value to them.

I think that two nascent programmes will provide particular value to signatories. Firstly, progression pathways, to be co-designed with signatories, that aim to enable signatories to progress and learn, according to their organisational intentions. Secondly, an increased drive to bring the PRI closer to signatories by focusing on responsible investment ecosystems in regional markets.

There are challenges ahead for responsible investment, with divergent regulatory approaches, ESG backlash in some markets and the rise of greenwashing. At these moments it is important to have clarity on the PRI's comparative advantages. The PRI is a mission-led, global, investor-based, big tent organisation, that works across the spectrum of environmental, social and governance issues – and is UN-supported. These are the foundations on which to continue to support signatories that are committed to responsible investment – within the context of their different intentions and approaches, investor mandates, client expectations and regulatory requirements.

## THANK YOU

It has been a privilege to work with so many talented and dedicated people at the PRI. My thanks in particular to Fiona Reynolds and David Atkin, the two PRI CEOs that I have worked with. Every chair-CEO relationship is unique, and our perspectives, styles, and experiences have been very complementary. The Board has been keen to recognise the legacy of the PRI's founding Executive Director, James Gifford and his successor as CEO, Fiona, and we are delighted to be launching a research grant of £300,000 over five years, to support primary research benefitting investment practices, behaviours and systems. In particular, the grant will look to develop new knowledge and broaden the sources of responsible investment research, supporting PhD students from disadvantaged backgrounds and collaborating with universities in emerging markets. Leadership of the PRI Board has been the core of my role. I have benefitted from really engaged and constructive Board members over the past nine years, always willing to give time and effort to further the PRI's purpose and signatory value – and ultimately to contribute to the advancement of responsible investment.

Last but not least I would like to thank signatories for their commitment to the six Principles for Responsible Investment and the PRI's mission. The PRI aims to be a mission-led and signatory-centric organisation: signatories developing and sharing best practices, engaging on ESG issues and collaborating for change is core to the PRI's work. I look forward to seeing many of you at PRI in Person Tokyo in October.

“The PRI is a mission-led, global, investor-based, big tent organisation, that works across the spectrum of environmental, social and governance issues - and is UN-supported. These are the foundations on which to continue to support signatories.”

# WELCOME FROM THE CEO

By David Atkin, PRI CEO

Over recent years, the momentum behind responsible investment has been remarkable. Our work around the world has been driven forward by tailwinds, helping to move responsible investment into the mainstream. In the year to April 2023, the PRI's growth continued on this trajectory, taking our total signatory base over the 5,000 mark for the first time. We represented the investor voice at milestone global events, including COP27 in Sharm El-Sheikh, and held PRI in Person for the first time since the Covid-19 pandemic, convening more than 2,000 attendees in Barcelona and online.

However, over the same period, we also saw the emergence of headwinds challenging responsible investment – in particular, a rise in politically motivated attacks in the US – as well as hurdles in the formation and enactment of new regulatory standards, market turbulence and geopolitical issues.

## LEARNING AND EVALUATING

Against this backdrop, I completed my first full year as CEO of the PRI. After a period serving on the Board from 2009-2015, this was an opportunity for me to learn and evaluate the inner workings of the organisation, understand our signatories and fully immerse myself in our day-to-day work. To do this, I benefitted from the experience and insights of my executive team, including its three outgoing members – Lorenzo Saà, Chief Signatory Relations Officer, Shelagh Whitley, Chief Sustainability Officer, and Mark Blair, Chief Financial Officer. All three have taken the next steps in their careers, but their positive influence continues to be felt at the PRI and by our signatories around the world, and I am grateful for their significant contributions to our shared success.

During this period, I've also had the privilege to welcome and work with the newest members of the executive team: Esther Teeken, Chief Operating Officer; Cathrine Armour, Chief Responsible Investment Solutions Officer; Tamsin Ballard, Chief Investor Initiatives and Collaboration Officer; and Rose Easton, Interim Chief Responsible Investment Ecosystems Officer. The executive team is completed by long-serving members Nathan Fabian, Chief Sustainable Systems Officer and Chief People Officer, Lian Hillier. My most formative insight into the needs and priorities of PRI signatories came through our recent consultation, PRI in a Changing World. We conducted almost 40 in-person workshops in key global markets, many of which I was privileged to facilitate myself. The feedback we received has been incredibly valuable, giving shape to our signatories' growing ambitions and cementing the vital role that the PRI plays at the heart of the global responsible investment ecosystem.



DAVID ATKIN  
PRI CEO

“We are hard at work shaping the future of the organisation. This is an important opportunity to strengthen the PRI's value proposition for signatories against the rapidly evolving external landscape.”

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## SHAPING THE FUTURE

Now, having a deeper understanding of our signatories' needs, we are hard at work shaping the future of the organisation. This is an important opportunity to strengthen the PRI's value proposition for signatories against the rapidly evolving external landscape, and I look forward to embedding new capabilities and dimensions into our work. Amplifying the work of others will also continue to be a critical part of furthering our mission. We are here to partner, support and complement peers operating in the responsible investment space. Where like-minded organisations are doing work that aligns with our mission, it doesn't add value for signatories for us to compete, or to replicate efforts.

In response to signatory feedback, we have made significant improvements to our annual reporting process for 2023. The updates have included streamlining the overall number of indicators and publishing the framework in advance of the reporting period. There will be much more to come on this front, as we begin co-designing a progression framework with our signatories that will better enable them to demonstrate their progress on responsible investment. In addition, recognising the increase in regulatory disclosure requirements in certain markets, we are also starting a reporting equivalency initiative, exploring common requirements between the PRI's reporting process and external disclosure frameworks, with the aim of simplifying reporting and avoiding duplication. I look forward to working with signatories on these important developments.

“Amplifying the work of others will continue to be critical. We are here to partner, support and complement work that aligns with our mission.”

## THANK YOU

Last, but certainly not least, I would like to thank our outgoing Board Chair, Martin Skancke. Having worked with Martin both during my previous time on the PRI Board, and now in my role as CEO, it is difficult to overstate the impact he has had on the development of the PRI and indeed on responsible investment more broadly. Martin's tenure has encompassed a period of immense growth, both in the PRI's size and scale and in the sector as a whole, and he leaves us with solid foundations from which to embark upon the next phase of the PRI's journey. I wish Martin all the best for his next steps.

After a year of listening and learning, and a year as CEO under my belt, we're now taking action. I look forward to working with signatories around the world to shape the future of the PRI.



# PRI IN A CHANGING WORLD

Understanding signatory views on the changing expectations of responsible investors, and how the PRI might adapt to better support our signatories.

# PRI IN A CHANGING WORLD

In the 18 years since the PRI's founding, the landscape for responsible investors changed dramatically. The objective of the [PRI in a Changing World signatory consultation](#) was to understand signatory views on the changing expectations of responsible investors, and how the PRI might adapt to better support our signatories.

Nearly 2,000 signatories participated in the consultation, with a series of 38 in-person workshops across 30 cities, and one online workshop, reaching more than 750 signatories, followed by a survey that saw 1,487 signatories (27%) respond.

It explored key issues for the future of responsible investment and signatories, including the PRI's mission, governance and the value we provide to signatories. Clear messages emerged regarding the need to measure progress in ways that acknowledge our diverse signatory base, design a more agile strategy-setting process and further assess and seek input on our mission statement and governance.

The survey shows that the PRI remains a big tent, whose signatories' interpretations of responsible investment vary based on their mandates, geography and other factors.

Most respondents (63%) see responsible investment as including a combination of managing ESG risks and identifying and acting on sustainability outcomes in the future, vs 41% today. Never have so many signatories expressed such an expansive view of their role as responsible investors, demonstrating that a more evolved dialogue is needed about how the investment community contributes to sustainable outcomes, in a way that is aligned with fiduciary duties. Importantly, 30% of respondents continue to see managing ESG risks as the sole dimension of responsible investment.

Other findings include that:

- nearly all signatories expect to progress their responsible investment activities over time as a part of their PRI journey, but in a voluntary, not prescriptive, manner that is relevant to their organisation;
- signatories are broadly supportive of the PRI's role on policy engagement, with half agreeing that the PRI should take a more active role in policy engagement, particularly with respect to improved access to data;

- there is strong support for the PRI maintaining its global approach and developing local communities of practice, bringing the PRI closer to signatories generally;
- signatories would like more input into the PRI strategy and priorities through regional forums and signatory groupings;
- signatories believe the PRI provides value, that they would recommend being a signatory to peer organisations and that they remain committed to being a signatory.

The findings from the consultation have fed into our work on a new operating model, to better align how we operate with the ways signatories tell us we can provide most value. Guidance, tools and training are seen as the most important PRI offerings, with more than three-fifths of signatories wanting more of these services. We will professionalise these offerings and better tailor them to different signatory needs through our new [Responsible Investment Solutions function](#).

A closer look at the survey results reveals that while guidance, tools and training are particularly prized by more recent joiners, longer tenured signatories look to the PRI for support on engagement and influencing norms. Our [Investor Initiatives and Collaboration](#) practice will combine and strengthen our opportunities for investors to influence collectively.

More than four of every five respondents want to demonstrate progress, but in a way that is more relevant to their responsible investment approach than is currently possible. More than three-quarters agreed that the PRI should establish a signatory-guided design process for a framework to show progression on responsible investment, with more than two-thirds wanting to actively participate in the process. Developing progression pathways will be a key part of our [Sustainable Systems](#) work.

More than three-quarters were in favour of PRI-supported communities of practice within regions, and respondents indicated that the PRI and its signatories can create the right enabling environment for responsible investment through engagement with policy, regulation and standard setting – which must inevitably be tailored to each market. This will be delivered through a new focus on [Responsible Investment Ecosystems](#).





## ENHANCING HOW WE OPERATE

Evolving our operating model in line with delivering the priorities that signatories have outlined.



# ENHANCING HOW WE OPERATE

Responsible investment's rapid growth is reflected in PRI signatory numbers, which were less than 2,000 five years ago and are well clear of 5,000 today. This increase in signatories has in turn driven growth of the PRI as an organisation: a larger, and more diverse, signatory base is being served by a larger, more global PRI.

This growth is a success story, and with it come increased expectations of what we deliver to our signatories.

Signatory ambition is higher, more varied and more complex, and our signatories expect the PRI to respond accordingly – to enable progress towards our shared mission. Growth also impacts the responsible investment landscape. More participants means an ever-broader range of practice, greater visibility means higher scrutiny and increased regulatory action makes adapting to regional markets more important than ever.

We are mission-driven, and signatory-centric. Through the PRI in a Changing World consultation, we heard what signatories want from the PRI to support them through the responsible investment landscape as it stands today, and in the years ahead. Signatories want us to support progression, to play a role in creating spaces for signatories to act, to influence system change and to engage effectively with markets at a regional level.

This year, we have started to evolve our operating model in line with delivering those priorities that signatories have outlined. At the core of this, we identified three distinctive capabilities – three overarching areas where we believe the PRI is uniquely positioned to deliver value to signatories, in line with our shared mission of achieving a sustainable financial system:

- Translate thought leadership into insights and practical support tailored to what signatories need to progress their responsible investment practice.
- Convene our vast network to create opportunities for collaborative action.
- Harness our global scale to influence policy makers and regulators to effect system change.

We are now working to align our operations with those high-level goals. Tailoring our work means improving our approach to segmentation; effecting system changes means strengthening our regional engagement; ensuring the solutions that we create for investors are practical means improving our product development and management techniques. These are just some of the changes that form part of a new operating model, that we have designed and are starting to implement.

Meanwhile, core offerings for signatories – from reporting and assessment, to guidance and initiatives, to events and the PRI Academy, and beyond – will all continue, and continue to evolve to meet signatories' changing needs. The first step is a new internal structure – against which we have broadly mapped this report, to indicate the direction of travel.

“We are mission-driven and signatory-centric. This year, we have started to evolve our operating model in line with delivering the priorities that signatories have outlined.”



### Responsible Investment Ecosystems

Developing responsible investment ecosystems, within regions, that support local priorities and enable effective engagement (including signatory progression, collaborating on regional initiatives, local policy engagement and signatory recruitment)



### Responsible Investment Solutions

Providing practical products and services for signatories to progress their responsible investment practice (including reporting and assessment, accountability, guidance and investor education)



### Investor Initiatives and Collaboration

Convening signatories and stakeholders to collaborate and act collectively, to solve problems together and influence norms (including stewardship initiatives, sustainability initiatives and the PRI Collaboration Platform)



### Sustainable Systems

Delivering thought leadership to drive system change and guide the signatory offering (including issues expertise, progression pathways and global policy engagement)



### Operations

Providing global business support services and systems to enable delivery (including finance, technology, governance/risk, strategy, signatory experience and events)



### People and Culture

Developing and enabling the global workforce (including recruitment, development, culture, diversity, equity and inclusion (DEI) and internal communications)

Nothing about our new approach involves a change of purpose. The PRI's mission remains as relevant as ever, signatories are looking for leadership and our people are a truly talented and committed group. However, the world has changed, and with that, expectations of how the PRI delivers for signatories towards that purpose has changed. We hold ourselves to the same high standards that our signatories hold us to, and we believe that the PRI of the future can deliver even more value: supporting responsible investors, shaping sustainable markets and, ultimately, helping to deliver a more prosperous world for all.

# STRENGTHENING OUR VALUE PROPOSITION

A number of major initiatives over the past 12 months have contributed to an overall assessment of our value proposition.

1

## Listening to signatories

PRI in a Changing World consultation

- **39** workshops, across **30** cities and online
- signatory survey



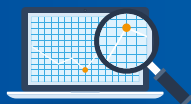
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## Drawing on employees' insights

Employee engagement survey

3

## Identifying distinctive capabilities



Translate thought leadership into insights and practical support tailored to what signatories need to progress their responsible practice



Convene our vast network to create opportunities for collaborative action



Harness our global scale to influence policy makers and regulators to effect system change

4

## Designing a new organisational structure



Responsible Investment Solutions



Investor Initiatives and Collaboration



Sustainable Systems



Responsible Investment Ecosystems



Operations



People and Culture

5

## Delivering benefits to signatories



- Strengthened approach to system change
- Functions and systems that enhance signatory experience
- Enhanced focus on enabling collaboration
- Increased leadership and engagement at regional level
- More practical and tailored products
- Organisation with the right size, shape and talent to deliver value and the mission





## 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 A\$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.



**ROSE EASTON**

**Interim Chief Responsible Investment Ecosystems Officer**

Rose joined the PRI in 2021 as a Regional Director in the Signatory Relations team before taking on responsibility for leading the newly formed Responsible Investment Ecosystems team, ensuring we provide the very best support to our signatories in their implementation of responsible investment.

Prior to joining the PRI, Rose spent 25 years working in the financial sector in asset management, with a focus on business development and client relations. In her most recent role, she successfully built, developed and ran a client management function for Ninety One (formerly Investec Asset Management). Previously, Rose was a consultant relations director and client advisor at AllianceBernstein and a client director and US equity product specialist at Merrill Lynch Investment Managers. She has also worked for Goldman Sachs Asset Management in their sub-advisory business, having begun her career at Goldman Sachs International in private wealth management.

Rose has a BA (Hons) in Spanish and Latin American Studies from the University of Portsmouth and holds the IMA and CFA in ESG Investing.



### CATHRINE ARMOUR

#### Chief Responsible Investment Solutions Officer

Cathrine joined the PRI as Chief Reporting Officer in August 2022, before taking on a broader role as Chief Responsible Investment Solutions Officer (including reporting) in 2023. She 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 Abu Dhabi Global Environmental Data Initiative (AGEDI) for the Abu Dhabi Environment Agency. This included 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 in Environmental Studies (GIS & Spatial Analysis), post-graduate certificates across business, technology, sustainability and impact and is a Fellow of The Royal Geographical Society (with IBG).



### TAMSIN BALLARD

#### Chief Initiatives Officer

Tamsin joined the PRI in 2022 as Director of Climate and Environment, before taking on responsibility for leading the Investor Initiatives and Collaboration team.

Prior to joining the PRI, Tamsin was a Senior Civil Servant with the UK Government. In her most recent role in the UK's Department for Environment, Food and Rural Affairs she was responsible for a large portfolio of international climate finance programmes and policies to help address the triple challenge of poverty, biodiversity loss and the climate emergency. Tamsin has over 20 years of experience in government policy and foreign aid programme design and delivery across the sustainable development, climate change and environment agendas. She was a contributing author on Lord Nicholas Stern's seminal report on the Economics of Climate Change.

Tamsin is an economist by background, with a BA in Economics from the University of Manchester and an MSc in Economics from SOAS, University of London.



### **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 served as Chair of the European Platform on Sustainable Finance for two years from October 2020, 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.



### **ESTHER TEEKEN**

#### **Chief Operating Officer**

Esther joined the PRI in August 2022. She has a track record of delivering successful transformation programmes to improve operational efficiency.

Prior to the PRI, Esther was at 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).





### **LIAN HILLIER**

#### **Chief People and Culture Officer**

Lian has worked for the PRI since 2016. She is responsible for driving the PRI's people and culture strategy and overseeing people and culture 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 11 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).

### **DEPARTING EXECUTIVE TEAM MEMBERS**

In the last 12 months, four members of the executive team left their roles. We sincerely thank them all for their service to the PRI.

#### **Mark Blair, former 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. We will be recruiting a Director of Finance to lead our finance team, which will sit in our operations department represented at executive level by Chief Operating Officer, Esther Teeken.

#### **Lorenzo Saà, former Chief Signatory Relations Officer**

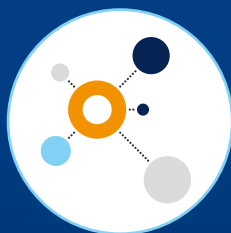
Lorenzo joined the PRI in 2009. Prior to his signatory relations role, Lorenzo led the PRI's Investment Practices, Investor Engagements and Reporting and Assessment teams. His time at the PRI included launching the first global responsible investment reporting framework.

#### **Shelagh Whitley, former Chief Sustainability Officer**

Shelagh joined the PRI in May 2019, and joined the executive team in a new role of Chief Sustainability Officer in January 2021.

#### **Alexander Scott, former Chief Technology Officer**

Alexander's role of Chief Technology Officer was deprecated in 2023, but he remains with us as Digital Transformation Executive, continuing to drive business change through technology. We will be recruiting a Director of Technology and Infrastructure to lead our IT teams, which will sit in our operations department represented at executive level by Chief Operating Officer, Esther Teeken.



# RESPONSIBLE INVESTMENT ECOSYSTEMS

Developing responsible investment ecosystems,  
within regions, that support local priorities and enable  
effective engagement.



