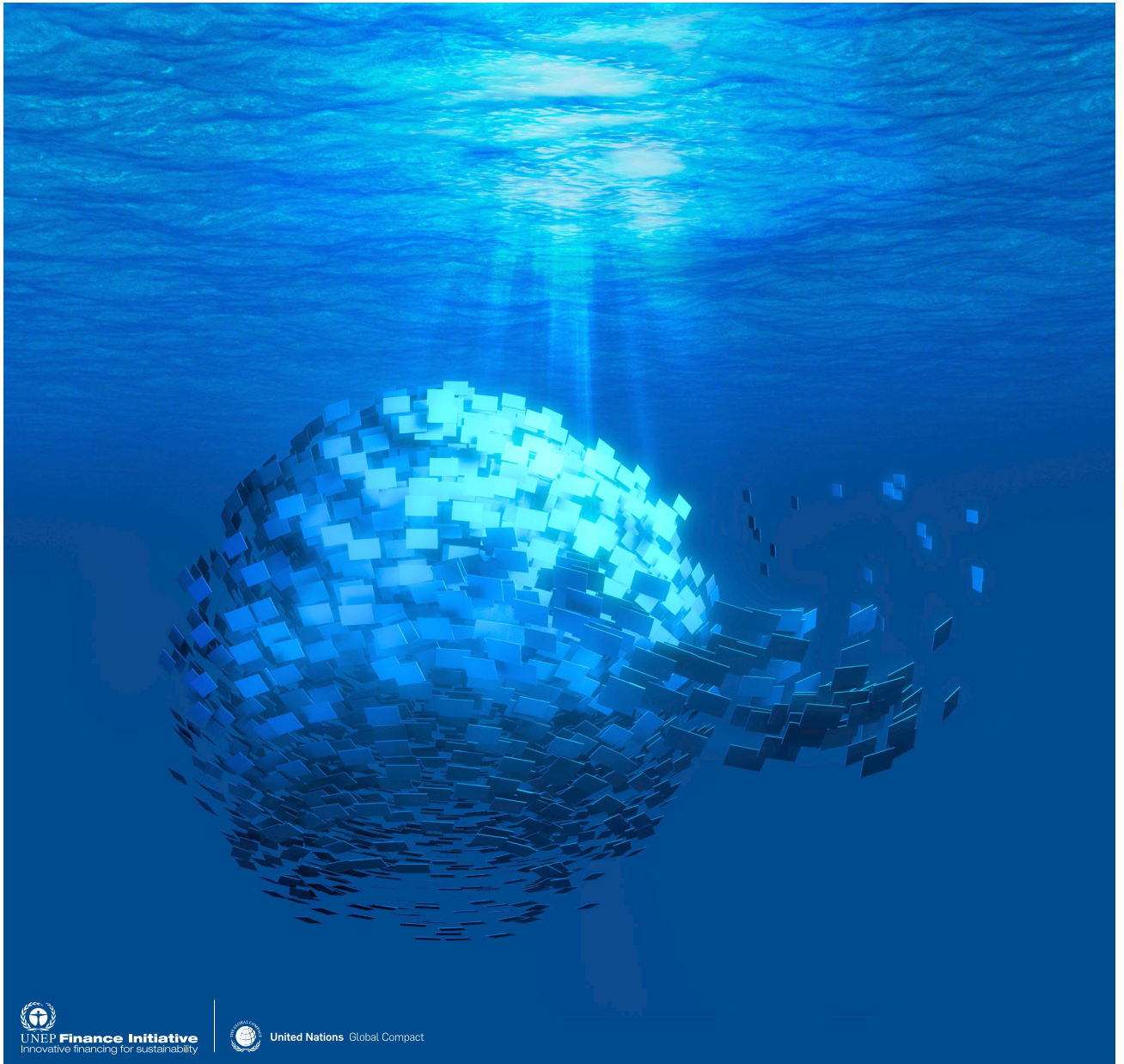


# ANNUAL REPORT 2012



The PRI is an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact.

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# FOREWORD FROM UN PARTNERS

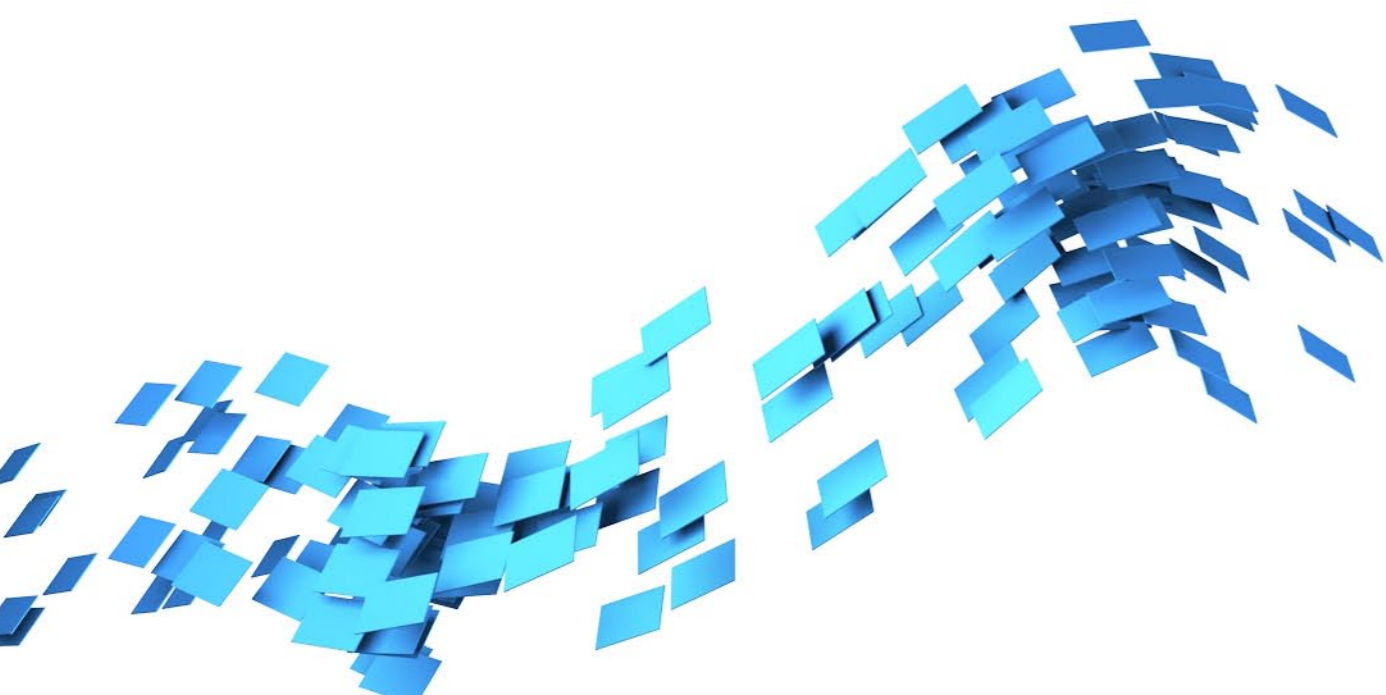
## ABOUT THE PRI INITIATIVE

The Principles for Responsible Investment (PRI) Initiative is a partnership between the United Nations and global investors with the goal of promoting and mainstreaming responsible investment practice. Launched in 2006 by UNEP Finance Initiative and the UN Global Compact, the PRI Initiative has become the leading network for investors to learn and collaborate to fulfil their commitments to responsible ownership and long-term, sustainable returns.

Pension funds, insurance companies, sovereign wealth and development funds, investment managers, service providers and other supporters make up the PRI network. Our goal is to grow investor interest in environmental, social and corporate governance (ESG) issues, support signatories in their fulfilment of the six PRI Principles, and contribute to the debate about the role of the investor in the creation of a sustainable financial system that rewards long-term responsible investment and benefits the environment and society as a whole.

## ABOUT THE REPORT

The 2012 PRI Annual Report captures the activities of the PRI Initiative from August 2011 – May 2012. Webinar and engagement statistics are from June 2011 to May 2012. The accounts of the Initiative refer to the financial year April 2011 – March 2012.



**R**io+20 presents world leaders, along with thousands of participants from government, the private sector, NGOs and other groups, with a unique opportunity to review the progress that has been made over the last two decades to overcome many of the world's most pressing social and environmental problems and more closely align businesses and markets with the principles of sustainable development. Soberingly, we must acknowledge that in many cases, progress to date has been insufficient, while challenges continue to mount.

Sustainable development is at the heart of the UN's mission. However, this can only be achieved if the international community takes the necessary steps to reorient itself towards a more long-term, balanced, inclusive and sustainable economy. This will require a stable financial sector as its backbone. In many cases, the right political, legal and economic incentives are not yet in place to encourage responsible corporate behaviour or ensure investors are allocating capital to businesses and markets operating more sustainably.

In order to fulfil the finance sector's role and rectify many of these deficiencies, concerted action is necessary between financial institutions, business, and the global policy-making community.

As a global network of investors backed by UNEP FI and the UN Global Compact, the Principles for Responsible Investment (PRI) is uniquely positioned to contribute to this debate and support its signatories as they develop a more sustainable financial system. Never before has the role of the investor in creating an enabling environment for the growth of a balanced, inclusive and green economy been so important.

Through integrating sustainability issues directly into their investment processes, greater engagement with companies on environmental, social and governance issues, and support for projects with positive social and environmental impacts, PRI signatories are directly contributing to the greening of business and industry, job creation and social inclusion. They are also helping society address sustainability challenges such as social inequity, climate change, resource scarcity and biodiversity loss.

The United Nations is committed to accelerating the growth of responsible investment practices within financial markets and encouraging investors to act as catalysts for channelling finance into the green economy.



**Achim Steiner**

United Nations Under-Secretary-General and Executive Director

United Nations Environment Programme

**Georg Kell**

Executive Director

United Nations Global Compact

## LETTER FROM THE CHAIR

“...the PRI has helped to bring about enormous gains in investors’ understanding of the implications of ESG issues...”



As the PRI Initiative enters its sixth year, there can be no doubting the progress we have made increasing awareness about the relevance of environmental, social and governance (ESG) issues for the global investment industry, and supporting our signatories in their journey towards responsible investment. The strong growth in our network, which today includes nearly 1,100 of the world’s leading asset owners, investment managers and service providers, with total assets under management in excess of \$32 trillion, highlights the success of our work.

We have expanded our work programme significantly to embrace a range of implementation support resources across all major asset classes. Our signatories have been actively involved in an extensive portfolio of engagements, participated in rapidly-expanding in-country networks, and piloted a new Reporting Framework that we hope will become the global standard for reporting and monitoring progress on responsible investment. While much remains to be done, the PRI Initiative has helped to bring about enormous progress in investors’ understanding of the implications of ESG issues for investment portfolios and the importance of ongoing engagement between investors and companies.