# RESPONSIBLE INVESTMENT ECOSYSTEMS



## MESSAGE FROM ROSE EASTON, INTERIM CHIEF RESPONSIBLE INVESTMENT ECOSYSTEMS OFFICER

As the PRI signatory base has grown around the world, so too has the PRI gradually built regional teams in each market – encouraging and supporting new signatories to join and existing signatories to progress.

While recruiting signatories has never been an end in itself for the PRI, there are numerous ways in which a larger, more diverse signatory base better serves the PRI's mission. Furthermore, extolling the benefits of responsible investment has naturally gone hand-in-hand with supporting investors in signing and then implementing the six Principles, to guide and improve their responsible investment approach.

Now, after several years of strong growth – both in signatory numbers and the profile of responsible investment itself – the landscape is changing.

“To better serve signatories’ needs, we need to move beyond managing their relationship with the PRI, towards building a thriving responsible investment ecosystem in their market.”

### REACTING TO MATURING MARKETS

In many countries, most investors are already PRI signatories – shifting the balance for our regional teams towards the importance of supporting the progression of existing signatories rather than the onboarding of new joiners.

In markets where we think further recruitment would help deliver the PRI's mission, we now need to provide a much more tailored approach that understands and responds to why responsible investment has grown more slowly in that particular market. Markets in which responsible investment first took hold have, to a large degree, grown organically through relationships and recommendation – in markets where penetration remains relatively low, this approach alone is unlikely to spur interest.

### ENHANCING SIGNATORY SUPPORT

Regionally focused employees have traditionally acted as the first point of contact for PRI signatories new and old, whether to guide them through our wide range of tools, guides and thought leadership, for queries on reporting and assessment or on many other aspects of the signatory experience.

In a PRI of 5,000+ signatories and growing, and an ever-wider array of PRI services, we believe we can provide a more comprehensive, more consistent support experience to signatories – wherever they are in the world – through a dedicated, centralised support team in our operations department.

We're excited to be establishing a new global stakeholder services team that will provide this easy access to PRI services for signatories and other stakeholders worldwide.

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## BUILDING RESPONSIBLE INVESTMENT ECOSYSTEMS

Engaging with signatories in their region is crucial, but signatories need more from us than just a good relationship with the PRI. A clear message from our PRI in a Changing World consultation was that regional communities of practice, and input on the PRI's strategic approach in each region are high priorities for signatories. We need to be deeply familiar with what signatories' priorities are in their local market, and to what extent they need support from us on each of them.

To better serve signatories' needs, we need to move beyond managing their relationship with the PRI, towards building a thriving responsible investment ecosystem in their market.

This means working with all the key players in the ecosystem: the individual asset owners and investment managers, but also service providers such as the investment consultants and data providers, policy makers, regulators, stock exchanges, sustainable investment forums and other regional associations that shape the market. We must identify the barriers to responsible investment-aligned capital flows right across the investment chain, and work collaboratively to address them.

We must convene investors, policy makers and other stakeholders – but also provide a connecting point for the groups and platforms that already play a convening role in each region, to help them connect with each other. As always, our goal remains to enable any work that serves the PRI's mission, which includes supporting and complementing the work of peers, not competing or duplicating it.

Policy debate and regulatory frameworks are a fundamental aspect of developing strong ecosystems, for which local knowledge is a must. We need a deep understanding of whether a particular market has clear sustainability targets or a sustainable finance strategy, of which government entities are driving which developments, of the blend between country-specific and regional requirements, and more. Our policy engagement will therefore move from a single, central policy team to a dual model that sees regional policy teams delivering local policy engagement, guided by high-level priorities coordinated by a global policy team that will lead on international and multilateral engagement.

## DEEPENING REGIONAL ENGAGEMENT

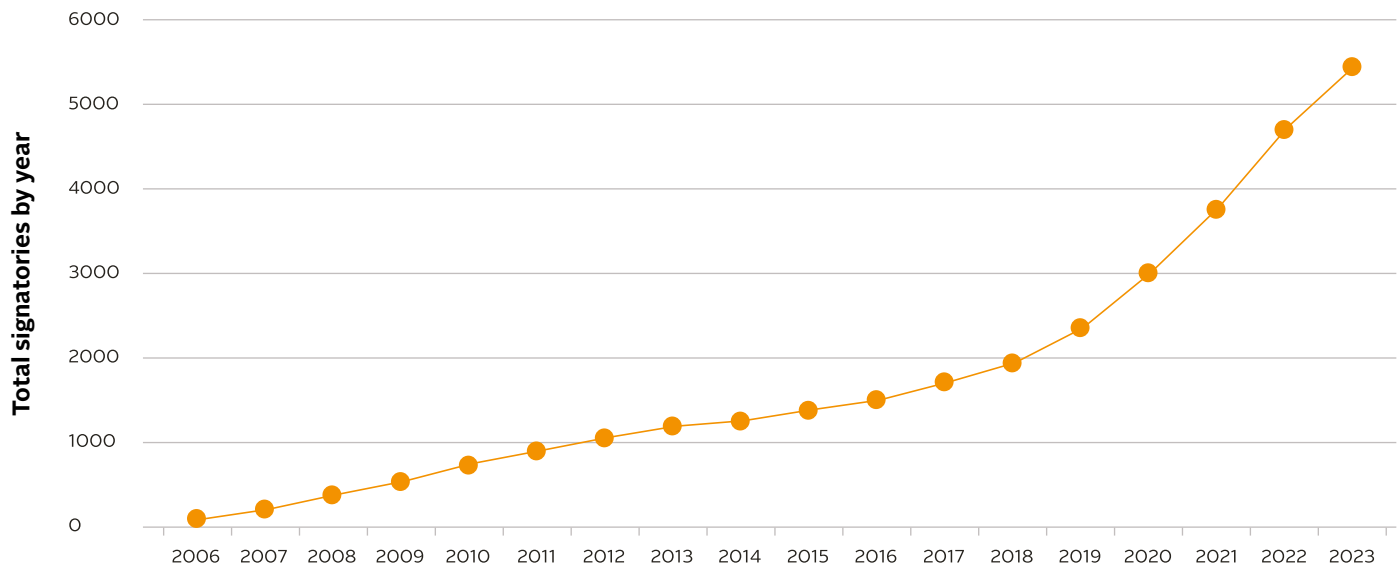
Our global perspective and reach has always been a strength of the PRI and one that is valued by our signatories. In the future, our people in countries around the world will work even more closely with signatories and their communities to support them in progressing their practices, engaging with regional policy and regulatory change and nurturing strong responsible investment ecosystems.



## CONTINUED GLOBAL GROWTH

### Building the responsible investment community

Signatory numbers have increased 10% year-on-year, reaching 5,391 signatories (4,841 investors and 550 service providers) by 31 March 2023<sup>1</sup>.

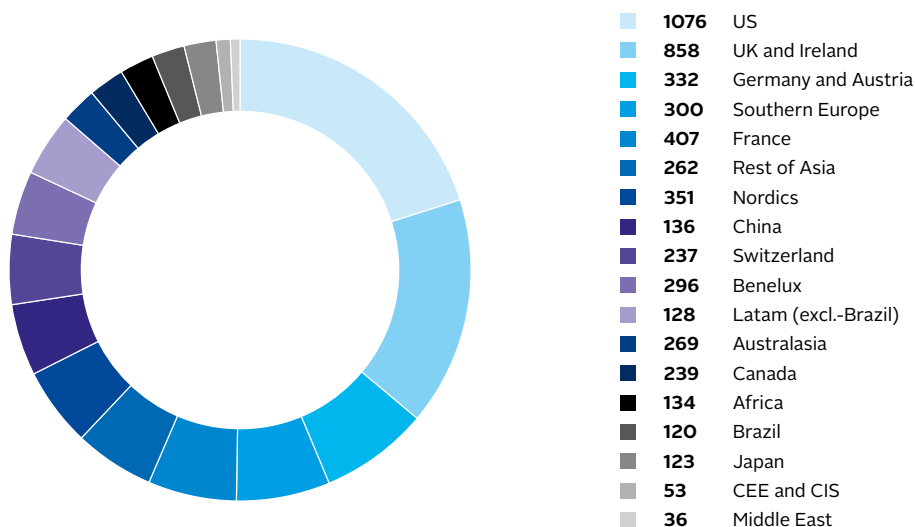


After several years of very rapid growth in signatory numbers, this represents a natural slowing in the rate of new joiners as we start to reach saturation point in some of the most developed responsible investment markets. Regions with the highest number of PRI signatories – such as the US, and markets across Northern and Western Europe – saw larger drop-offs in new joiners than regions such as China, Africa, Latin America, Central and Eastern Europe and the Middle East, which have the fewest PRI signatories but maintained similar numbers of new joiners year-on-year.

In absolute terms, the largest markets continue to drive the highest number of new joiners, with 287 from across mainland Europe (38% of new joiners), 150 from the US (20%) and 89 from the UK and Ireland (12%).

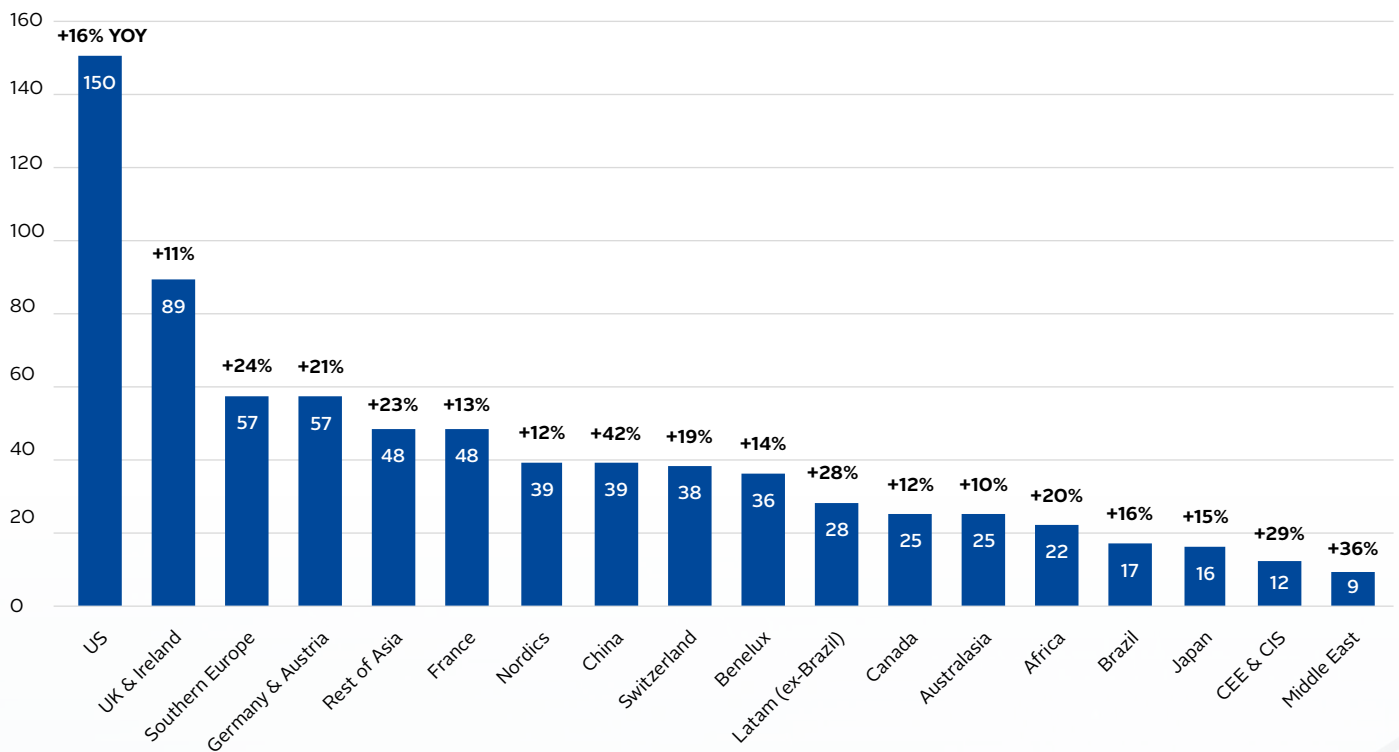
We were delighted to welcome **755 new signatories** in total. For a complete list of signatories, including by join date, see the [signatory directory](#).

### Total signatories, by region (31 March 2023)



<sup>1</sup> As AUM calculations are based primarily on reporting data, the most recent data available at the time of publication was from 2021, which put AUM at US\$121.3 trillion, for 3,826 signatories (investors and service providers)

## Asset owner signatories, by region



## DELISTED SIGNATORIES

We saw 269 organisations removed from the signatory list this year, an uptick on 134 the year before, although this is partly a result of a large increase in the signatory base in recent years providing a bigger pool for turnover, and the overall rate remains low.

A delisting does not always mean an organisation leaving the PRI or represent any drop in the quantity of assets committed to responsible investment – for instance 56 delistings this year were due to signatories merging with another signatory.

Where signatories contact us asking to end their signatory status, we capture and report the reasons why, wherever possible.

## ASKED TO BE DELISTED

### NO LONGER INTERESTED

- National Employment Savings Trust (NEST)
- Kirwood Capital
- Goodyields Capital GmbH
- AV Trinity Ltd
- Grosvenor Europe
- Atlas One
- Capital Midwest Fund
- Thomas Schumann Capital®
- Ajeej Capital
- Thalmann & Verling Trust reg.
- SofCap Partners Ltd.
- Amp
- Atalanta Sosnoff Capital, LLC
- VERSO
- EMIT CAPITAL ASSET MANAGEMENT (Provisional Signatory)
- Mazarine Ventures
- Peninsula Participações
- EnTrust Global Partners LLC
- Allegra Wealth Pty Ltd
- Aster
- LendInvest Limited
- PeakBridge
- Insurance AUM Journal, LLC
- OBTON
- Hildene Capital Management, LLC
- Hadean Ventures AS
- Tesco Pension Trustees Limited

### LACK OF RESOURCE

- EFA Group
- Blackcrane Capital, LLC
- Global Delta Capital (Provisional Signatory)
- DiverseCity Ventures
- SMART PRIVATE MANAGERS (LUXEMBOURG) S.A.
- Lembas Capital

- Who's Good
- Social Enterprise Research Academy
- Neumeier Poma Investment Counsel, LLC
- Affinity Investment Advisors
- Hitchwood Capital Management LP
- Sustainable Impact Capital LP (Provisional signatory)
- Faraday Venture Partners
- Archax
- PHOENIX CAPITAL
- Pactia
- GESCONSULT SA SGIIC
- The Terra Fund (Provisional Signatory)
- Seasons of Advice Wealth Management, LLC.
- Rosehill Investments LLC (Provisional Signatory)
- SD-M GmbH
- Brentview Investment Management
- BRE International Advisors
- SkySaga Capital Management
- Hayborough Investment Partners
- Sunbridge Capital Partners LLC
- Aitken Investment Management
- Habona Invest
- Middletown Works Hourly and Salaried Union Retirees Health Care Fund
- MONETALIS SERVICES (Provisional Signatory)
- Beekind
- G2 Investment Partners
- Impacq Capital Partners (Provisional Signatory)
- Vineyard Infrastructure (Provisional Signatory)
- Green.Health (Provisional Signatory)
- Builders Union LLP
- Lofoten Asset Management
- Astia
- Grey Innovation Investment Partners Pty Ltd
- Umbra Capital Partners LLP
- Conscious Investment Management Pty Ltd
- Cooler Future (Provisional Signatory)
- Kilgour Williams Capital
- Moerus Capital Management LLC
- Globescan Capital, Inc
- Stabelo Asset Management AB
- VELT Partners
- Aker Horizons
- XY Investments LLC
- Bond&Devick Wealth Partners

### NO SPECIFIED REASON

- Paia Consulting
- American Triple I Partners (provisional signatory)
- Katjesgreenfood
- Pinpoint Equity Partners, SL
- BACKBONE (Luxembourg) SA
- Green Eight Capital AG
- ESG Financial Corp. (Provisional Signatory)
- ACI Capital Partners Luxembourg S.à r.l.
- Mill Road Capital Management LLC
- Zhangzhou Zhangjiang Private Equity Fund Management Co., Ltd.