The Initiative’s main objective is to drive responsible investment practices across all asset classes and regions, and to support our large and vibrant community of signatories in implementing them. This will be the core of our mission for many years to come and we will do this first and foremost by encouraging genuine implementation of the six Principles across the investment industry.

Over the last year, we have reviewed our objectives and developed an even

more ambitious mission based on the belief that an economically sustainable global financial system rewards long-term responsible investment, benefits the environment and society as a whole, and is vital for long-term value creation. We believe that investors have a role – and a responsibility – to foster the development of a global financial system that is better attuned to long-term risk and opportunity, and incentivises actors throughout the investment chain to embed the principles of stewardship, sustainability and responsibility within everything that they do.

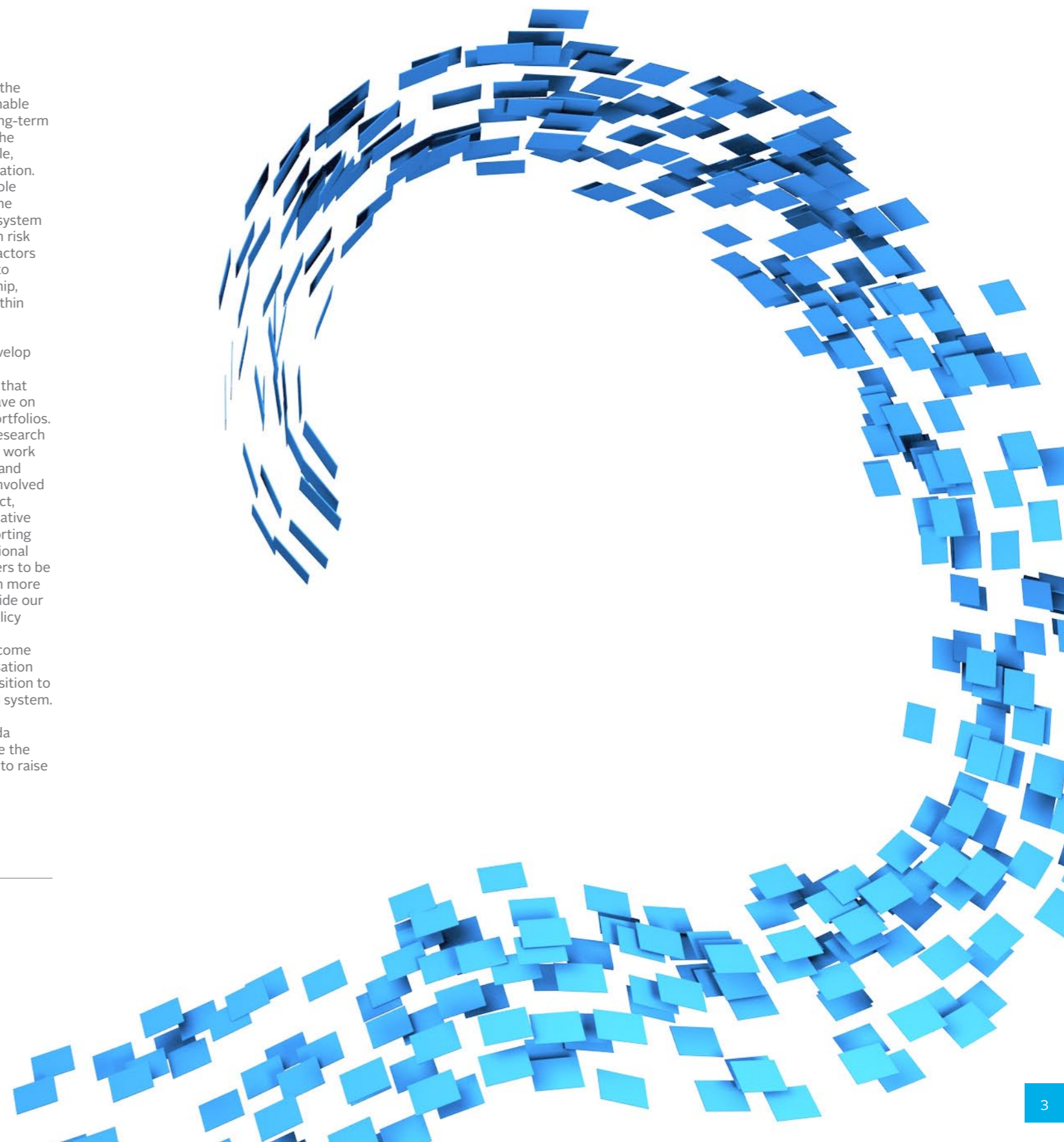
Over the coming years, we will develop a new action-oriented research programme to explore the impact that macro ESG and systemic issues have on the performance of investment portfolios. We will drive the findings of this research work forward, drawing on existing work streams, initiatives, engagements and partnerships that we are already involved in, including the UN Global Compact, UN Sustainable Energy For All Initiative and Corporate Sustainability Reporting Coalition. We will also direct additional efforts to empowering asset owners to be responsible investors and do much more to raise the profile of the PRI outside our signatory base, with the media, policy makers and other influencers. All these initiatives will help us become the leading global investor organisation dedicated to accelerating the transition to a more sustainable global financial system.

While we have an ambitious agenda ahead, I am confident we now have the foundation and resources in place to raise the PRI Initiative to the next level of impact and effectiveness.