## DID NOT PAY

- Progression Capital Africa Limited
- Aequalitas Capital Partners
- Evo Group Holdings, LLC
- Capital Kinetics Limited
- Cybele Capital Partners LLP (provisional signatory)
- SRI Capital
- ASSETLY Investment Partners
- BlackCrow Capital
- Global BioFuture Solution
- CITITRUST HOLDINGS PLC
- ACUITE GROUP (Acuité Ratings and Research, ESG Risk AI, SMERA)
- Smith Asset Management Group
- Morningside Asset Management, LLC
- National Rating Agency
- Sustainable Network
- SAW Software
- Morpho Capital Partners (Provisional Signatory)
- Millennial Energy Partners
- Peoples Company

## MERGED OR ACQUIRED

### WITH/BY ANOTHER SIGNATORY

- Obviam AG
- Majedie Asset Management Limited
- Greenspring Associates, Inc.
- Private Advisors, LLC
- DCI
- Polen Capital Credit, LLC
- TD Asset Management (TDAM USA Inc.)
- Società Cattolica di Assicurazione - Società cooperativa
- BNP Paribas Securities Services
- Madison Capital Funding LLC
- Fidelity (Canada) Asset Management ULC
- UK Green Investment Bank Limited (trading as Green Investment Group)
- FE fundinfo
- Hexavest
- Energy Industries Superannuation Scheme (EISS)
- GoldPoint Partners LLC
- Smith & Williamson Investment Management LLP
- Snow Phipps Group, LLC
- Newbury Partners
- Celina Fondförvaltning AB
- Australian Catholic Superannuation and Retirement Fund
- ARA Asset Management Limited
- HANSABAY PTE LTD
- Infrastructure Capital Group
- Lyxor Asset Management

- Eaton Vance Corp.
- ACTIAM
- BT Financial Group
- OpenInvest
- Baring Private Equity Asia
- Columbia Management Investment Advisers, LLC
- Virtuoso Fund
- Mauá Capital
- SANNE Group plc
- Max Mitteregger Kapitalförvaltning AB
- BlueMacaw
- Selection Asset Management GmbH
- Landmark Partners
- Macquarie Investment Management Europe S.A., ValueInvest
- IMANTIA
- Fondo Pensione CR Firenze
- Alliance Entreprendre
- QIVALIO
- EMPLEADOS GRUPO BANKIA FP
- Greyline Partners, LLC
- Media Super
- Trevian Funds AIFM
- Veritas Institutional GmbH
- CAAM Fund Services AB
- Edinburgh Partners Limited
- Life Sciences Partners (LSP)
- Actis Asset Management
- BW Equity GmbH
- CAM Alternatives
- New Energy Capital Partners, LLC
- Proxinvest

### WITH/BY A NON-SIGNATORY

- Afena Capital (Pty) Limited
- Christian Super
- Zeo Capital Advisors, LLC
- Velocity
- ESG Administration LLC
- Green Blue Invest (GBI) SA
- Fortius Fund Management
- EG Capital Advisors
- ATTALEA PARTNERS



## REASSIGNMENT OF WHERE SIGNATORY STATUS SITS WITHIN PARENT GROUP

- Dansk Vaekstkapital II
- LMCG Investments, LLC
- MACIF
- Sompo Japan Insurance Inc.
- Bank Cler
- Vallbanc Fons SAU

## STOPPED OPERATING

- ERAAM
- Vision Capital LLP
- Vaekstfonden
- FOCUS ASSET MANAGERS
- Société Générale Securities Services GmbH
- Geokalla
- Alderwood Capital LLP
- GO Investment Partners
- caplantic GmbH
- Karara Capital
- Blackwall Capital Investment AG
- Aquamarine Investment Partners
- DCCP Deutsche Credit Capital AG (Provisional Signatory)
- Conduction Capital Advisers
- Governex Limited
- BNP Paribas Capital Partners
- AO Asset Management, LP
- UnifyImpact
- High Pointe Capital Management, LLC
- Aeda Asset Management AB (provisional signatories)
- Amazon Valley Administradora de Recursos
- CBAM Partners, LLC
- STONEHORN GLOBAL PARTNERS
- IMX
- REVITALIS Investment GmbH (Provisional Signatory)
- Mayen Capital Management AG (Provisional Signatory)
- PELHAM GLOBAL FINANCIALS
- Idalia Capital, SGEIC, S.A. (Provisional Signatory)
- Credo ESG Solutions Inc.
- Seven Oaks Acquisition Corp
- Circuitus Capital LLP
- Columbus Point LLP
- Methodical Valuation and Advisory Services
- Future Matters
- Backbone Capital Partners Limited
- Black and White Capital LP
- Stichting Total Pensioenfond Nederland
- JKMilne Asset Management
- Redpoint Investment Management

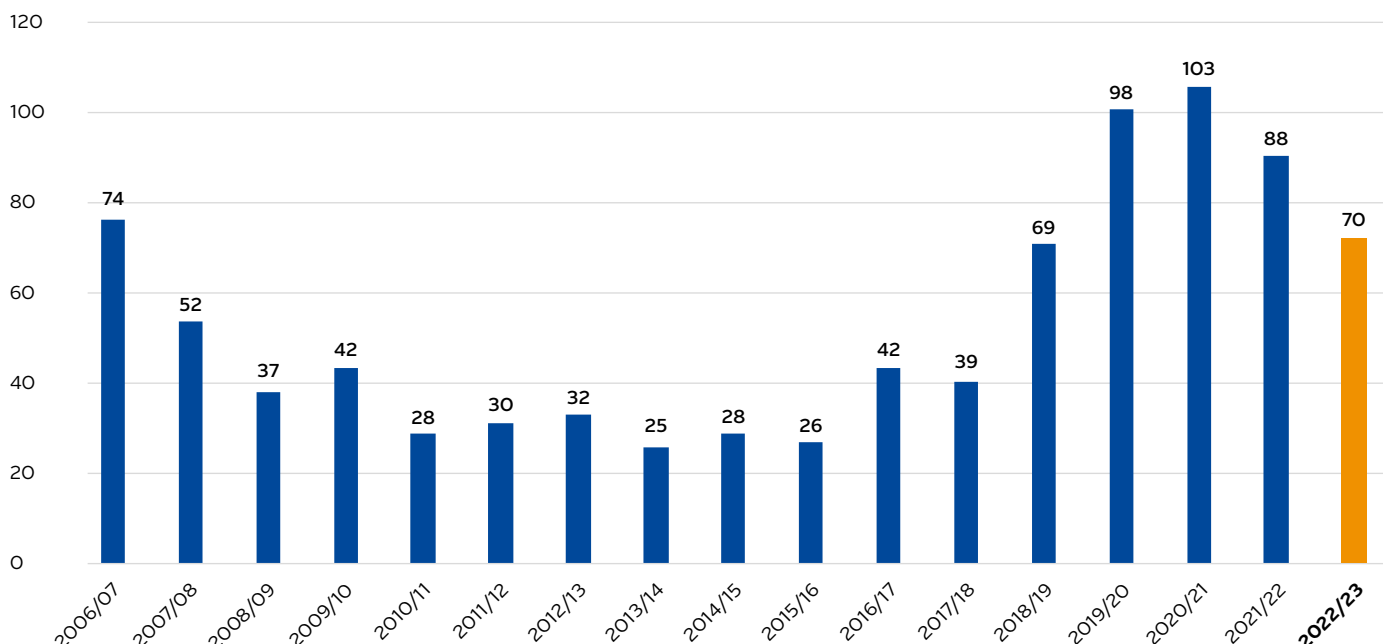
## OTHER

- Oxfam Novib
- Evangelische Bank
- Adelphi Capital LLP
- Baird Capital Partners Europe Limited (BCPE)
- Rheos Capital Works Inc.
- The Consolidated Retirement Fund for Local Government
- TransAsia Private Capital Limited
- Maitri Asset Management
- Summit Global Investments
- Caixa Econômica Federal - VIART
- Leaders Arena
- Ethical Markets Media, LLC
- Fator Administração de Recursos
- Panoramic Growth Equity
- Tramondo Investment Partners AG
- Healthy Investment
- Grey Mountain Partners
- Cambiar Investors
- JL Alpha LLC
- Allard Partners
- Carlson Capital, L.P.
- Crea8 Capital
- Fidera
- Impact Bridge
- Altra Investments
- Elevation Ventures (Provisional Signatory)
- Inframco
- Metavasi Capital
- AENU Impact Advisory GmbH
- Paloma Partners Management Company
- Aritmetika
- SFS RE (Provisional signatory)
- FUND FOR AFRICA'S FUTURE (FUTURE AFRICA)
- Fundana SA
- Pactum AG
- Immoel Capital Partners
- Echo River Capital LLC
- FOROS
- Salacia Solutions
- EquityCompass Investment Management, LLC
- DSAM Partners
- Bee Up Capital
- Adragos Pharma
- CONFRAPAR ADMINISTRAÇÃO E GESTÃO DE RECURSOS S/A
- Ardan Equity Partners
- Orpheus Partners
- Gatemoore Capital Management
- Blue Oceans Capital
- EQUICAP ASIA MANAGEMENT PRIVATE LIMITED
- JSE Limited
- FPA Multifamily
- S Network Global Indexes, Inc.
- Hadron Capital LLP

## ASSET OWNER FOCUS

A further 70 asset owners became PRI signatories in 2022/23, making for a total of 730. As with overall signatory numbers, this represents a slight slowdown following three years of very high growth.

### New asset owner signatories, by year

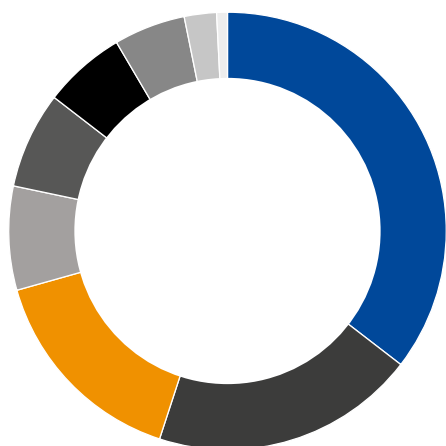


Number of asset owners that signed up to the PRI in each year. The cumulative total over time will be lower due to signatories leaving.

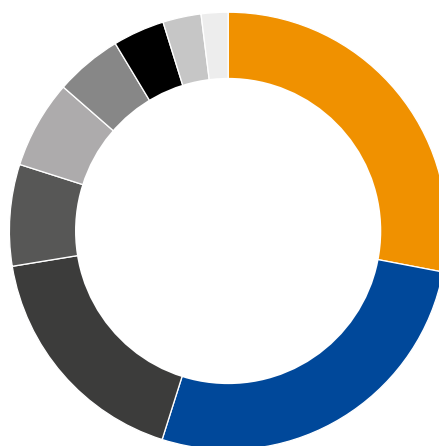
Insurance funds have been the biggest driver of asset owner growth in the three previous years, a dynamic that is even stronger this year with insurers making up more than half of all new asset owners.

This sustained growth has seen insurers become the largest type of asset owner in the signatory base, outnumbering public pension funds for the first time<sup>2</sup>.

### Asset owners, by type (31 March 2019)



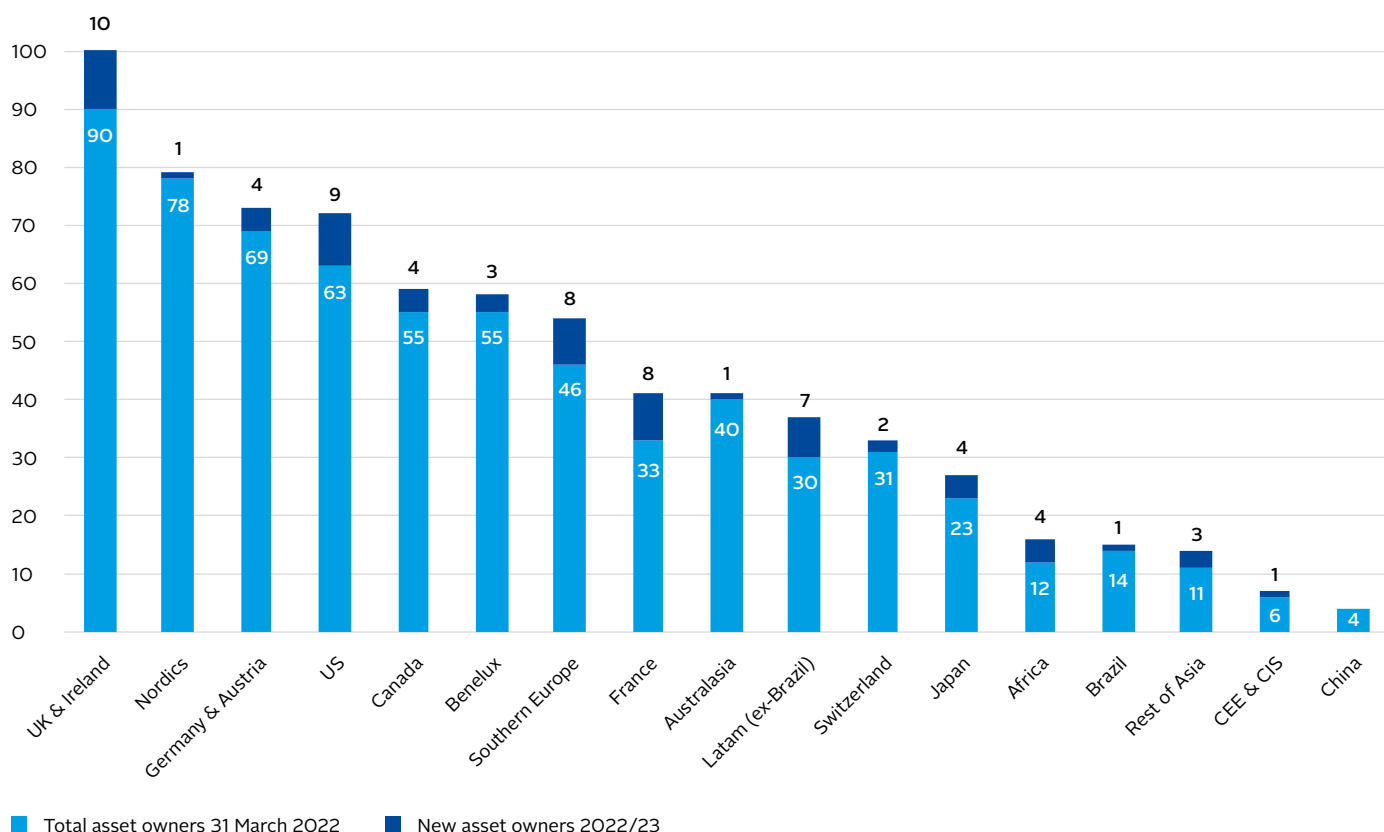
### Asset owners, by type (31 March 2023)



- Non-corporate pension fund
- Corporate pension fund
- Insurance company
- Foundation
- Endowment
- Other
- Sovereign wealth fund
- Development finance institution
- Family office

<sup>2</sup> Indicative only. The 2019 data is drawn from current signatories that signed up to the PRI by 31 March 2019. It therefore excludes some organisations that were signatories at 31 March 2019 but have since delisted.

### Asset owner signatories, by region



## CONNECTING WITH SIGNATORIES

### FOSTERING STRONG PRI-SIGNATORY RELATIONSHIPS

The PRI has 33 signatory engagement professionals, working in 24 cities around the world, providing a personal relationship between the PRI and our more than 5,000 signatories in nearly 100 countries. Last year we held over 2,500 meetings with signatories, including meeting with more than half of our asset owners, and in total with signatories accounting for more than 60% of AUM.

We continue to use a blend of face-to-face meetings, video conferencing and other digital tools to provide signatories with more ways to connect with the PRI, and to better operate at scale.

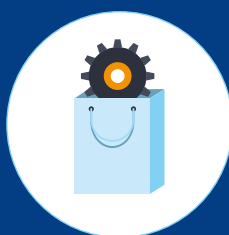
Regional community of practice sessions, consisting of roundtable discussions with signatories on different components of the 2021 reporting, were trialled in Canada and Latin America, and are now running in multiple regions.

As the signatory base continues to grow, we are continuing to evolve our approach to better support signatories.

New tools and new ways of working will be crucial to providing signatories all around the world a high-quality, consistent experience when engaging with the PRI, its products and its services.

The PRI is a collaborative, investor-led organisation. Signatories can get involved with our work in a whole host of ways – from joining advisory committees and signing up to initiatives, to attending events and getting involved in our governance. Check out opportunities on our [get involved](#) page.

In addition to PRI in Person, we continued to run a comprehensive programme of fully virtual events throughout the year, including 86 webinars with more than 16,000 registrants.



# RESPONSIBLE INVESTMENT SOLUTIONS

Providing practical products and services for signatories to progress their responsible investment practice.



# RESPONSIBLE INVESTMENT SOLUTIONS



## MESSAGE FROM CATHRINE ARMOUR, CHIEF RESPONSIBLE INVESTMENT SOLUTIONS OFFICER

The tangible products and services – reporting, assessment, tools, knowledge and guidance – that the PRI offers, enable our signatories in their adoption of responsible investment, and support them in furthering their ESG processes and practices. Additionally, they address the advance of the mission whilst providing insights – to signatories and the wider market – into progression and performance, informing future focus of efforts for both our signatories and the PRI.

Strengthening our approach to determining, designing and delivering products and services that create value across the mission ecosystem enables us to support a growing signatory base, address diverse signatory needs and extend our change agency as new challenges emerge.

“We will do this through products and services that are mission-led and signatory-centric.”

### MISSION-LED, SIGNATORY-CENTRIC SOLUTIONS

Our objective for our responsible investment solutions work is to create value for our signatories that is in line with our mission. We will do this through products and services that are mission-led and signatory-centric.

We will look to develop and deliver practical, accessible solutions, to build market capability, drive progression and ensure accountability. With more than 5,000 signatories, designing our offering to meet a variety of signatory needs will be crucial. Our approach will be informed by signatory engagement, research and data insights as well as by internal and external thought leadership.

The PRI in a Changing World consultation identified a strong desire for the PRI to support signatories in making progress, and to provide ways for signatories to demonstrate that progress. Guidance, tools and training were called out as our most important offerings, particularly to new joiners.

Reporting and assessment, guidance and investor education will thus form the core of our responsible investment solutions offering.



## SUPPORTING INDIVIDUAL NEEDS

Better tailoring our offerings to different groups will mean taking a more disciplined approach to determining, creating and delivering value to our signatories, and will require us to work in an agile, iterative way.

We have started the transition from a project to a product and services approach to determining, creating and delivering value to our signatories. This will be expanded upon and embedded.

Through a product development function, we will undertake the research, design and development of new and enhanced products and services, as required by signatories and by stakeholders across the organisation, and informed by the PRI's strategic and research objectives.

Product management will align and optimise the value to signatories of the products and services we offer, as well as product managing our portfolio of products to ensure that they continue to meet signatory needs and provide clear value, while furthering the PRI's mission – this includes our reporting and assessment suite, accountability, guidance, content and standards.

Investor education, such as through the PRI Academy, will continue to build market responsible investment capability and capacity, leveraging the PRI's unique thought leadership, content and standards expertise. We will design, develop and curate the education and training offer for signatories, building market capability and capacity, and expanding the offering to meet changing market needs.

A new approach to data science and analytics will enhance how we manage the data that underpins our product and services. Data analysis will also drive development of actionable insights, including the provisioning of associated data products and services to signatories.

## VALUE FOR SIGNATORIES

To enable increased benefit for our signatories, we need to become more specific, focused and agile in our delivery. This is the reason we have chosen to adopt a product approach to meeting signatory needs and enhancing cross-functional collaboration to deliver our value proposition.

We will need to ensure that this approach is understood and embedded across the organisation; leveraging insight and thought leadership from across the PRI, aligning with our strategy and across like and thematic requirements, designing viable, desirable and feasible offerings, and prioritising development and delivery.



## REPORTING AND ASSESSMENT

**Delivering a reporting process that meets the needs of our signatories and provides visibility of global responsible investment practices**

Following the pilot of our ambitious new Reporting Framework and Reporting Tool in 2021, we have worked hard this year to deliver 2021 Transparency Reports and Assessment Reports, roll out improvements to our platforms and deliver an improved reporting experience in 2023.

### WRAPPING UP 2021 REPORTING

In September 2022, we released the 2021 Transparency Reports and Assessment Reports, closing out the rescheduled [2021 reporting process](#). The reports were accompanied by improvements to the Data Portal, with new features allowing signatories to compare their results across peer groups and download public datasets. Responding to suggestions from signatories, further enhancements were rolled out in early 2023, adding new filters and visualisations.

### SERVICE PROVIDER REPORTING

The Reporting Framework for service providers has remained largely unchanged from when it was fully implemented in 2018, through to the most recent reporting cycle in 2021. Given the need for our reporting to keep pace with the realities of the rapidly evolving responsible investment industry, this year we decided to pause reporting for service providers until we have reviewed how best to update service provider reporting to ensure it continues to deliver meaningful insights – for our signatories and the wider industry.

## LAUNCHING 2023 REPORTING

In January 2023, we published the [2023 Reporting Framework](#), enabling signatories to familiarise themselves with the structure and content a few months ahead of reporting opening. The 2023 Reporting Framework is a significant iteration on the Reporting Framework piloted in 2021, responding to signatory feedback on the need to improve clarity, consistency and applicability, and to reduce the reporting effort.