**Wolfgang Engshuber**

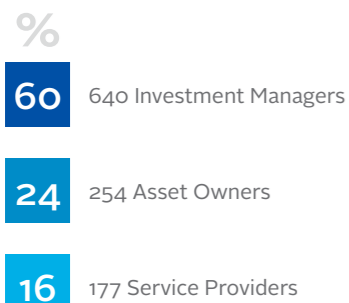
Chair,

PRI

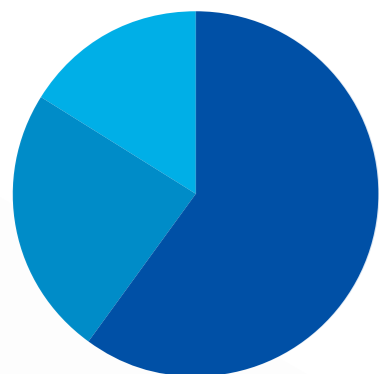


# PRI YEAR IN NUMBERS

## PRI SIGNATORIES



TOTAL = 1071



## LOCATION OF PRI SIGNATORIES - 50 COUNTRIES

Country	No.	Country	No.	Country	No.
Australia	125	<b>Brazil</b>	59	<b>Canada</b>	42
Denmark	32	<b>Finland</b>	29	<b>France</b>	88
Germany	31	<b>Netherlands</b>	72	<b>South Africa</b>	40
Switzerland	54	<b>UK</b>	145	<b>US</b>	156
Other	202				

## NEW SIGNATORIES BY COUNTRY 2011-12

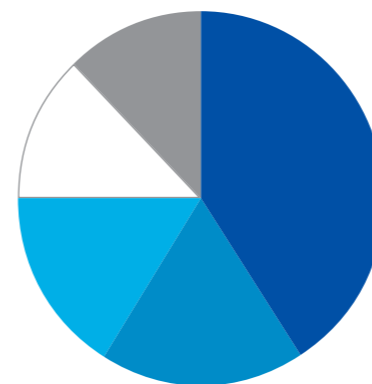
Country	No.	Country	No.	Country	No.
Australia	16	<b>Brazil</b>	15	<b>France</b>	18
Germany	14	<b>Netherlands</b>	18	<b>US</b>	33
Other	64				

**178** NEW SIGNATORIES

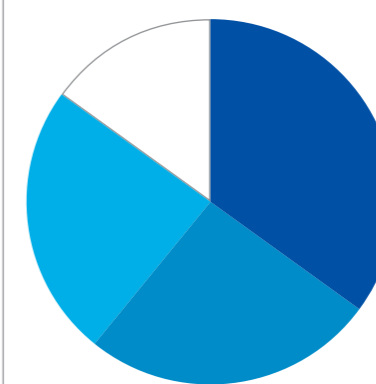
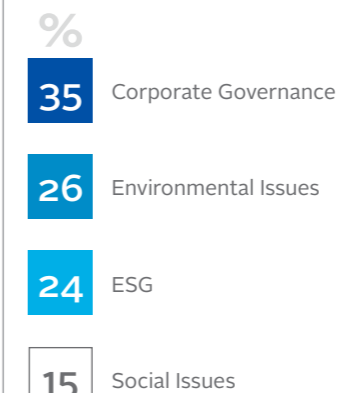
**43** WEBINARS HELD

# CLEARINGHOUSE YEAR IN NUMBERS

## TYPES OF COLLABORATIVE ENGAGEMENTS



## ISSUES OF COLLABORATIVE ENGAGEMENTS



**1324** COMPANIES CONTACTED

**310** SIGNATORIES INVOLVED

**82** POSTS ON CLEARINGHOUSE

**4.9** PROPOSALS JOINED (on average)

# A NEW STRATEGIC FOCUS FOR THE PRI INITIATIVE

In this interview, James Gifford, Executive Director, reviews the key achievements of the PRI Initiative over the last 12 months and outlines its new strategic focus for the coming years.



## What were the key developments within the PRI's main work streams over the last year?

As additional resources have become available, the PRI has significantly scaled up both the quality and quantity of its offering to signatories in almost every work stream, and we are continuing to look for new ways to support signatories in their implementation of the Principles. The Clearinghouse, Implementation Support and Reporting and Assessment teams have all built significantly more capacity over the past year.

The Clearinghouse continues to be one of the most important areas of work, with collaborative engagements becoming more focused, better researched and thoroughly evaluated. A new Steering Committee has been set up to help prioritise where the Clearinghouse team should focus its efforts. And we are now, for the first time, allocating research budgets to support collaborative engagements.

We have seen some really interesting outputs from Clearinghouse activities, including the publishing of guidance on the link between executive remuneration and ESG issues, responsible business in high-risk and conflict-affected areas, and senior gender diversity on boards.

With additional staff in the Implementation Support team we can now help signatories implement the Principles across almost all asset classes. For example, we are now producing best practice guidance and case studies in areas of responsible investment that previously had little activity and low levels of understanding. We have also

published new guidance to help signatories write and review responsible investment policies and communicate the business case for responsible investment, and we are currently seeking feedback on a new tool to help asset owners incorporate ESG issues in their investment manager selection and monitoring processes.

The other area where there has been huge progress in the last year is in our Reporting and Assessment work. Facilitated by the PRI Secretariat, a diverse group of signatories and region and asset class-specific technical working groups re-wrote the Reporting Framework from the ground up, consulting widely with other signatories along the way. A pilot in mid-2012 will be followed by the new framework going live for all signatories in 2013. It is an exciting development because it takes significant steps to reduce the reporting effort for signatories while greatly increasing the level of transparency and accountability.

While some signatories have expressed concerns about this change, we believe, overall, signatories recognise its importance and the credibility and legitimacy that a robust accountability process brings to the PRI and its signatories.

## What are the new areas of strategic focus for the PRI going forward?

The global financial crisis demonstrated the ability of macro-level ESG and systemic issues to undermine investors' interests. Implementing responsible investment on an organisational level will be insufficient if these macro problems are not addressed. So the PRI Advisory Council recognised that it is essential for us to tackle broader

issues relating to the structure, function and governance of markets as a whole, including how they may interact with emerging macro ESG issues, if we are to fulfil our vision of mainstreaming responsible investment.

Our enhanced mission is based around the belief that a sustainable global financial system is a necessity for long-term value creation, rewards long-term responsible investment and has positive impacts for the environment and society as a whole.

Over the next four years, we will be developing a research and public policy program focused on accelerating the transition to a sustainable global financial system. With an enhanced focus on asset owners, a stronger voice on responsible investment issues and a new research programme, we will be developing practical, action-oriented research and analysis, accompanied by public policy recommendations that our signatories can drive forward.

## Why are asset owners such an important focus of this new strategy?

While the Initiative has always been focused on responding to the needs of asset owners seeking to implement the Principles, it was recognised during our strategy process – again – that asset owners really do hold the key to driving responsible investment throughout the investment chain (and in the public policy sphere), and that empowering them to act had to remain at the top of our list of priorities. Most of the problems we face are a combination of short-termism and principal-agent problems. Asset owners are the only group within the investment chain that can really take these on.

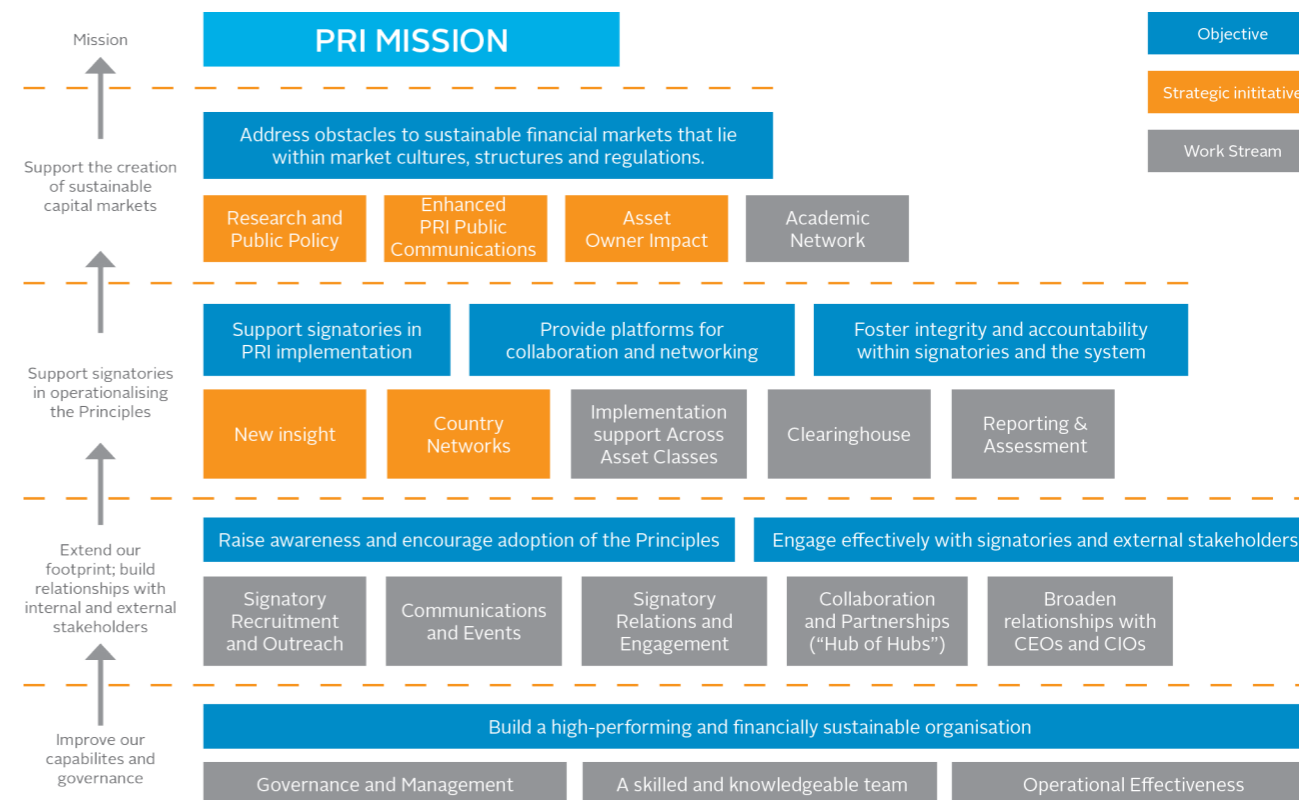
Asset owners face unique challenges generating sustainable long-term returns for their beneficiaries. The practices that led to the financial crisis rewarded short-term gains at the expense of long-term returns, and demonstrated that asset owners are not always well served by their agents, who are often incentivised to focus on short-term rather than long-term performance. This needs to change if we are to build a financial system that is truly sustainable, and asset owners need to lead that change.

The PRI has already made a solid start in this area over the last five years. We have published guidance for asset owners seeking to integrate ESG into their manager selection, agreements and monitoring, and our Universal Owner report in conjunction with UNEP FI in 2011 explored the impact that social and environmental externalities

## PRI MISSION

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

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



are likely to have on large, asset owner portfolios over time.