Improvements include fewer indicators, less granular breakdown of AUM indicators, rewritten indicators and restructured pathways. Enhanced guidance materials and an upgraded and more user-friendly Reporting Tool have significantly improved the process of reporting.

We are also piloting embedding Net Zero Asset Managers (NZAM) reporting into PRI Reporting.

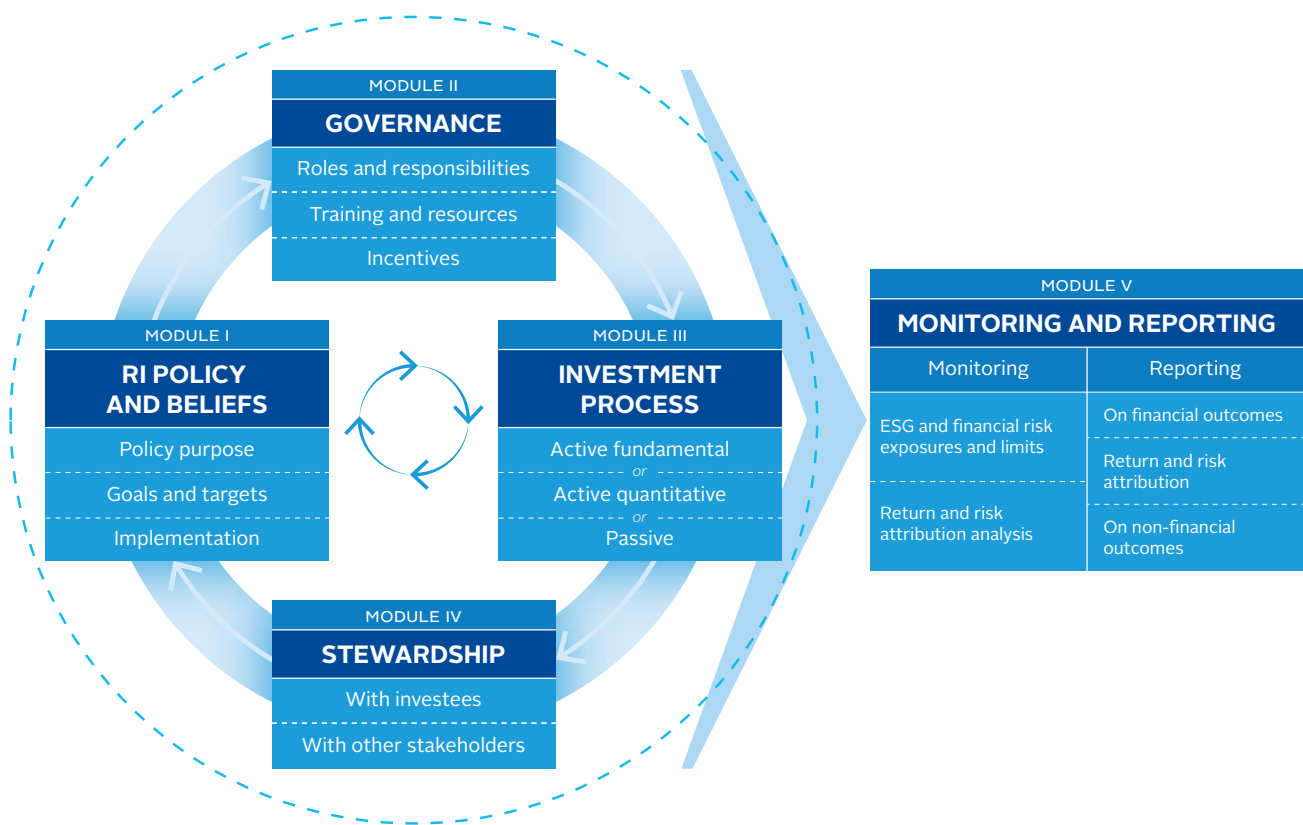
Due to the significant changes to the Reporting Framework for the 2023 reporting cycle, the existing [minimum requirements](#) remain in place and the [Leaders' Group](#) remains paused.

GUIDANCE

Providing the tools and practical support for signatories to improve their practices

UPDATED ESG INTEGRATION GUIDANCE FOR LISTED EQUITIES

Our new technical guide on [ESG integration in listed equity](#) updates our ever-popular 2016 guide with the latest investment practice. Providing practical examples of ESG integration techniques, it particularly expands coverage of passive and quantitative approaches.



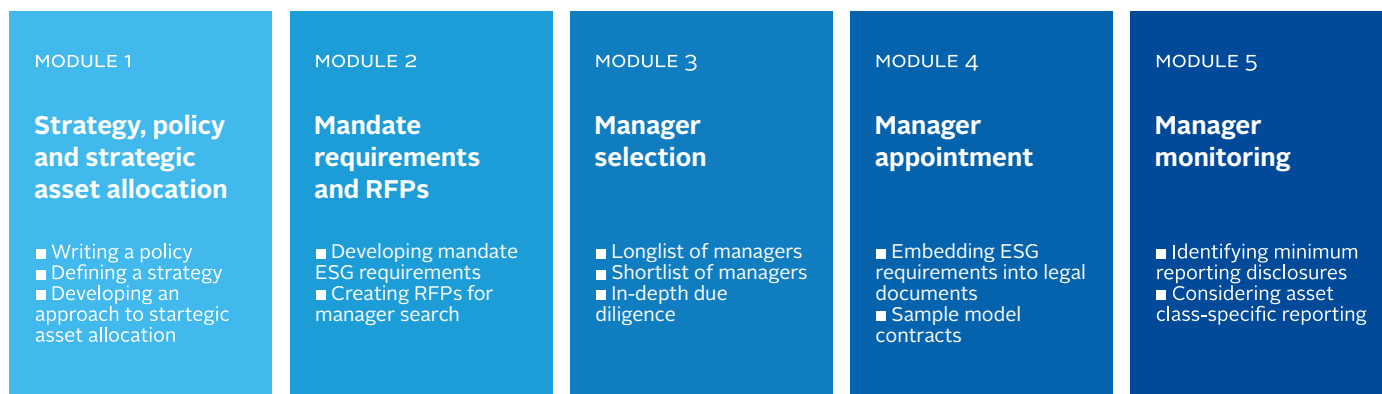
ESG integration in listed equity: a five-part process (From: [ESG integration in listed equity: a technical guide](#))

## GUIDANCE FOR ASSET OWNERS

Delivering [tailored guidance for asset owner signatories](#) continues to be a priority.

In response to COP26, an increasing number of asset owners have set ambitious targets for supporting delivering of The Paris Agreement. The increased scrutiny accompanying a wave of public announcements has made it more important than ever for investors to back up commitments with actions.

Sharing insights from interviews with 18 leading multi-asset investors, our discussion paper on [achieving climate commitments in multi-asset portfolios](#) outlines relevant considerations on how to develop a consistent approach across asset classes, through each stage of the asset owner-manager relationship.



Investment manager assessment process (From: [Achieving climate commitments in multi-asset portfolios](#), and across the PRI's [asset owner guidance](#).)

Our suite of [due diligence questionnaires \(DDQs\)](#), which continue to be popular tools for asset owners to use as a basis for challenging managers, has seen two additions, covering fixed income and venture capital – with DDQs now available for all major asset classes for the first time.

We published more than 70 [case studies](#) throughout the year, providing examples of signatory practice on topics including net zero commitments (measuring progress, approaches across sectors and the role of engagement) and human rights (across employee issues, modern slavery and in sovereign debt).

### ANALYSING INVESTMENT MANAGER PRACTICE

Following our analysis of [asset owner practices](#), this year we explored the work of [investment manager signatories](#), finding that there are many responsible investment approaches that are now widely practised.

A large majority publish core policies and have executive oversight of their implementation. Almost 85% say they make their overall approach to responsible investment publicly available, including how it is implemented and overseen. Roughly 70% say they have a stewardship policy, and most track and manage climate-related risks, allocating responsibility to senior management teams.

We also identified a range of areas where investment manager signatories could go further – across the detail seen in both overall responsible investment policies and stewardship policies, accountability for implementing responsible investment, the quantity and quality of ESG information in client reporting and implementation of TCFD recommendations.

INVESTOR EDUCATION

Training investment professionals on how ESG issues affect investment decision making

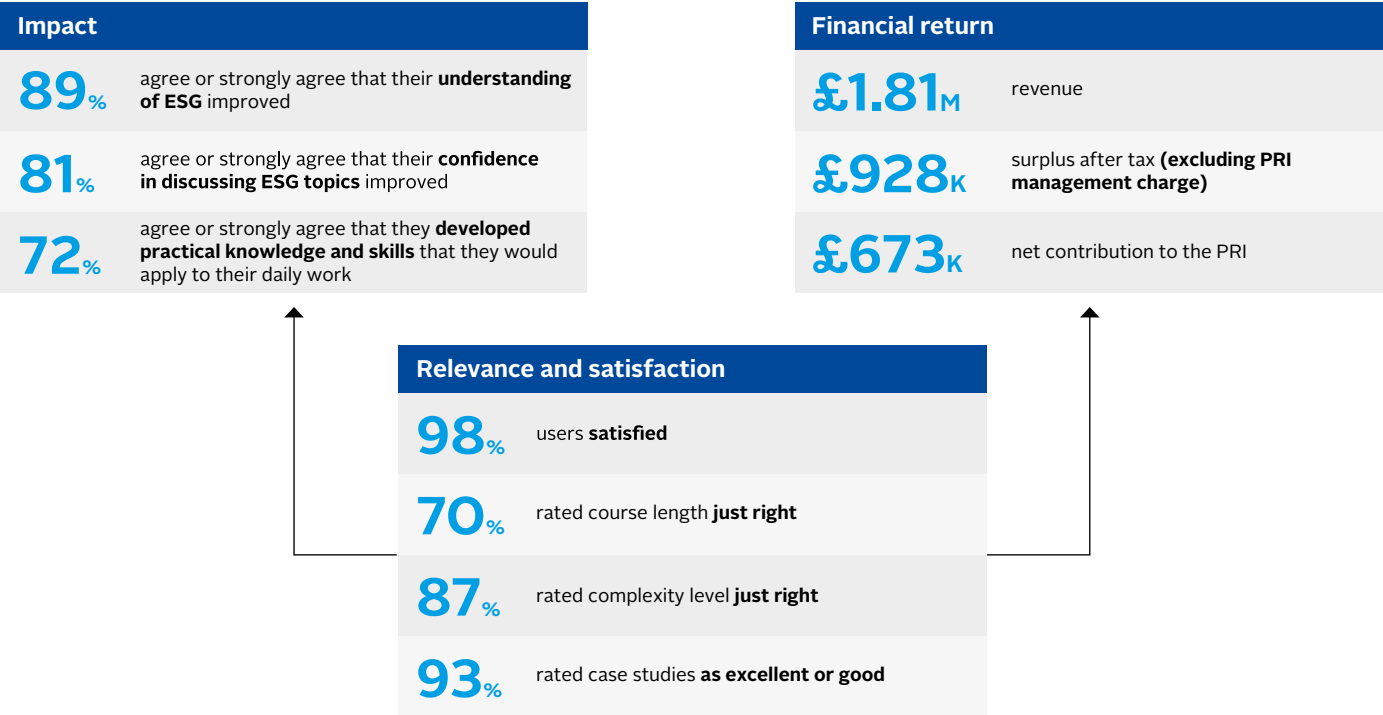
PRI ACADEMY

Demand for the PRI Academy’s courses remains high, with investors increasingly keen to build organisation-wide fluency in ESG approaches. The year saw 29% year-on-year revenue growth, reaching £1.8m (£1.4m in 2021/22).

Responding to increased interest from private markets, this year we launched a new course [ESG in Alternative Investments](#), for both asset owners and managers.

To ensure an accessible and engaging learning experience, we took a new approach to course development, utilising new tools and extensive user experience testing. Following positive results, we have since began a full refresh of PRI Academy courses, with further course launches due in mid-to-late 2023.

New mechanisms for feedback and impact evaluation have shown us not only that overall satisfaction rates remain extremely high, but that almost three-quarters of learners had developed practical knowledge and skills that they would apply to their daily work.







# INVESTOR INITIATIVES AND COLLABORATION

Convening signatories and stakeholders to collaborate and act collectively, to solve problems together and influence norms.



# INVESTOR INITIATIVES AND COLLABORATION



## MESSAGE FROM TAMSIN BALLARD, CHIEF INITIATIVES OFFICER

Collaboration, consistent with investors' duties and mandates, within and across financial and real economy sectors, creates opportunities for peer learning and enables greater coherence and transparency in the approaches and methodologies used. It also provides key stakeholders with the proof of concept and viability for actions that are needed – from policy makers through to the wider investment community.

By bringing all the investor initiatives together in a new team, the PRI is well placed to bridge connections across individual stewardship and sustainability initiatives and identify synergies.

### NEW INITIATIVES TO MEET GROWING DEMAND

We have seen growing signatory demand for opportunities to collaborate and to participate in investor initiatives, and are scaling up our collaborative engagement offering to signatories. There is an ongoing value in investors working together to drive action at scale and at speed, and helping to set norms that can be built on by others.

“By bringing all the investor initiatives together in a new team, we are well placed to bridge connections across individual sustainability initiatives and identify synergies.”

In December 2022 we launched a new collaborative stewardship initiative, [Advance](#), with the aim of supporting investors wanting to advance human rights and positive outcomes for people through investor stewardship, in line with their fiduciary responsibilities. We also launched a pilot initiative, testing [collaborative sovereign engagement](#) on climate change, with an initial focus on Australia.

Planning is underway for a new collaborative stewardship initiative to help facilitate investor efforts to understand and address [nature loss](#) – which threatens half the world's GDP.

## SUPPORTING CLIMATE ACTION AND NET ZERO COMMITMENTS

Our longest-running collaborative engagement, [Climate Action 100+](#) (CA100+), has launched its second phase to inspire greater corporate climate action in this critical decade. The new phase, running until 2030, intends to inspire a global scale-up in active ownership, markedly shifting the focus from corporate climate-related disclosure to the implementation of climate transition plans.

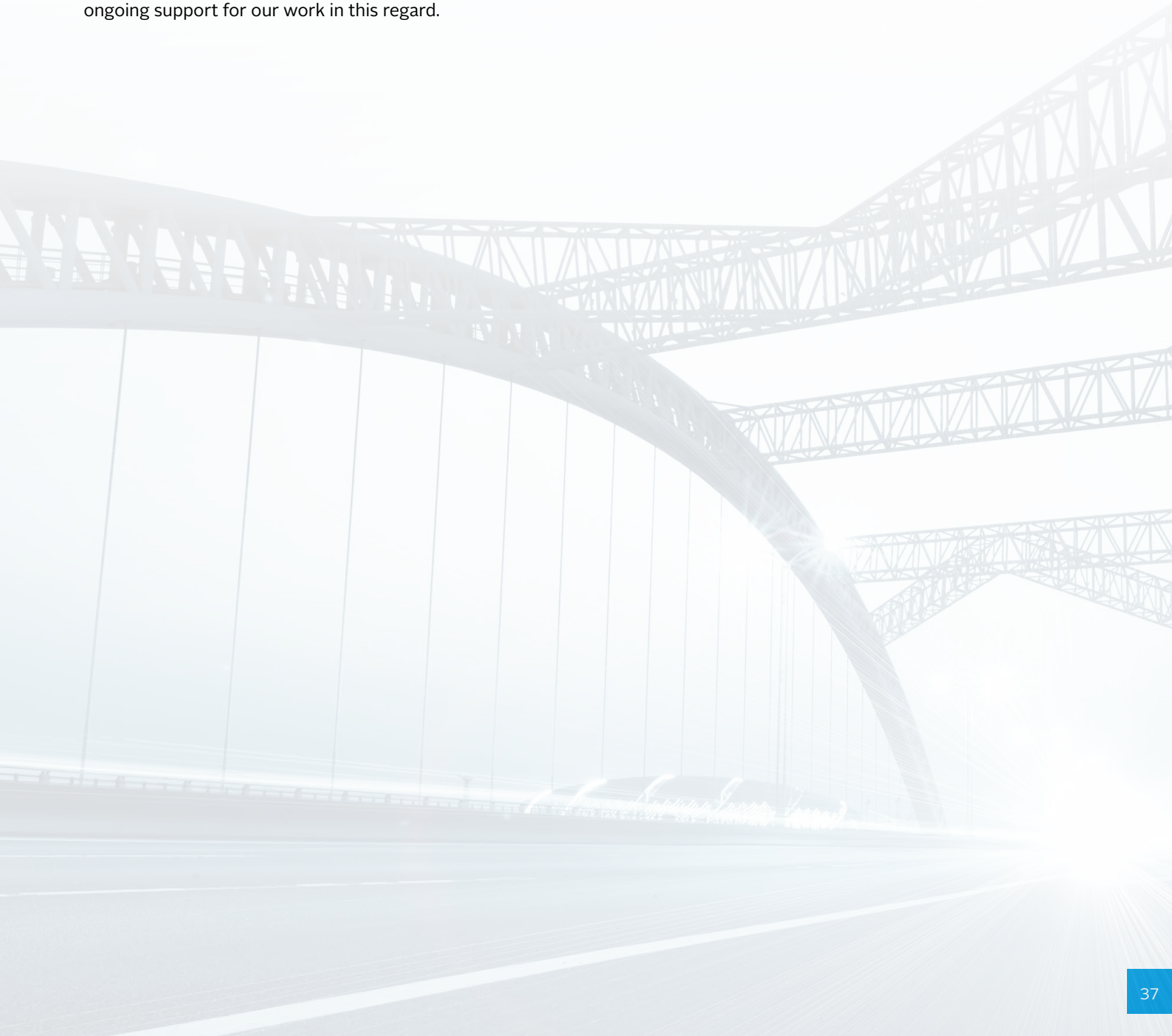
The PRI works closely with investors, financial service providers, the UN and investor networks on four net zero initiatives. We have seen real progress through the year from some of the biggest net zero alliances, with an increase in the number of interim targets and the AUM included across the UN-Convened Net Zero Asset Owner Alliance (NZAOA) and the Net Zero Asset Managers Initiative (NZAM).

We have focused on supporting members of the net zero initiatives to deliver on their commitments, including by engaging with external partners and stakeholders to help build a supportive enabling environment for members to deliver. This includes through the co-creation of tools, for example through the [Assessing Sovereign Climate-related Opportunities and Risks \(ASCOR\) Project](#), which provides investors with a common understanding of sovereign exposure to climate risk and of how governments plan to transition to a low-carbon economy. Looking ahead, we will be engaging with the UNFCCC as it sets a new Recognition and Accountability Framework that builds on the important work and norms established by the net zero alliances.