Asset owners are already using the findings of our annual reporting and assessment process in discussions with their investment managers to help determine which managers are implementing responsible investment thoroughly, and the new reporting framework will provide additional tools and outputs for monitoring and communicating investment managers' responsible investment activities to clients and beneficiaries.

## Why is the PRI Initiative well placed to contribute to this debate?

I think we are uniquely positioned to contribute to this debate because the PRI is a global network of investors led by asset owners, working alongside our UN partners.

Many of the challenges that need to be resolved around short-termism and incentives require new ways of thinking, analysis and collective action.

It is in the long-term interests of investors that asset prices should reflect environmental and social costs, and that market frameworks promote stability within the financial system.

However, it is difficult for investors to address these challenges through their own investment processes, or through individual action at the public policy level. Many of these issues are inherently collective action problems and require collective action solutions. As a global network of investors with asset owner leadership and UN backing, and with platforms for collaboration such as the Clearinghouse, the PRI is well placed to bridge these communities and stimulate the debate globally.

## So how will your new approach help investors?

We are in the early stages of exploring how we might address these new priorities, and the consultation we plan to undertake with signatories in the second half of 2012, ahead of the launch of our new research and public

policy work stream, will help to define the scope and direction of this new focus. We expect insights and recommendations from our research programme to flow directly into PRI's implementation support and collaborative engagement activities, enabling signatories to capture their practical benefits in their investment and ownership activities.

We will continue to do what we have been doing previously, and doing it better, and the new activities are an enhancement to our activities rather than a completely new direction.

[PRI Strategy and workstream update](#)

# SIGNATORY EVENTS

We encourage our signatories to collaborate with each other and help them to implement the Principles by running online and in-person events on responsible investment topics around the world each year. These enable signatories to network, share best practice and learn from their peers.

## PRI IN PERSON

Widely regarded as the event of the year for the global responsible investment community, the agenda for the annual PRI in Person event is designed to offer something for every signatory, regardless of their size, location, asset class focus, style of responsible investment or progress towards implementation. The PRI's annual Signatory General Meeting is also held alongside PRI in Person each year.

## NETWORKS

More than 20 dedicated events were held throughout the year for signatories located within established and emerging PRI networks in Australia, Brazil, Canada, France, Germany, Japan, Finland and South Africa to further their knowledge of ESG issues as they relate to their country or region.

## RIO+20

Between 16-18 June, the PRI Initiative participated in a number of high-level debates and plenary sessions as part of the Rio+20 Corporate Sustainability Forum, alongside our UN partners, United Nations Global Compact and UNEP Finance Initiative. These showcased the latest developments in the area of sustainable stock exchanges, outlined best practices for linking ESG issues to executive remuneration and incentive systems, and considered the interlocking role of investors, companies and policy makers in creating sustainable financial markets. The Initiative also voiced its support for the Corporate Sustainability Reporting Coalition, which issued a call at Rio+20 for improved corporate reporting on ESG issues.



# INTRODUCTION TO THE CLEARINGHOUSE

The PRI Clearinghouse is the world's leading global platform for collaborative shareholder engagement. It provides investors with a private forum to pool resources, share information, enhance influence and better engage with companies and policymakers on a range of ESG issues across different sectors and regions.

In the last year, more than 1,300 companies have been contacted at least once on an ESG issue as a result of a PRI Clearinghouse-facilitated engagement. Common engagement methods include voting on shareholder resolutions at AGMs, writing letters to companies or holding in-depth discussions with companies on ESG issues.

## GOVERNANCE

In March 2012, a steering committee made up of 11 PRI signatories was formed to act as an advisory body on activities related to the Clearinghouse platform and to evaluate and prioritise collaborative engagements with investee companies and policy makers which are coordinated by the PRI Secretariat.

## CASE STUDY – ADVANCING ACTION ON CLIMATE CHANGE

Global greenhouse gas emissions continue to rise. Given the lack of concerted global action to reduce emissions, it is increasing likely that climate change will exceed the 2 degrees C threshold – beyond which severe and irreversible impacts of climate change may occur, presenting investors and companies with an array of risks. In the absence of country-level reporting requirements, organisations such as the Carbon Disclosure Project (CDP) play a key role in providing transparency to investors on how companies are responding to the risks and opportunities associated with climate change.

To help drive improvements in corporate disclosure and encourage better management of greenhouse gas emissions, over the last three years PRI signatories have joined forces with CDP and used the PRI Clearinghouse to engage with companies to increase the level and quality of corporate disclosure on climate change, encourage greater disclosure of emissions reduction plans as part of corporate responses to the annual Investor CDP information request, and encourage companies to adopt emissions reduction targets.

Since 2010, a group of around 20 PRI signatories have engaged with companies in carbon intensive sectors that received bottom-quartile CDP disclosure scores – meaning that the company has not reported its GHG emissions or demonstrated a consideration of business risks associated with climate change. Over 2010 and 2011, between a quarter and a third of the companies that the group contacted significantly improved their CDP disclosure in the following year.

The success rate doubled to nearly 50% among companies with which investors had a more in-depth discussion. Companies that significantly improved the quality of their disclosure in 2011 included Carillion, SK Chemicals, SAS, and International Paper.