## AN EVER-STRONGER CASE FOR COLLABORATIVE ACTION

Despite politically motivated attempts to curtail investor engagement with ESG issues in some jurisdictions, the case for collaborative engagement, such as the kind conducted through initiatives like NZAM, NZAOA and CA100+, is clear. Investors should of course ensure they abide by all relevant laws and regulations while engaging in such work, but the benefits of establishing best practice through a community of peers is undeniable. Indeed, the UN Secretary General has publicly highlighted the importance of collective climate action, affirming that it ["does not violate anti-trust – it upholds the public trust"](#).

Shared action lays the groundwork needed to lead to positive outcomes for investors and their beneficiaries, allowing them to optimise their approach to disclosure and risk management, and ultimately deliver better outcomes. These benefits are understood and welcomed by our initiative signatories, as evidenced by the continued and ongoing support for our work in this regard.



## COLLABORATIVE ENGAGEMENTS

The PRI is one of five investor groups coordinating Climate Action 100+, alongside AIGCC, Ceres, IGCC and IIGCC. Launched in 2017 as a five-year initiative, it is now moving into its [second phase](#), shifting the focus from climate disclosure to implementing transition plans.

### CLIMATE ACTION 100+

#### Ensuring the world's largest corporate greenhouse gas emitters take necessary action on climate change

This year marked the final year of phase one for Climate Action 100+ – the world's largest investor-led initiative on climate change. More than 85 additional investors joined this year, demonstrating accelerating appetite and bolstering engagements.

Investors have reported promising improvements in responsiveness and constructive participation from focus companies, including more ambition from companies on:

- **reduction targets**, including on scope 3 emissions, aligning with a 1.5°C scenario or reaching net zero sooner;
- **reporting**, such as through climate transition plans, climate policy engagement disclosure and TCFD reports;
- **tangible action**, such as investment in decarbonisation projects/technology, retiring coal plants, leading sector-specific partnerships groups, supporting climate-related shareholder proposals and making climate-focused board appointments.

# 700+

investor signatories with

# US\$68trn

 AUM

# 166

 focus companies

- **75%** have net zero commitments (50% in March 2021)
- **92%** have some level of board oversight (87% in March 2021)
- **91%** have aligned with TCFD recommendations (72% in March 2021)



An [enhanced version of the initiative's benchmark](#) – which investors use to measure companies' progress against the initiative's three [high-level goals](#) – increases focus on emissions reductions, alignment with Paris Agreement goals and net-zero transition plans' robustness. An updated [guide for engaging in Asia](#) sets out how the benchmark applies to Asian and emerging market companies.

The initiative has also continued to flag [key climate-related shareholder proposals](#) and other votes for investors to consider during proxy season. A series of explanatory articles looking at key themes from the 2023 AGM season include discussions of [climate accounting](#), [just transition](#) and [Board accountability for climate action](#).

[Read the 2022 progress report](#)

## 2023 AND BEYOND

This year also saw significant consultation with signatories on the initiative's next phase. Running from 2023-2030, [this phase will feature](#) updates to the three core goals, improved and expanded ways for investors to participate, an enhanced engagement model and an updated company list.

## ADVANCE

Using collective influence to drive positive outcomes for workers, communities and society

Launched in 2022, [Advance](#) is the PRI's flagship stewardship initiative on social issues and human rights. Endorsed by [more than 250 investors](#) representing US\$37 trillion in AUM, it is the largest PRI-led collaborative engagement on human rights to date.

Among the endorsing investors, 109 are actively engaging with the [40 focus companies](#) selected for this first phase of the initiative, which is focused on the metals and mining, and renewable energy sectors.

Investors join Advance as either endorsers or participants

- Endorsers sign the [investor statement](#), publicly signalling their support for the objectives and strategy.
- Participants not only endorse the aims and approach, but also engage with companies – playing either a lead or collaborating role.

Advance started with coordination meetings, for participating investors to devise an engagement strategy for each focus company, including short-, medium- and long-term objectives. Investors have now started approaching focus companies, to introduce the initiative and begin communicating their expectations.

Respecting human rights – which encompass issues from inequality and discrimination to inequitable access to healthcare – provides significant opportunities for increased global prosperity. Such prosperity flows not only to the individuals directly affected, but to investors and their beneficiaries, through improved overall market returns in turn lifting portfolios.

The PRI, alongside Advance's [two advisory groups](#), is now developing an assessment methodology for the initiative, against which progress towards the initiative's objectives will be measured. Assessment will aim to cover:

- advancement of focus companies;
- effectiveness of engagement dialogues;
- overall transformation within the sectors targeted.

## NEXT STEPS

Advance is currently focused on the 40 focus companies and two sectors identified, but in future could extend its scope to include additional sectors and companies, and introduce an optional public policy track, allowing participants to engage with policy makers and regulators on issue-specific interventions.

## LOOKING AHEAD

### Sovereign climate engagement

We have launched a pilot initiative, testing [collaborative sovereign engagement on climate change](#), focused on Australia. Global investors are seeking to reduce their exposure to risks associated with a failure to rapidly transition to a net zero global economy, including risks to the value of sovereign debt investments, to the continued competitiveness of national economies and investee companies and systemic risks through exposure to the global economy.

Australia was chosen for the pilot as the introduction of its Climate Change Act and other major reforms presented an opportunity to support policy action at a critical juncture.

### Nature

Our newest collaborative stewardship initiative will be on [nature](#). Half of the world's GDP is assessed to be [moderately or highly dependent on nature and its services](#), and therefore at risk from biodiversity loss. The initiative will start by focusing on forest loss and land degradation.



## THE INEVITABLE POLICY RESPONSE

The [Inevitable Policy Response](#) (IPR) climate forecasting consortium continued its release of [quarterly forecast trackers](#), analysing emerging policy and technology developments around the world, against IPR forecasts.

IPR was commissioned by the PRI in 2018, to prepare institutional investors for the portfolio risks and opportunities associated with an acceleration in climate policy.

Building on the quarterly forecast trackers, a detailed gap analysis provides a sector-by-sector assessment of policy developments across the G20+ economies, analysing progress to date. Launched during COP27, the analysis finds that while there is currently no political pathway evident that would deliver the massive acceleration in policy ambition required (particularly in non-OECD countries) to deliver the 1.5°C scenario [without overshoot](#), it remains politically feasible to deliver on the Paris Agreement goal to contain the global temperature rise to well below 2°C.

A series of policy deep dives examined the implications of issues such as how [political developments in Brazil](#) affect Amazonian deforestation; acceleration of climate and industrial policy in the US through the [Inflation Reduction Act](#), which IPR forecasts will have global implications on the speed and scale of the energy transition; and global competition over [clean energy supply chains](#). There has also been an increasing focus on [climate and nature](#), which will continue in the coming year.

At PRI in Person in Barcelona, the PRI put experts from the consortium in conversation with leading investment managers, to discuss managers' application of IPR intelligence on climate and nature risk to their investment decision making processes.

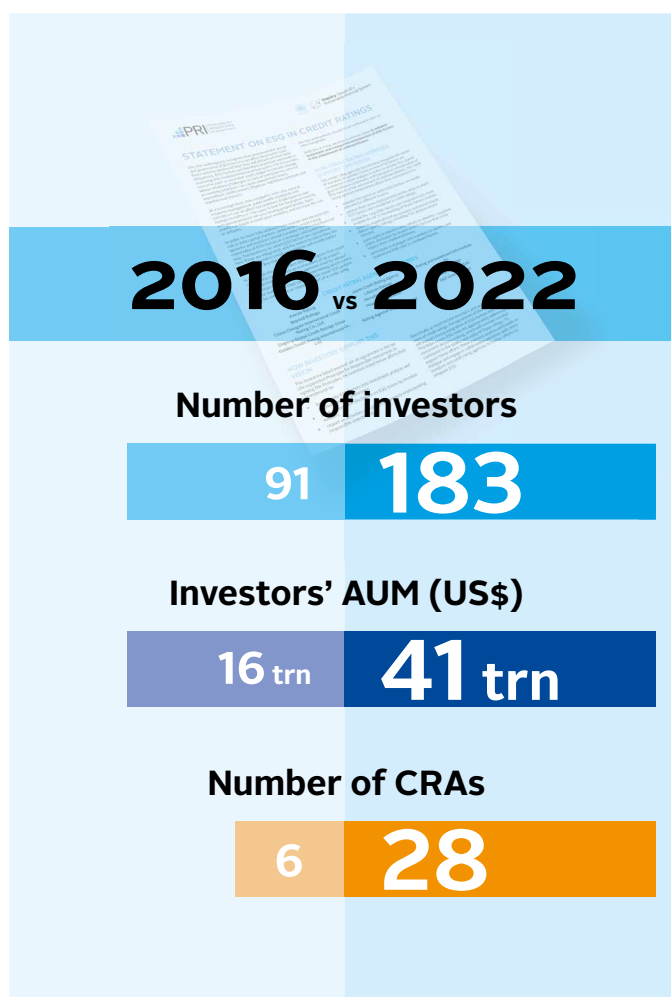
## FIXED INCOME INITIATIVES

### ESG IN CREDIT RISK AND RATINGS

**Encouraging more systematic and transparent incorporation of ESG considerations in credit risk analysis**

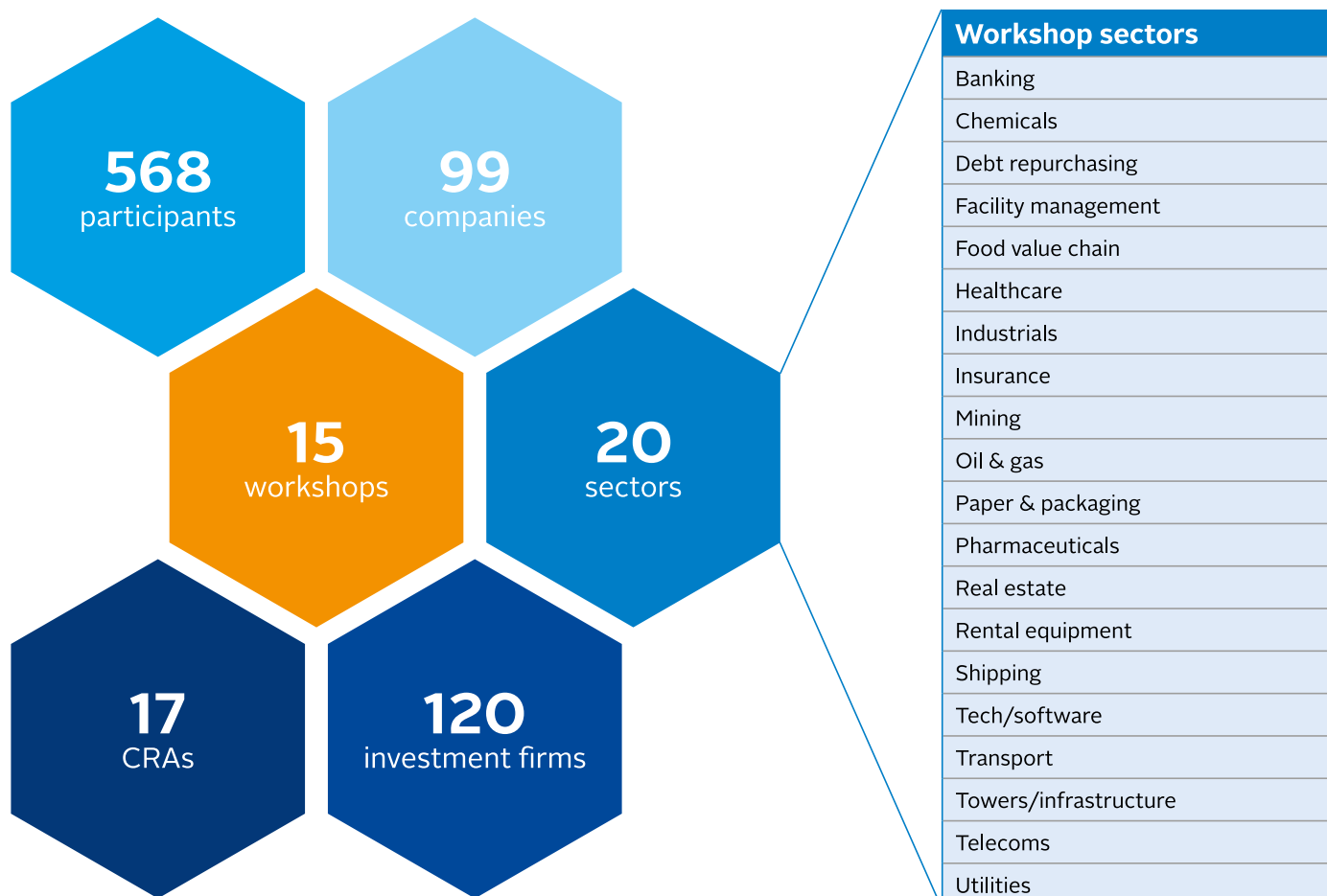
The [ESG in credit risk and ratings initiative](#) is now supported by 183 investors, managing more than US\$40 trillion, and 28 credit rating agencies (CRAs). The [second phase](#) of the project saw us deepen the dialogue initiated with investors and CRAs in phase one, and broaden it to other stakeholders – corporate debt borrowers, ESG information providers and investment consultants.

**Signatories to the [ESG in credit risk and ratings statement](#).**



Through 15 workshops, collectively gathering close to 100 companies from 15 industries, the initiative has created a unique forum for investors, CRAs and issuers to interact together, helping participants to start identifying which ESG metrics are credit-relevant.

[ESG in credit risk and ratings workshop series](#)



## ASSESSING SOVEREIGN CLIMATE-RELATED OPPORTUNITIES AND RISKS (ASCOR)

### Examining sovereign exposure to climate risk

There is no universally coherent way to assess sovereign debt from a climate change perspective. The [ASCOR](#) project is developing a tool to help investors assess sovereign exposure to climate risk and drive greater transparency between issuers, financial institutions and other relevant stakeholders.

It will allow investors to assess governments' climate-related commitments, their policy frameworks (including carbon pricing, energy subsidies, the phase-out of combustion vehicles, deforestation and land use policies) and the actions they are taking.

An initial assessment of 25 countries will be made publicly available by December 2023, with additional countries to follow.

ASCOR is led by a range of asset owners, asset managers and investor networks. The PRI is on the steering committee alongside NZAOA, Ceres, IIGCC and Sura Asset Management.

## INITIATIVE CLIMAT INTERNATIONAL

Initiative Climat International (iCI) – the practitioner-led community of more than 200 private markets firms and investors seeking to better understand and manage the risks associated with climate change – has developed a number of new resources: [A case for net zero in private equity](#), [Greenhouse gas accounting and reporting for the private equity sector](#) and [TCFD implementation considerations for private equity](#).

iCI also launched an [Asia-Pacific chapter](#), adding to the North American, UK, French and Scandinavian regional chapters already in place.

The PRI sits on the steering committee for iCI, and supports its work and operations, including through hosting the group's information and resources on the PRI Collaboration Platform.

## NET ZERO INITIATIVES

The PRI is a leading or supporting partner in four initiatives spanning the investment sector that see organisations commit to supporting the goal of net zero emissions and accelerating the transition.

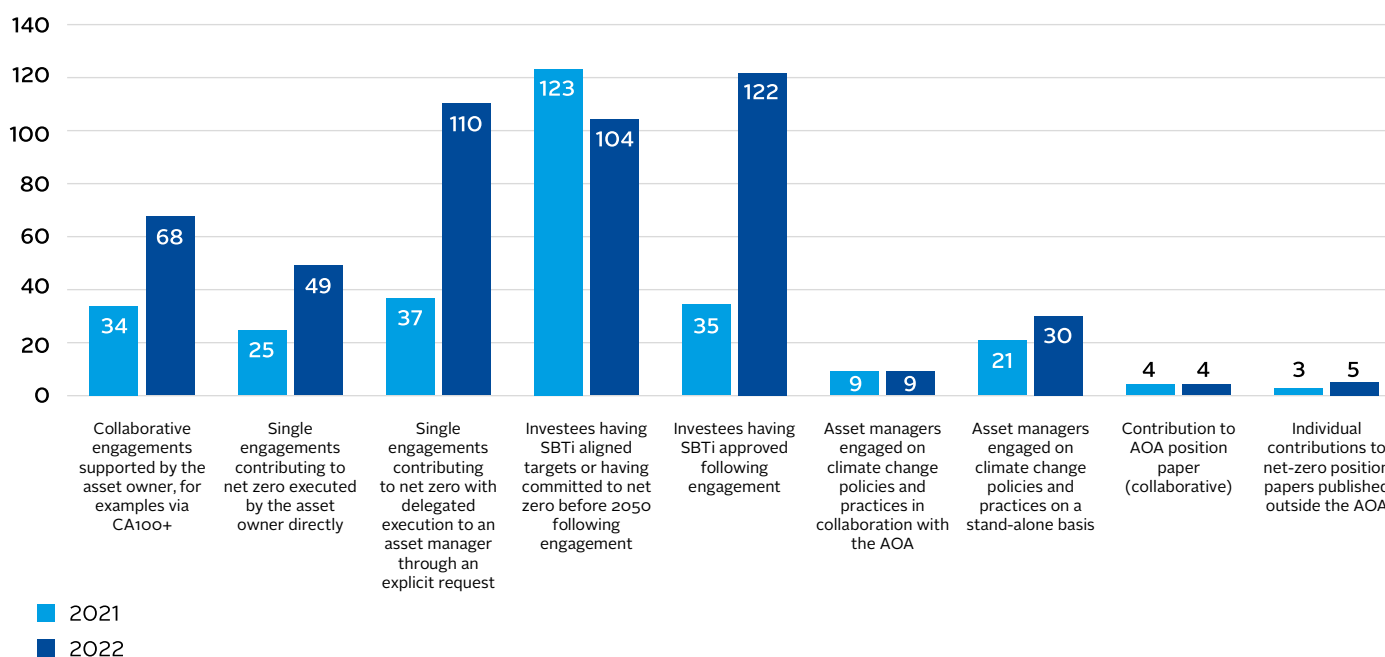
### NET-ZERO ASSET OWNERS ALLIANCE (NZAOA):

By end March 2023, the UN-convened [Net-Zero Asset Owner Alliance \(NZAOA\)](#) comprised 84 members with US\$11.1 trillion AUM. The Alliance has released the [third version of its target setting protocol](#) and its [second progress report](#).

By the end of March 2023, the number of NZAOA members setting short-term targets reached 44, collectively accounting for US\$7.1 trillion in AUM – up from 29 members representing US\$4.6 trillion AUM in 2021. The number setting sub-portfolio targets reached 41 members, with the AUM under such targets more than doubling to US\$3.3 trillion.

The number of investees adopting science-based targets has more than tripled, to 122.

The PRI co-leads (with UNEP FI) the secretariat for NZAOA – a member-led initiative of asset owners committed to transitioning their investment portfolios to net-zero greenhouse gas emissions by 2050.



Average of absolute targets set for each engagement KPI by membership in 2021 and 2022 (From: [Advancing Delivering on Decarbonisation Targets: The second progress report of the Net-Zero Asset Owner Alliance](#)).

Key publications throughout the year covered topics including [oil and gas](#), [investor engagement](#), [carbon pricing](#), [blended finance](#) and [policy engagement](#).

### NET ZERO ASSET MANAGERS (NZAM) INITIATIVE:

The number of [Net Zero Asset Managers \(NZAM\)](#) initiative members reached 304 by the end of March 2023 (up from 253 a year earlier). As of November 2022, 169 members (of 291 at the time) [had disclosed initial targets](#) for the proportion of assets managed in line with achieving net zero by 2050.

As one of the founding partners, the PRI works closely with [five other investor networks](#) to provide the secretariat functions for NZAM – a convening platform for asset managers to collaborate and share knowledge on aligning investing with net zero emissions by 2050.

### ALIGNING REPORTING

We have been working to embed NZAM reporting into PRI Reporting – the integration will be piloted in 2023 reporting.

### NET ZERO FINANCIAL SERVICE PROVIDERS ALLIANCE (NZFSPA):

Having advised on the set up of the [Net Zero Financial Service Providers Alliance \(NZFSPA\)](#), in August 2022 the PRI took over secretariat responsibilities.

With 26 members across [four sub-groups](#), the NZFSPA has been developing target-setting frameworks for each sub-group: index providers; auditors; stock exchanges; research, rating and data providers. The stock exchange sub-group has submitted their framework to the UN's [Race to Zero](#) campaign.

### NET ZERO INVESTMENT CONSULTANTS INITIATIVE (NZICI):

The PRI provides secretariat support for the Net Zero Investment Consultants Initiative (NZICI). The initiative, with 10 current members, received Race to Zero accreditation in September 2022. Over the past year, NZICI has developed working groups to develop principles around manager assessment and to review plans against Race to Zero criteria.

## THE PRI COLLABORATION PLATFORM

### Enabling investors to pool resources, share information and enhance their influence

The [PRI Collaboration Platform](#) has seen a revamp of collaboration pages, an update to the notifications system and the addition of management resolutions and director votes to the [Resolution Database](#).

As well as continuing to deliver improvements to the platform itself, we've been working to increase signatories' awareness and engagement with the platform. At PRI in Person Barcelona, we introduced attendees to the platform and presented examples of four signatory-led collaborations, while regional events have engaged signatories in Europe, Latin America and Asia Pacific. Webinars at the [beginning](#) and [end of proxy season](#) have framed trends and highlighted outcomes.

Use of the platform continues to expand beyond its investor-company collaborative engagement origins, with the PRI using it to engage with signatories on ongoing policy consultations. An increasing number of signatories are using the Resolution Database to pre-declare their voting intentions, and engagement with NGOs working on proxy season also led to data-sharing agreements, supporting the timely and comprehensive addition of resolutions and votes.



# 3.8%

increase in visits to the  
Collaboration Platform



# 2.7%

increase in new users



# 33%

increase in signatories  
pre-declaring voting intentions



## SUSTAINABLE SYSTEMS

Delivering thought leadership to drive system change  
and guide the signatory offering.



# SUSTAINABLE SYSTEMS



## MESSAGE FROM NATHAN FABIAN, CHIEF SUSTAINABLE SYSTEMS OFFICER

In the PRI in a Changing World consultation, a majority of signatories told us that the actions of the responsible investment community should contribute to sustainable environmental and social outcomes, aligned with their fiduciary responsibilities.

To support these ends, we must empower signatories in their interactions – not only with investees and beneficiaries, but with capital markets and a transitioning economy. This requires that we treat finance, the economy, our environment and society as an interconnected system, and focus on the meaningful, proportionate roles that our broad tent of responsible investors play in this system.

We have already built capability on sustainability issues, financial policy and regulation reform, meaningful data and links with academia. We have delivered research, analysis, guidance and thought leadership across programmes addressing: particular ESG issues (including climate change mitigation, nature, human rights and taxation); systemic issues such as how to drive meaningful ESG data through markets and how to align financial systems with sustainability; and responsible investment practice, including stewardship activities and ESG integration across asset classes.

“We must treat finance, the economy, our environment and society as an interconnected system, and focus on the meaningful, proportionate roles that our broad tent of responsible investors play.”

Much of this work informs our support for signatories in collaborative engagements, policy advice and submissions to governments, and in tools and frameworks for signatories to use in their responsible investment activities. Leveraging the expertise and support of partner organisations is crucial to many of our highest profile research activities – such as the [Inevitable Policy Response](#) programme, [A Legal Framework for Impact](#) and the [Taskforce on Nature-related Financial Disclosures](#) – and will continue to be so.

## ANALYSING THE FUTURE OF RESPONSIBLE INVESTMENT

The Sustainable Systems team will bring all our systems activity together, to build a common view of change priorities for financial markets and economic transition. The team will look forward, innovate, and guide the PRI on responsible investment's future, ensuring that our various activities to support signatories contribute to achieving a sustainable financial system and a more sustainable world.

A financial system that operates within planetary boundaries and promotes human rights and equitable societies needs to assess and track its performance. To support investors to understand how their activities magnify or reduce financial risks and support investment value, we will continue to research the link between financial system function and real economy sustainability performance. This will include identifying and advancing the most promising work from signatories, governments and other actors to help guide responsible investment activities across the signatory base.

We will continue to build our academic network, curating and translating the best insights from academic research for a practitioner audience.

## UNDERSTANDING AND SHAPING THE POLICY ENVIRONMENT

As financial markets reform to incorporate sustainability factors, we see rapid changes in regulatory design. As a global organisation, with operations in many countries and signatories in nearly 100, we are well placed to both contribute to, and share insights on, how financial regulation is developing and how financial and economic policy align with each other and with sustainability goals. We will continue to develop a global policy team to lead on international and multilateral engagement, and to lay out high-level priorities for the PRI's local policy teams building Responsible Investment Ecosystems.

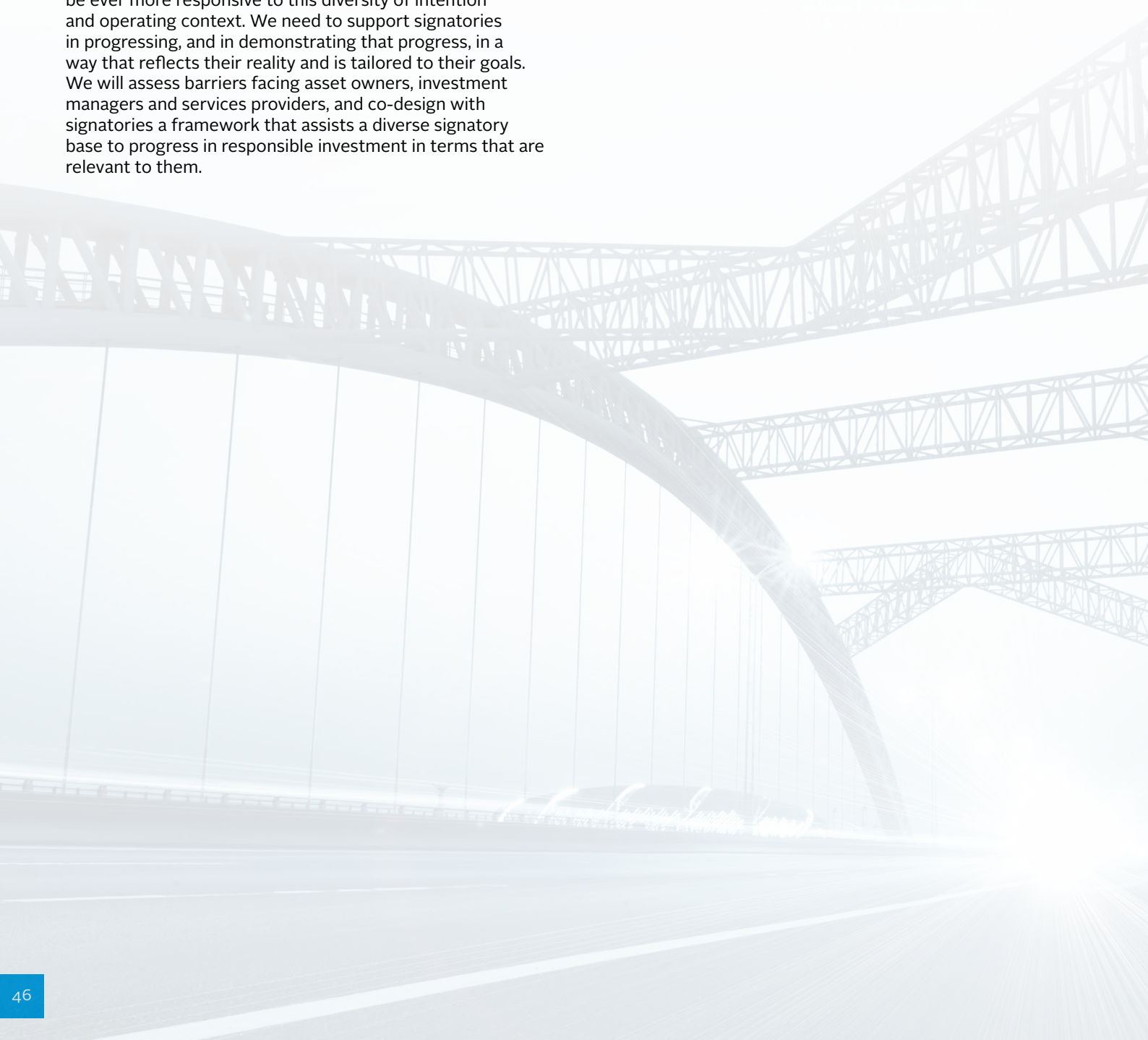
## SUPPORTING SIGNATORY PROGRESSION

As responsible investment matures, signatories are taking ever more diverse approaches, reflecting their unique regulatory environments, mandates and investment strategies. Our support for signatories must therefore be ever more responsive to this diversity of intention and operating context. We need to support signatories in progressing, and in demonstrating that progress, in a way that reflects their reality and is tailored to their goals. We will assess barriers facing asset owners, investment managers and services providers, and co-design with signatories a framework that assists a diverse signatory base to progress in responsible investment in terms that are relevant to them.

## EXPANDING THE CONVERSATION

Recognising that a sustainable economic transition brings pressure points in economies and in public debate, we are further developing our external affairs capacity.

A better understanding among stakeholders of responsible investors' role can enable financial resilience and encourage future investment through a sustainable economic transition.



## ESG ISSUES

**Helping investors to understand the impact of specific environmental, social and governance issues**

### ENVIRONMENTAL ISSUES

[Closing the loop: responsible investment and the circular economy](#) outlines how circular economy concepts – from eliminating waste and pollution, through circulating products and materials at their highest value, to regenerating nature – benefit investors, as well as what they can do about it through commitments and policies, ESG incorporation and stewardship.

At the [UN Biodiversity Conference \(COP 15\)](#), we highlighted the growing importance that tackling nature and biodiversity loss holds to managing financial risks and enhancing returns. Our [coordinated statement](#) on an ambitious global biodiversity framework provided an opportunity for investors to join others across the financial sector in calling on governments to aim to halt and reverse nature loss by 2030. It was signed by 150 financial institutions managing more than US\$24 trillion. A [joint report with UNEP FI and the Finance for Biodiversity Foundation](#) supports investors in managing risks associated with the biodiversity crisis, and preparing for anticipated policy developments.

Our work with a group of nearly 50 signatories (representing over US\$31 trillion in AUM) on addressing commodities-driven deforestation continued, with workshops focused on assessing transition risks and engagement with corporates, policy makers and NGOs.

### SOCIAL ISSUES

Our human rights work continues to build detailed resources and practical tools on the programme's foundational [Why and how investors should act on human rights report](#).

Our compilation of UN Guiding Principles on Business and Human Rights (UNGPs)-aligned [human rights policies](#) demonstrates what a good policy commitment can look like, while our overview of [human rights benchmarks](#) supports investors assessing current and/or potential investee companies. A new [due diligence questionnaire](#) allows investors to better understand how managers and consultants approach diversity, equity and inclusion – both within their own organisations and through their investment activities / manager research.

We explored in detail [what data investors need](#) to manage human rights risks, finding that more effective disclosures, data tagging and algorithmic analytic techniques could all improve access to information, and that improvements in assurance and standardisation will be needed to ensure data is useful. Data also needs to be better integrated into the investment and stewardship process, such as by setting clear expectations to fund managers, focusing on high-quality due diligence and better mapping of companies' value chains.

Our [decent work](#) discussion paper emphasises moving beyond thinking of employment as merely an economic transaction, and of workers as human capital, and instead shifting focus towards economic dignity and human development.

### GOVERNANCE ISSUES

[Corporate purpose](#) is traditionally related to profit, but the purpose of business and finance is changing – an increasing number of policy makers, business leaders and academics are embracing the idea that the purpose of a business is to create long-term value for all stakeholders, rather than solely maximise returns for shareholders. As we start to look at what these discussions mean for investors, we examine not only how to define corporate purpose, but how to measure it and what frameworks exist for governance and implementation.

Building on our 2021 assessment of why it is in investors' interests to promote a robust tax system that fuels economic growth and stability, we explored how investors can use [voting policies and practices](#) to drive change on tax. Aggressive tax planning by companies can yield short-term returns, but creates reputational, governance and earning-related risks.

Our [responsible political engagement](#) programme has explored how investors identify and assess investees' political engagement activities, and how they integrate political engagement into their stewardship activities, including what challenges they face in doing so.

PUBLIC POLICY

Engaging with public policy to support our Principles and mission

130+ policy engagement activities including:

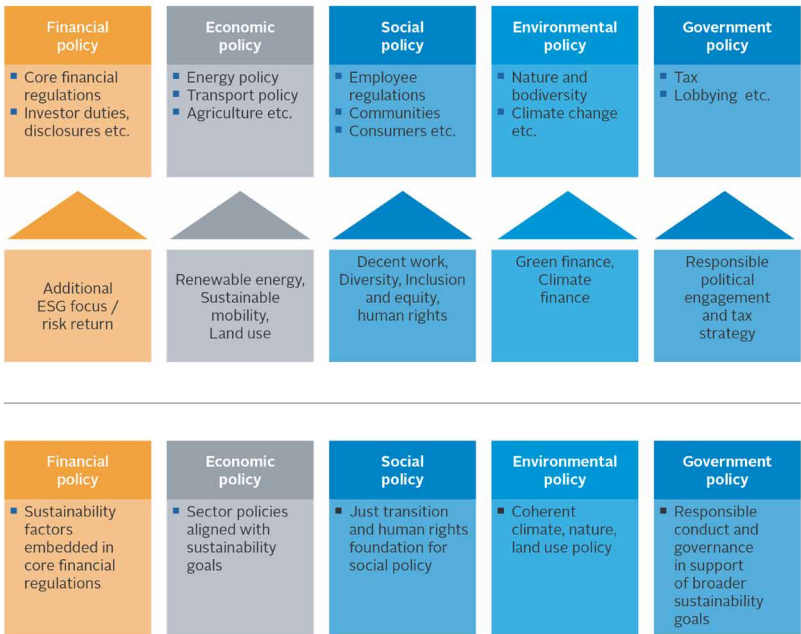


With public policy critically affecting institutional investors' ability, and incentive, to generate sustainable returns, we continue to deepen and expand our engagement with policy makers worldwide – and to support signatories in engaging with policy makers themselves. A growing topic throughout the year has been the rise of anti-ESG bills in the US – on which we are working hard to [dispel myths](#) and support [moves that will help investors consider ESG factors](#).

Foundational guidance for both investors and policy makers helps nurture the right processes on both sides. For investors, our new [policy engagement handbook](#) lays out the benefits to investors of engaging with policy makers on sustainable finance policy, and guides them through the process of influencing the evolving landscape.

For policy makers and regulators, the latest in our [series of toolkits](#) on implementing sustainable finance aligned reforms focuses on [designing effective stewardship regulations](#).

Highlighting the need for global alignment on the economic transition has been a theme across many of our [policy briefings](#) and engagements, touching on topics including [reconciling energy security with net zero commitments](#), proposals for [just transition disclosure in China](#) and [calling on G7 leaders](#) for a just, affordable and urgent transition. Developing science-based, technology-neutral taxonomies is a critical part of this – something we've explored in [Japan](#), [Singapore](#) and the [UK](#).



The relationship between financial and real economy policies (From [A sustainable finance policy engagement handbook](#))

## EMBEDDING SUSTAINABILITY OUTCOMES IN FINANCIAL REGULATION

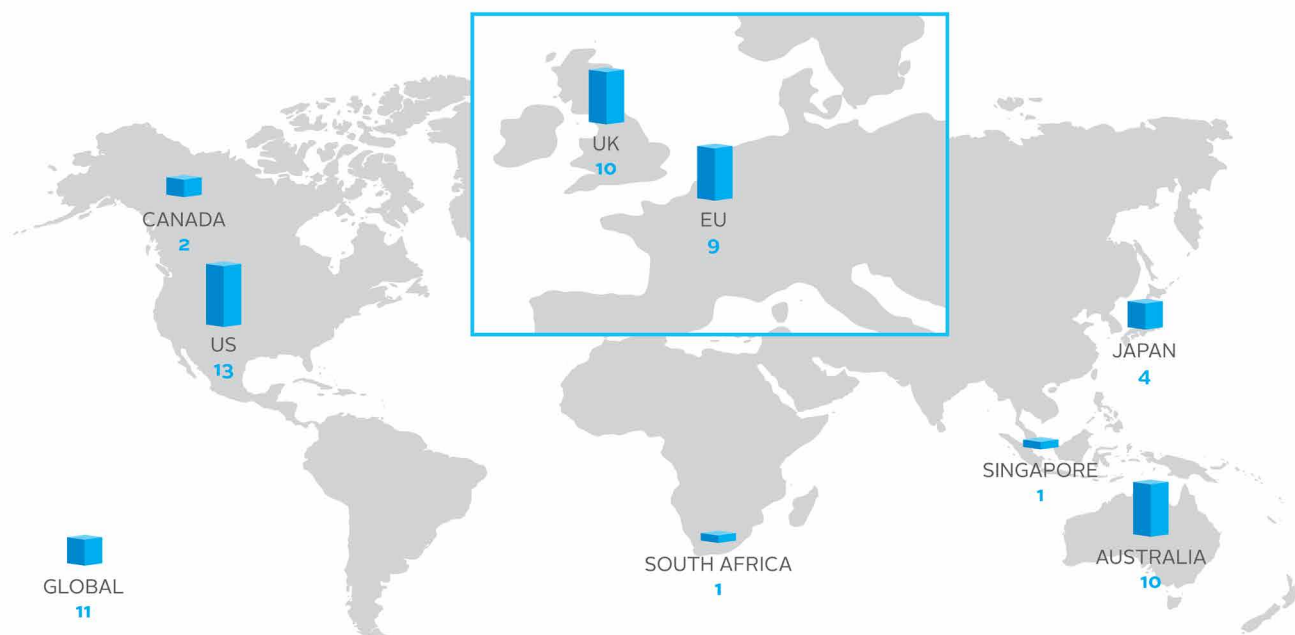
Governments increasingly recognise that long-term economic returns depend on viable environmental and social systems, leading to a dramatic increase in moves to align financial flows with sustainability goals. Supporting policy makers in this effort, the PRI, UNEP FI and the Generation Foundation have published three new reports under the [Legal Framework for Impact](#) project, providing country-specific recommendations for [Australia](#), [Canada](#) and the [UK](#).