Over 2009-2010, a coalition of 32 investors targeted 92 companies in energy intensive sectors to encourage them to disclose their emissions reduction plans. A quarter of the companies improved their disclosure of emission reduction plans and/or demonstrated a strong commitment to improving disclosure in this area in the following reporting period. Over 2010-2011, investors held additional in-depth dialogues with 20 of the companies, nine of which subsequently demonstrated a clear improvement in their 2011 disclosure over the previous year.

Following the launch of the CDP Carbon Action initiative, which called on companies to move 'from disclosure to action', over 2011 and 2012 a group of 18 PRI signatories have engaged in dialogues with 30 carbon intensive companies from sectors including oil & gas, metals & mining, industrials and utilities, that do not have an emissions reduction target. The aim of the engagement is to encourage companies to set a good quality target that covers the principal sources of emissions within the company – a prerequisite to making investments in emissions reduction activities and achieving year-on-year reductions.

# EXAMPLES OF ENGAGEMENTS BY SIGNATORIES IN 2011/12

### UNITED KINGDOM

**Sustainable fisheries**

In July 2011, a group of 20 investors with AUM of \$1.7trn sent a letter about fish sourcing to 41 companies in the retail, consumer goods, and food processing sectors largely located in the UK, Nordic countries and Continental Europe. A total of 27 of the 41 companies responded and each received a summary of the findings and a spider chart mapping its performance against the best and average response received.

**“A group of 20 investors sent a letter to 41 companies regarding fish products...”**

### FRANCE

**Separation of management functions at Societe Generale**

“Resolution A” presented at the Société Générale agm by PhiTrust Active Investors, alongside other shareholders, called for the separation of Directorship functions through the creation of a Supervisory Board and a Management Board. It obtained 24.75% of votes in favour, falling short of the 66.66% needed to amend the Bank’s by-laws. Investors will continue to advocate for the separation of these functions at the company.

**“24.75% of votes were in favour at Société Générale...”**

### SWEDEN

**Senior gender diversity**

In July 2010, 10 investors sent letters to 57 companies in the US, Canada, Brazil, Sweden, UK and Italy to encourage the increased representation of women on boards of directors and in senior management. At the beginning of 2012, the group analysed the performance of 45 companies of the target list. The most remarkable improvements have been on the companies’ general policies and implementation activities. Twenty-three companies have increased their scores, of which 13 have an increase higher than 30%.

**“10 investors encouraged 57 companies to increase representation of women...”**

### BRAZIL

**Emerging Market Disclosure Project**

In 2011, a coalition of 25 PRI signatories – Brazilian and international – engaged with 10 companies from IBx-100 that were not reporting in line with the Global Reporting Initiative (GRI). The group met or had conference calls with eight of the 10 laggard companies. Four informed investors that they already had plans to adopt the GRI in 2011, two confirmed that they are considering it in the future, and two others committed to discussing the issue internally.

**“10 companies that were not reporting with the GRI were engaged...”**

### MYANMAR

**Responsible business and investment in conflict-affected countries**

In May 2012, UN Secretary-General Ban Ki-moon launched the Local Network of the UN Global Compact (UNGC) in Yangon, Myanmar. The PRI Secretariat and the UNGC office assisted APG, MN and Sustainalytics to join an investor delegation to the country. Having met with the local management of two companies assessing developments in Myanmar, the investors concluded that optimism over the enormous potential of this country and the opportunities for investment should be matched with caution and a commitment to act responsibly.

**“Ban Ki-moon launched the Local Network of the UN Global Compact...”**

### SOUTH KOREA

**Emerging Markets Disclosure Project**

In March 2012, a group of 25 investors and a supporting partner sent a letter to 15 companies to encourage improved ESG disclosure. Investors then met with seven out of the 15 companies and provided some very specific input on enhanced ESG disclosure that some of the companies said they would try to incorporate in their 2012 sustainability/CSR reports.

**“25 investors encouraged 15 companies to improve their ESG disclosure...”**

### DEMOCRATIC REPUBLIC OF CONGO

**Engaging with electronics companies sourcing from the DRC**

Since 2009, a group of 16 PRI investors have been engaging with 16 global consumer electronics companies in the US, Europe, and Japan about managing the reputational risks of sourcing from the Eastern Congo, an area in conflict. Assessing their performance in 2012, the group found the target companies had improved their total scores by 23% on average with the greatest improvement in the disclosure area, followed by implementation performance.

**“16 investors have been engaging with 16 global consumer electronics companies...”**

### SOUTH AFRICA

**Emerging Markets Disclosure Project**

Four PRI signatories sent letters to the chairmen of four target companies to establish a dialogue about establishing emission reduction strategies and improving their overall ESG disclosure, which would hopefully lead to their inclusion in the JSE SRI Index. The letters also requested a conference call or in-person meeting with company executives to address investors’ concerns. During 2011, meetings were held with two companies, and although the calls were considered constructive, the companies did not make it into the JSE SRI Index 2011.

**“4 PRI signatories targeted chairmen, explaining the need for ESG disclosure...”**

### WESTERN SAHARA

**Collaborative engagement on companies importing phosphate from Western Sahara**

Concerned about the phosphate industry in the Western Sahara, sixteen PRI signatories, led by Ilmarinen, together with its service provider GES Investment Services, co-signed a letter in February 2012 to selected companies in the phosphates and oil and gas sectors. The investors received responses from seven out of the 10 companies.

**“Ilmarinen invited PRI signatories to engage importers of phosphate...”**

### CANADA

**Letter to Canadian government on oil sands monitoring**

In March 2012, an investor coalition led by NEI Investments representing AUM of over US\$1.62trn wrote a letter that commends both Canada and Alberta for proposing a greatly-improved oil sands monitoring system, while also urging the implementation of an independent oversight committee to ensure program credibility. In April 2012, the investors received a positive response from the Alberta Minister of Environment and Water, leading investors to believe further engagement will yield more progress.