### Key policy engagement topics

Canada	<ul style="list-style-type: none"> <li>OSFI <a href="#">draft guideline B-15 Climate Risk Management</a></li> <li>CAPSA <a href="#">draft guideline ESG Considerations in Pension Plan Management</a></li> </ul>
US	<ul style="list-style-type: none"> <li>Response to SEC proposed <a href="#">rulemaking on climate-related disclosures</a> and <a href="#">letter to Congress</a> encouraging adoption</li> <li>Department of Labor <a href="#">Prudence and Loyalty</a> rulemaking</li> </ul>
UK	<ul style="list-style-type: none"> <li><a href="#">Green Finance Strategy</a> update</li> <li><a href="#">FCA consultation on Sustainability Disclosure Requirements</a></li> </ul>
EU	<ul style="list-style-type: none"> <li><a href="#">Corporate Sustainability Due Diligence</a> (CSDD) position paper</li> <li>France <a href="#">Sustainable finance policy roadmap</a></li> </ul>
China	<ul style="list-style-type: none"> <li><a href="#">Unlocking the potential of investor stewardship in China: towards a more sustainable economy</a></li> </ul>
Japan	<ul style="list-style-type: none"> <li>JFSA <a href="#">product-level disclosure for investment trusts</a></li> <li>METI draft <a href="#">Guidelines on Respect for Human Rights in Responsible Supply Chains</a></li> </ul>
Australia	<ul style="list-style-type: none"> <li>Treasury consultation on <a href="#">mandatory climate disclosures</a></li> <li>Treasury consultation on <a href="#">legislating the objective of superannuation</a></li> </ul>



The PRI sent 61 [consultation responses and letters](#) to policy makers throughout the year:



## SUSTAINABLE FINANCIAL SYSTEM

**Working with stakeholders to shape a system that supports sustainable economic development**

### DRIVING MEANINGFUL DATA

#### ESG reporting landscape

This year we carried out a review of the [global ESG reporting landscape](#) for investors, looking to help signatories understand what ESG reporting requirements apply to their investments and processes in key markets, and to inform future developments of PRI reporting. The review covered 120 ESG reporting instruments across five global reporting initiatives and nine key jurisdictions (Australia, Canada, China, the European Union, France, Hong Kong, Japan, the UK and the US).

We identified that: ESG investment reporting requirements are growing, but not in all jurisdictions; that reporting on specific ESG issues is growing; increasing expectations to explain how ESG considerations or objectives are reflected in a fund's holdings or its sustainability performance; and that we are a long way from global consensus.

#### Corporate sustainability reporting

We have worked with our signatories to ensure that investor data needs are appropriately considered in the standard-setting developments underway on corporate sustainability reporting – most notably the IFRS Foundation's [International Sustainability Standards Board \(ISSB\)](#) and European sustainability reporting standards.

We have supported signatories in staying abreast of ISSB developments by summarising [draft standards](#) and [ISSB decisions that followed](#), and hosting a [joint PRI-](#)

[ISSB webinar](#) on the exposure drafts and the next steps. To ensure investor voices are heard, we have worked with signatories to provide recommendations through [consultation responses](#) and [public statements](#), as well as engaging directly through IFRS Foundation reference and advisory groups.

We have similarly worked to support signatories in understanding and shaping European sustainability reporting standards, through [summaries](#), [consultation responses](#), [analysis](#) and [international comparisons](#).

### PROXY ADVISORS AND THE VOTING CHAIN

We have started a review of where market practice and structure surrounding proxy advisers and the voting chain could be enhanced. Through a mix of quantitative research and interviews, we are looking into the role of different actors within the voting chain, the regulatory environment impacting those actors and the challenges that investors face in achieving their intended outcomes – and how they could be overcome.

### STEWARDSHIP RESOURCING STANDARDS

Responsible investors need to improve their focus on stewardship activities that address systemic sustainability issues, and resource them adequately. To explore what is required, we have [appointed the Thinking Ahead Institute](#) to research the appropriate level of resources that institutional investors should be prepared to dedicate to stewardship.



## ACADEMIC RESEARCH

**Fostering innovative responsible investment research, showcasing research findings for investors and convening a vibrant investor-academic community**

[Academic Network Week](#) 2022 saw nearly 500 academics and investors come together to discuss the latest high-quality evidence and insights in responsible investment.

The PRI Award for Outstanding Research went to [Socially Responsible Divestment](#) (Alex Edmans, London Business School; Doron Levit, University of Washington; Jan Schneemeier, Indiana University), and Best Student Paper was awarded to [Physical Climate Risk and Firms' Adaptation Strategy](#) (Xia Li, Boston University).

[Academic seminars](#) throughout the year broaden the opportunity for thought leaders to present their work, investors to engage with research authors and junior scholars to convene with senior peers. Seminars this year covered:

- Internalising externalities: disclosure regulation for hydraulic fracturing, drilling activity and water quality
- Re-examining the win-win: relational capital, stakeholder issue salience, and the contingent benefits of value-based ESG strategies
- ESG beliefs and investor portfolios
- Private shareholder engagements on material ESG issues
- Banking on carbon: corporate lending and cap-and-trade policy

Particularly popular topics on our [academic blog](#) covered [Sustainability-linked loans: A strong ESG commitment or a vehicle for greenwashing?](#), [The effectiveness of divestment strategies](#) and [Should investors expect to earn high returns on sustainable investments?](#)

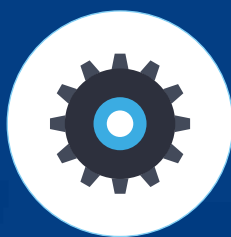
## RESEARCH FELLOWSHIPS

This year we have created two research fellowship positions, bringing up-and-coming academics into the PRI to contribute evidence and insights to our work. The positions will rotate every 18 months, to support new academics and tailor the expertise sought to the PRI's needs at the time. A focus this year has been enhancing our work with the IFRS and ISSB.

# 3,000+

readers of our most-read academic blog posts





## OPERATIONS

Providing global business support services and systems to enable delivery.

# OPERATIONS



## MESSAGE FROM ESTHER TEEKEN, CHIEF OPERATING OFFICER

If we are to respond to the challenges posed by scale, by the changing ambitions of our signatories and their needs and by our increasingly global team, the PRI needs a high-performing, centralised, global operations group.

Our operations have developed to respond to signatory and organisational priorities as they have emerged over the past 17 years. The result is operational functions decentralised across business units, multiple internal functions relying on ad hoc ways of working and goodwill, different employee experience in accessing key business support functions (particularly for teams outside of UK) and capabilities focused on delivering outputs rather than a signatory experience.

Developing our internal operations for the PRI of the future will mean creating synergy and scale in our operations, and developing functions and systems that support the value proposition and signatory journey, including strong internal processes, centralised signatory support and the capabilities to understand and develop solutions for the responsible investment market.

“Developing our internal operations for the PRI of the future will mean creating synergy and scale in our operations, and developing functions and systems that support the value proposition and signatory journey.”

## DELIVERING AGAINST OUR STRATEGY

To enable the PRI strategy, and deliver an enhanced signatory experience, we will need to provide effective governance, legal and risk management, deliver global business support functions and systems and coordinate strategy, planning and change management processes.

We intend to centralise all of our operational, strategy and planning functions, and provide these in a supporting and collaborative business partnering model to all PRI colleagues. We will elevate our operational capabilities to move the organisation to an agile strategy approach and bring together planning functions to better allocate resources to organisational priorities.

Our board and company governance function will be bolstered with legal, risk and internal audit capabilities over time. A dedicated project management office will oversee large organisational and transformation projects, and develop project management best practices and tools to enhance delivery across the organisation.

## ENHANCING THE SIGNATORY EXPERIENCE

We will bring together signatory support services from our reporting and assessment and signatory relations teams under one strong operational team, providing centralised signatory support covering a global helpdesk, the signatory onboarding experience and administration.

New marketing capabilities are a particularly exciting development in our ability to explore, create, deliver and communicate value to signatories, wider stakeholders and society at large. This will promote our offering, enhance our brand and develop insights on what drives signatory success.

Developing and delivering our events programme continues to be a crucial way to convene responsible investors and share insights. Our annual flagship event PRI in Person plays a unique role in bringing industry leaders together to share knowledge and effect change. It is the world's leading responsible investment conference, convening over 1,000 delegates each year to hear the latest developments, discuss best practice and network. Meanwhile our virtual events programme provides dozens of opportunities for industry stakeholders to engage with the PRI from anywhere in the world.

Strong operations will provide the systems to deliver a better signatory experience, and coordinate the organisation to achieve its mission.



## FINANCE

In the year ended 31 March 2023, the PRI generated a surplus (after interest, tax and depreciation), of £0.5m, compared to a surplus of £1.7m in the prior year. [View the PRI Association Directors' report, group strategic report and consolidated financial statements for the year ended 31 March 2023.](#)

## INCOME

Total income generated during the year amounted to £34.8m. This is £7.1m ahead of the prior year, as a result of increased signatory numbers and higher event income.

Signatory fees remain the major source of income, accounting for 72% of total income, down from the prior year as the impact of Covid-19 reduced events income last year.

	2022/23		2021/22		Variance
	Actual	%	Actual	%	
<b>Membership fees</b>	25,052,349	72%	22,087,714	80%	2,964,635
<b>Grants and restricted income</b>	4,293,860	12%	3,711,224	13%	582,636
<b>Events</b>	3,638,780	10%	472,818	2%	3,165,962
<b>Academy</b>	1,806,714	5%	1,409,274	5%	397,440
<b>Total Income</b>	<b>34,791,703</b>	<b>100%</b>	<b>27,681,030</b>	<b>100%</b>	<b>7,110,673</b>

## MEMBERSHIP FEES

Signatory fees increased as a result of growth in membership numbers, from 4,891 at the start of the year to 5,391 at the end of the year. The signatory fee structure was kept consistent with the prior year, with average fees broadly in line.

## GRANTS AND RESTRICTED INCOME

Restricted funding income increased as a result of additional grant funding being achieved. During the year, the following grant funded projects have been progressed.

Project	New in 2022/23?	Status	Funder
Climate Action 100+ Y5 CIFF	Yes	Completed	Ceres
Climate Action 100+ Y5 SeaChange	Yes	Completed	Ceres
Climate Action 100+ Y5-Y7 Laudes	Yes	Ongoing	Ceres
Climate Action 100+ Y5 Sequoia Anon4	Yes	Completed	Ceres
Climate Action 100+ Y5 CWF	Yes	Completed	Ceres
LFI phase 2 dept		Ongoing	The Generation Foundation
Investor Agenda & NZAM	Yes	Ongoing	Ceres
Investing for impact: aligning financial policies and market practice with inclusive societies		Completed	The Ford Foundation
PRI Resilient Natural Systems engagement and investor practices	Yes	Ongoing	Moore Foundation
US policy 2022	Yes	Ongoing	Tipping Point Fund
PRI climate programmes inc. NZFSPA (Ro50)		Ongoing	Bloomberg Philanthropies
TCFD 2021-2022	Yes	Ongoing	Bloomberg Philanthropies
ESG data project		Ongoing	European Climate Foundation
KR Foundation grant for IPR		Completed	KR Foundation

In addition to the grant funded projects, the PRI also received restricted funding for the Net-Zero Asset Owners Alliance, which increased its membership from 76 to 86 during the year. Overall membership revenue for NZAOA stood at £1.1m, with a restricted, retained surplus of £0.4m at the year end.

### Events

Events income is driven predominantly by the annual PRI in Person event, held this year in Barcelona, which generated a surplus of £1.3m through ticket and sponsorship sales.

Overall the event had over 1,200 paying, in-person attendees and 500 paying, digital attendees, as well as attracting 39 sponsors.

### PRI Academy

The Academy recorded a strong year with revenues increasing by £0.4m. Overall course enrolment numbers increased to more than 4,400 in 2022/23, from approximately 3,800 in 2021/22.



## EXPENDITURE

	2022/23		2021/22		Variance
	Actual	%	Actual	%	
Management and overheads	10,234,329	30%	8,146,720	32%	2,087,609
Content production	7,028,027	21%	5,433,120	21%	1,594,907
Global outreach and management	5,328,021	16%	4,034,956	16%	1,293,065
Grants and restricted expenditure	4,160,503	12%	3,721,898	15%	438,605
Reporting and assessment	3,497,111	10%	2,304,058	9%	1,193,053
Events	2,951,100	9%	1,262,112	5%	1,688,988
Academy	768,334	2%	634,883	2%	133,451
<b>Total expenditure</b>	<b>33,967,425</b>	<b>100%</b>	<b>25,537,747</b>	<b>100%</b>	<b>8,429,678</b>

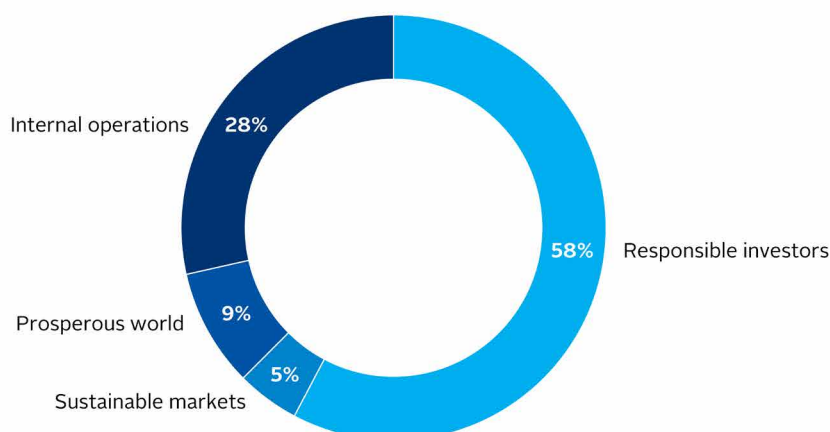
Expenditure for the year amounted to £34m, an increase of £8m compared to the prior year. The proportion of spending against each area remains broadly consistent, aside from events which was impacted by Covid-19 in the prior year.

	2022/23		2021/22		Variance
	Actual	%	Actual	%	
Total people costs	20,989,414	62%	16,144,475	63%	4,844,939
Total non-people costs	12,978,011	38%	9,393,272	37%	3,584,739
<b>Total expenditure</b>	<b>33,967,425</b>	<b>100%</b>	<b>25,537,747</b>	<b>100%</b>	<b>8,429,678</b>

Looking by [Blueprint](#) theme, the majority of our spending goes towards our core work directly supporting responsible investment practice. The “responsible investors” theme covers: empowering asset owners; supporting investors

to incorporate ESG issues; fostering a community of active owners; showcasing leadership and increasing accountability; convening and educating responsible investors.

### Expenditure by Blueprint theme



### PEOPLE COSTS

People costs continue to be the largest expenditure item, accounting for 62% of total expenditure. Head count increased by 33 full time equivalents over the year.

The increase is driven by: investment to improve our annual reporting process, including investment in IT capabilities; greater content resource to deliver an increased number of grant-funded projects; augmenting our global outreach resource to cover a growing membership and wider geographical range.

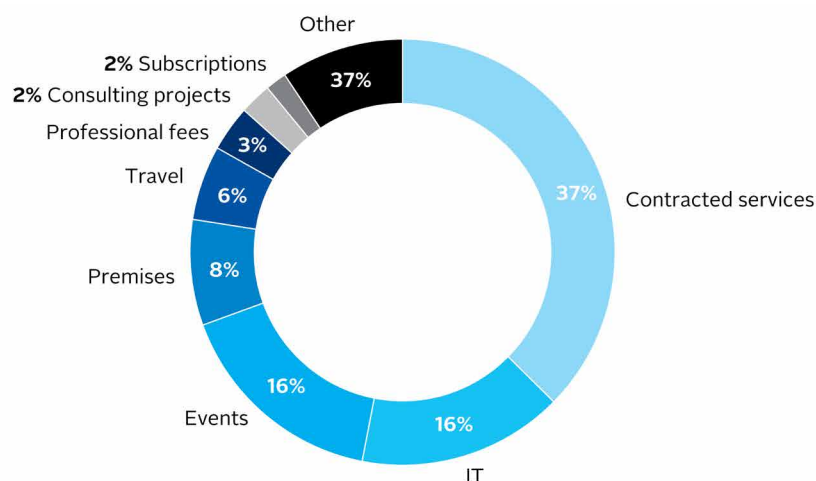
	2022/23 FTE	2021/22 FTE	Variance
<b>Content</b>	71	63	8
<b>Signatory Relations</b>	45	40	5
<b>Communications</b>	22	18	4
<b>Reporting and Assessment</b>	20	16	4
<b>IT</b>	20	14	6
<b>HR</b>	9	8	1
<b>PRI Academy</b>	6	5	1
<b>Other</b>	26	22	4
<b>Total</b>	<b>219</b>	<b>186</b>	<b>33</b>

## NON-PEOPLE COSTS

More than 75% of non-people expenditure is on contracted services, IT, events and premises. Contracted services covers 37% of non-people expenditure, with the largest suppliers in

the year being: PWC and KPMG for consultancy on reporting framework and tools; Right Lane Consultancy for advice on operating model transformation.

### Non-people expenditure



## BALANCE SHEET

Overall assets have increased by £0.5m during the year, with year-end reserves within the PRI's minimum required reserves policy of 3x monthly expenditure.

	2022/23	2021/22
<b>Fixed assets</b>	468,955	650,421
<b>Cash</b>	13,856,928	13,948,564
<b>Debtors and prepayments</b>	3,519,735	1,870,594
<b>Creditors and accruals</b>	(7,622,737)	(6,712,115)
<b>Net assets</b>	<b>10,222,880</b>	<b>9,757,464</b>

## Cash

Overall cash balances at the end of 2022/23 amounted to £13.9m, consistent with the position at the end of 2021/22.

	2022/23	2021/22	Variance
<b>Unrestricted cash</b>	11,447,025	12,121,691	-674,666
<b>Restricted cash</b>			
- Grants	2,027,666	1,531,022	496,644
- NZAOA	382,237	295,851	86,386
<b>Total restricted cash</b>	2,409,903	1,826,873	583,030
<b>Total cash</b>	<b>13,856,928</b>	<b>13,948,564</b>	<b>-91,636</b>

## BUDGET 2023/24

The budget for the financial year 2023/24 has been signed off by the Board and on an underlying basis, excluding any restructuring costs, generates a surplus of £0.3m.

Assumptions in the budget reflect:

- slowing membership growth rate as a result of maturity in some markets and anti-ESG sentiment in the US in particular;
- an increase of 68 roles to resource the PRI's new target operating model;
- PRI in Person event in Tokyo.

Incorporating restructuring costs relating to the new target operating model, the underlying surplus turns into a loss for the year, however this remains within our reserve requirements with the loss expected to be fully recovered in subsequent years.

## RISKS

### Assessing and mitigating external and internal risks to the PRI and our work

The PRI Board assumes overall accountability for overseeing and monitoring the PRI's risks. The Board is supported by the Finance, Audit and Risk Committee, which assures the Board of the veracity of the financial statements and the efficacy of risk, compliance and mitigation processes and controls across the PRI.

Risks are scored by likelihood and impact, including possible mitigations.

### Legal

There is risk of litigation, largely due to the political environment in some regions, including specific pushback against ESG investing. We maintain legal advice, have reviewed our guidance documents and updated sign-off procedures.

### Reputation

Globally agreed goals on climate and nature are at risk, leading to pushback on the veracity of investors' claims and effectiveness of approaches used. This extends to accusations of greenwashing. Enabling signatories to progress and demonstrate doing so, via PRI Reporting and other mechanisms, is critical to the PRI.

### Programmes

Reporting and assessment is an important enabler of signatory learning and accountability. As the programme was not delivered in 2022, the risk of not delivering in 2023 has been monitored closely by the Board. The PRI hired a consultancy to support project management, and the Board has had external assurance of delivery.

## People and culture

The PRI is very dependent on the skills and expertise of its people, and the market for responsible investment expertise has been very competitive. The organisation has also been through a revision to its operating model, which has increased the people risk in the short term, but aims to reduce the risk in the longer term through an improved organisational structure, clearly defined roles and clearer career paths. We track employee turnover and have policies to support employee wellbeing.

## IT

Holding confidential signatory, and other, data means IT security is of critical importance to the PRI. We have data protection, information security, password and acceptable IT use policies. We are [Cyber Essentials](#) certified and working towards [ISO 27001](#) certification.

## Financial

Signatory retention and growth, changing signatory AUMs (and associated fees) and currency fluctuations could all affect the PRI's ability to fund its work. These risks are particularly inter-related to other risks, such as legal, reputational and delivery of programmes.

The Board approves the annual budget and the Executive reports regularly to the Board on the financial position throughout the year.

We manage financial risk by ensuring enough liquidity is available to meet foreseeable working capital requirements, contingencies and for specific strategic plans. This includes ensuring we do not fall below a minimum cash balance, set by the Board. We have credit control procedures, and actively monitor numbers such as signatory retention and growth and currency fluctuations.

Regular formal and informal interaction with business partners, such as lawyers and accountancy firms, assist us in remaining abreast of developments in the different countries that we operate in.

## WALK THE TALK

### Ensuring our internal practices reflect our values

While most of the PRI's impact on environmental, social and governance issues is indirect, through the work that we do to help our signatories implement the six Principles, we also recognise that our own operating activities have impacts, and we work to manage these in a way that's consistent with the mission of the PRI.

We refer to these efforts as our "walk the talk" programme.

This year, the PRI Board has approved a new [Climate Change Policy](#), which sets out our commitment to measuring, mitigating and reporting on climate change risks and impacts – throughout our operations and in our business relationships.

We have appointed [Auditel](#) to measure our carbon footprint. The carbon footprint will include scope 1, 2 and all material scope 3 emissions, including across purchased goods and services, business travel and employee commuting. We will report on our footprint, and actions to reduce it, in future annual reports.

We are also working on strengthening our commitment to human rights. The PRI Board has approved an updated [Human Rights Policy](#), the implementation of which will be supported by a new Supplier's Code of Conduct Policy and a revised Procurement Policy.

Read about our internal diversity, equity and inclusion work in the People and Culture section.

Learn more about our [in-house sustainability programmes](#) and [PRI governance](#) on the PRI website.

## EVENTS

### Bringing signatories together

After two years of fully virtual events programmes, in late 2022 we were delighted to be able to bring 1,600 people together in Barcelona for [PRI in Person & Online](#). With another 800+ delegates registering to attend digitally, it was our largest PRI in Person to date, with delegates representing more than 1,200 organisations from across 69 countries.

Highlights of the conference included addresses from UN Secretary-General Antonio Guterres, ISSB Chair Emmanuel Faber and Co-chair of the Glasgow Finance Alliance for Net Zero (GFANZ), Mark Carney.

As well as plenary sessions on net zero and corporate purpose, the conference launched the Advance stewardship initiative on human rights.

In addition to PRI in Person & Online, we continued to run a comprehensive programme of fully virtual events throughout the year, including 86 webinars with more than 16,000 registrants.

"We cannot blame the system, we are the system. If you are stuck in a traffic jam, you are the traffic jam. For a more resilient future, each of us has to become aware of our own responsibility"

Emmanuel Faber, Chair, International Sustainability Standards Board (ISSB)



# PEOPLE AND CULTURE

Developing and enabling the global workforce.



# PEOPLE AND CULTURE



## MESSAGE FROM LIAN HILLIER, CHIEF PEOPLE AND CULTURE OFFICER

The PRI is hugely reliant on the quality and performance – and by extension, the wellbeing – of its people, which is why our employee engagement surveys are always a big moment for the organisation. Understanding the experience of working at the PRI – including how it varies across different functions, by seniority and for different demographic groups – is a crucial first step for ensuring we are maximising the effectiveness of our people, to in turn deliver value for signatories.

This year's survey saw some scores we were tremendously proud of – not least the participation rate, which at 94% surprised even our survey provider, and in itself indicates the high degree of involvement that employees feel with the PRI as an employer. We saw really encouraging responses from people about their pride to work for the PRI, their managers caring about their wellbeing and the strong working relationships they felt in their teams – amongst many more.

“Our people and our culture are two of our greatest strengths as an organisation.”

## BUILDING THE RIGHT CULTURE

But measuring employee engagement is not about patting ourselves on the back – it is about identifying areas where we can improve the employee experience, thus driving the performance of the organisation.

One of the key areas that we're engaged in developments is creating a culture that encourages honest, productive feedback (even – or perhaps, especially – when that feedback is difficult). We've rolled out training on giving and receiving feedback for all employees, and on taking a coaching approach to management for senior managers, to help stimulate high-quality peer-to-peer and top-down feedback, to drive improvements in how we operate and the service we provide.

## DIVERSITY, EQUITY AND INCLUSION

Building a diverse employee base, and an equitable and inclusive experience for all employees, is of course crucial to our performance as an organisation and the wellbeing of our people. We saw some encouraging indicators from our first diversity data and pay gap report – such as the relatively even gender split at senior levels, as well as some areas where we need to improve, such as ethnic diversity in those positions. We're reviewing our recruitment strategy to explore opportunities to source a diverse pool of candidates for open roles, with a particular focus on more senior positions.

We will continue to review our core processes – including across recruitment, promotions and performance assessment – for greater consistency, building equity into the employee lifecycle. We will continue with training and events, particularly including support for managers on topics such as psychological flexibility, inclusive recruitment, creating an inclusive team environment and developing more junior employees, which will support overall organisational progress against these targets.

We also need to do everything we can to ensure employees are comfortable sharing their experiences with us, and trust us to be equitable in our approach. While we saw very high rates of completion for demographic data, those who did prefer not to share it recorded significantly lower scores than others across the survey.

## EMBEDDING A NEW EXECUTIVE TEAM

For the year ahead, enhancing the relationship between employees and the, relatively new, executive team is a clear priority. We're looking to ensure all teams feel effectively represented within the executive team, and that employees see clear accountability at that level. We will be working to increase the visibility of the executive team – developing more forums for listening to our people and ensuring a consistent cascade of information back.

We continue to believe very strongly that our people and culture are two of our greatest strengths as an organisation, and we remain committed to doing everything possible to make them the best that they can be.



EMPLOYEE ENGAGEMENT

Monitoring the connection our employees have with the PRI

We undertook our latest employee engagement survey in late 2022, to get a steer on how we are performing as a place to work. We were delighted to see 94% of employees participating in the survey, providing a robust picture of sentiment across the employee base.

Our headline engagement figure of 68% demonstrates a positive overall sentiment, although based on our own high standards we would certainly like to see this figure even higher. In particular, the score puts us 4% lower than a benchmark comprising the types of financial services organisations our employees typically move on to.

Breaking down the engagement score into its component parts tells us a little more about employee sentiment. Pleasingly, nearly 90% of employees rate the PRI as a great place to work, and somewhere they feel proud to work. However only half say that they rarely think about looking for work elsewhere and that they still see themselves at the PRI in two years' time. This aspect of turnover has always been a double-edged sword for the PRI – we of course wish to retain good people to drive the organisation's effectiveness, but also recognise that employees moving into other roles within the responsible investment industry, as is typically the case, can also drive the PRI's ultimate mission forward.

We have run several focus groups with employees to delve more deeply into the nuance underpinning the scores received across the survey, to help us establish meaningful action plans. One specific step we will take is to strengthen the role of employee groups to provide regular upward feedback.

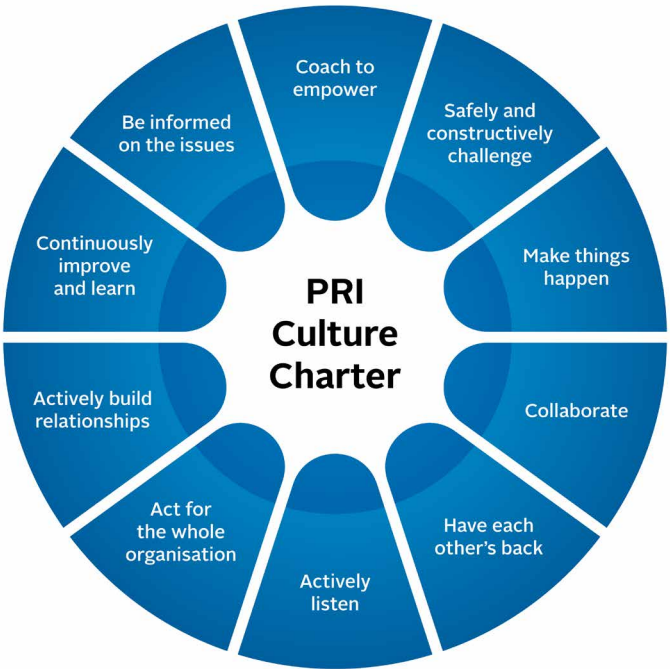
We see the insights drawn from the PRI in a Changing World consultation as a key step in enhancing clarity over what delivering value for our signatories looks like, and how that cascades through the organisation into the contribution made by every employee. The survey results have already fed into our thinking around a [new operating model](#).

PERFORMANCE AND CULTURE

Setting out what we expect from our employees

As part of our approach to performance management this year, we've introduced a new approach to priority setting to provide visibility for how the CEO's priorities cascade down through the organisation to every employee, thus maintaining focus on the key areas of impact, across the board.

A shared priority given to all employees is "to demonstrate the skills, values and behaviours of the culture charter in everyday behaviour, positively contributing to the culture of the organisation". Our culture charter outlines more than 50 specific actions we expect from employees, across ten overarching areas.



Ten areas of the PRI culture charter



Based on a participation rate of 94% or 222 of 236 responses

## DIVERSITY, EQUITY AND INCLUSION

### Diversifying our workforce and ensuring all our people feel respected and valued

A [diverse workforce and equitable environment](#) enables us to benefit from a mix of brilliant minds, working together as a team to provide fresh perspectives and innovative solutions, and ensures that we embody the values we promote.

All colleagues are responsible for creating an inclusive working culture – enabling differing viewpoints, knowledge and life experience to be heard throughout our everyday interactions.

Highlights of our diversity, equity and inclusion (DEI) progress to date, include:

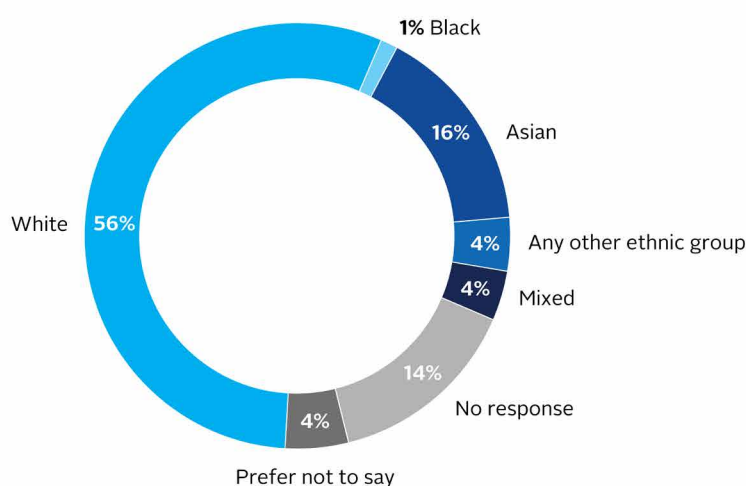
	Our strategy	Key successes to date
<b>Inclusive culture</b>	Enable all colleagues at the PRI to feel respected and valued, actively participating in building an inclusive culture.	<ul style="list-style-type: none"> <li>Strategy and objectives confirmed with the executive team and the Board</li> <li>DEI training programme rolled out for all employees with 80% attendance rate to date</li> <li>Launch of our DEI Working Group and other employee-led networks</li> </ul>
<b>Strong governance</b>	Build the structures, policies and processes to embed accountability for DEI across the organisation.	<ul style="list-style-type: none"> <li>Review of existing policy language and gaps analysis for other policies completed, with a roll out of new menopause policy and enhanced family leave policies</li> <li>Redesign of our recruitment, performance review and promotions processes completed, integrating equity into our employee lifecycle</li> </ul>
<b>Measure our impact</b>	Develop a framework for DEI at the PRI so we can transparently benchmark our progress and take a data-driven approach.	<ul style="list-style-type: none"> <li>DEI data collection completed with an average of 88% completion across all fields</li> <li>DEI targets confirmed with the Board and executive team</li> <li>Employee engagement survey completed with a focus on inclusion and employee experience</li> </ul>
<b>Tell our story</b>	Communicate a clear plan and narrative for DEI at the PRI, aligning our internal strategy and Walk the Talk programme.	<ul style="list-style-type: none"> <li>DEI strategy communicated to all employees and line managers for a shared understanding of our goals and priorities</li> <li>A calendar for events and communications agreed with the DEI Working Group, including celebrating Black History Month, International Women's Day and International Day of Persons with Disabilities</li> </ul>

We are committed to communicating transparently about our progress, because we understand how important transparency is as part of holding ourselves to account. Accordingly, we published our first [diversity data and pay gap report](#) this year.

Our findings show we have good gender balance, and a comparably low gender pay gap, but we recognise the need to improve our racial/ethnic diversity, particularly at senior levels.

As we have a relatively small workforce, we are also careful to try to understand instances where small sample sizes show up pay gaps that are due to legitimately differing roles within a small sample of employees, rather than indicating a trend or discriminative pay gap.

### Ethnic composition across the organisation



### TARGETS

We set explicit DEI targets for the first time this year. We focused on gender and ethnicity, with the intention to look at other areas in future. The targets are not intended to encourage positive discrimination, but to focus on positive action.

We are disappointed not to have hit all our DEI targets this year, although organisational changes under our new operating model have interrupted our usual hiring and promotions processes. With that reorganisation in place, we can put an action plan in place to push for progress in the year ahead.

Maintain a minimum of 50% female, gender non-conforming or non-binary employees at every level	<b>Achieved</b>
A year-on-year increase in our % of Black employees (from 1% at Aug 2022)	<b>On track:</b> 2% at 30 June 2023
Black, Indigenous or People of Colour candidates to make up 30% of all new hires	<b>24%<sup>3</sup></b> across 2022/23
Black candidates to make up 10% of all new hires	<b>6.25%<sup>4</sup></b> across 2022/23
Black, Indigenous or People of Colour employees to make up 30% of all promotions	<b>20%<sup>5</sup></b> in latest promotions round (Feb 2023)

<sup>3</sup> 26% of new hires have not provided ethnicity data

<sup>4</sup> 26% of new hires have not provided ethnicity data

<sup>5</sup> 5% of people promoted in this round have not provided ethnicity data

UK PAY GAP DATA

Our ethnicity pay gap sees the median White employee pay being 20.8% higher than the median BIPOC employee, and the mean for White employees being 21.5% higher. This is driven by a lack of ethnic diversity in senior positions across the organisation, and needs to be a key area of focus for us.

The median male pay is 15% higher than the median female pay (compared to an estimated 26.6% gap for the wider financial services sector<sup>6</sup>). Mean male pay is 10% higher than female. This isn't driven by the gender composition of higher paying roles, where we have a relatively even split, but rather by having additional female employees in lower paying roles.

We are proud of the near 50:50 male to female representation in the highest salary quartile, demonstrating that women are being supported to reach higher roles and enabling balanced representation at higher decision-making levels. At director level there is a pay gap in favour of women (-7.9% median and -12% mean).

As we only have a very small number of employees that identify outside of the binary male/female distinction, our aggregated analysis is only able to report in those terms. However, we recognise that not everyone's gender identity fits within this binary distinction.

% of women in each pay quartile			
Lower	Lower middle	Upper middle	Upper
65.8%	56.8%	56.8%	47.4%

MENOPAUSE SUPPORT

This year we launched our first Menopause Policy. We recognise that many people feel uncomfortable talking about the perimenopause and menopause, which means that some employees suffer in silence while experiencing a wide range of symptoms that can affect their physical as well as mental health. This is a workplace issue that everyone at the PRI has a role in supporting.

We therefore want to encourage employees to talk more about the perimenopause and menopause: for employees experiencing symptoms to feel they can ask for the help they need, for line managers to have the knowledge and confidence to provide support and to provide sources of additional help and information for all employees.

The policy is accompanied by a range of further support, including menopause workshops for all employees and empathy training for managers.

6 [Gender pay gap and diversity in financial services](#)



## The Principles for Responsible Investment (PRI)

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

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

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



## The PRI is an investor initiative in partnership with UNEP FINANCE INITIATIVE and the UN GLOBAL COMPACT.

### United Nations Environment Programme Finance Initiative (UNEP FI)

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

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



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