**Extractive industry and indigenous rights**

Since 2009, a coalition of 11 investors has been encouraging 10 companies from the extractive industry to adopt better policies for managing indigenous rights risks. According to the group’s analysis, five companies (3 of which are Canadian) have improved their overall performance.

**“11 investors have been encouraging 10 companies to adopt better policies...”**

### USA

Several resolutions have been filed in North America and posted on the PRI resolution database during the 2012 proxy voting season. The following proposals are examples of resolutions collecting broad support from investors:

- **Inclusion of non-financial metrics** in executive compensation packages at Laurentian Bank of Canada.
- **Political spending** disclosure at National Oilwell Varco.
- **Proxy Access** and nomination of board directors at Charles Schwab.
- **Political spending** disclosure at Mylan.
- **Water impacts** of business operations at Arch Coal.
- **Proxy Access** and nomination of directors at Wells Fargo.
- **Sustainability Report** that includes GHG emissions reduction goals at Emerson Electric Co.

**“The proposals have received more than 30% of supporting votes...”**

### AUSTRALIA

**Remuneration and sustainability**

In the second half of 2011, a group of 11 PRI signatories, including three Australian investors, explored the issue of linking ESG metrics to executive compensation and decided to develop a simple publication to be used as an engagement tool for future dialogue between investors and companies. The group had detailed conversations with five companies, of which three were Australian: BHP Billiton, Eskom, Intel, National Australia Bank and Stockland. The final publication is composed of three main pillars of recommendations on how to identify ESG metrics, how to link them to executive remuneration and how to improve disclosure of company practices.

**“11 PRI signatories collaborated, developing an engagement tool...”**



# WEBINARS

The PRI Initiative runs more than 40 webinars each year to bring investors, companies, policymakers and academics together to discuss a range of ESG themes and responsible investment practices and case studies. Topics are chosen in collaboration with signatories and have ranged from linking executive compensation and sustainability, integrated reporting and access to medicines.

The following is a selection of our most popular webinars over the last year. A recording of each webinar is available on the signatory extranet.

## ACADEMIC NETWORK

### Unravelling the relationship between ESG factors and investment performance

How ESG integration and responsible investment performance has evolved since the publication of UNEP FI's 2007 seminal report 'Demystifying Responsible Investment Performance'.

### Sustainability and pay

Identifying the barriers and opportunities for designing and implementing executive remuneration and incentive systems linked to sustainability goals.

## IMPLEMENTATION SUPPORT

### Property investors' perspectives on climate change policy

An overview of the policies needed to drive responsible behaviour by owners and tenants over the lifecycle of buildings and the role of labelling and metrics.

### How to take effective first steps as a responsible investor

Once you have signed up to the PRI, what happens next? How can you take effective first steps as a responsible investor?

### Investing in agriculture

Assessing ESG risks and opportunities associated with investing in agricultural commodities and how these can be managed.

### Green bonds – a viable alternative for fixed income investors?

What are green bonds? How are they different to regular bonds? What are the risks and opportunities for institutional investors?

## CLEARINGHOUSE

### Pros and cons of a Financial Transaction Tax

Exploring the arguments for and against the introduction of a Financial Transaction Tax and the potential benefits and drawbacks at the EU and international level.

### News Corp: Addressing concerns about corporate governance and business culture

A case study of how shareholders have engaged with News Corp to address concerns about corporate governance and business culture.

### Arab spring: implications for investors and companies

What are the risks for companies and investors and how can they contribute to sustainable economic development in the Middle East as the region undergoes a monumental transformation?

### Promoting responsible business in Myanmar

How responsible business in Myanmar can be promoted in the country and the important role that business can play towards job creation and sustainable development.

### Biodiversity and ecosystem services risks and opportunities in the extractive sector

How to identify, monitor, manage and communicate biodiversity and ecosystem services risks and opportunities within the extractive sector.

## NETWORKS

### PRI Local Networks: highlights from Brazil and South Africa

The latest achievements and developments within PRI's country networks, including the launch of the Code for Responsible Investing in South Africa (CRISA) and a new engagement with brokerage houses in Brazil.

## SPEAKERS



**Robert Eccles**, Professor of Management Practice, Harvard Business School



**Jane Ambachtsheer**, National Partner, Mercer



**Georgios Serafeim**, Assistant Professor of Business Administration, Harvard Business School



**Maaïke Fleur**, Senior Manager, Reporting Framework, Global Reporting Initiative



**Dr. Ashraf Gamal**, Executive Director, Egyptian Corporate Responsibility Center



**Anne Sheehan**, Director of Corporate Governance, California State Teachers' Retirement System (CalSTRS)



**Anne Simpson**, Senior Portfolio Manager, Investments and Head of Corporate Governance, California Public Employees' Retirement System (CalPERS)



**Dr Raj Thamootheram**, President, Network for Sustainable Financial Markets



**Sean Kidney**, Co-founder and Chair, Climate Bonds Initiative

# eNEWSLETTERS

The PRI offers a growing number of opt-in e-newsletters and alerts to ensure signatories remain abreast of the latest developments within the Initiative and the broader responsible investment community, as well as learning about new opportunities to collaborate with other investors to engage with companies and policymakers via the PRI Clearinghouse.

## PRI MONTHLY DIGEST

A signatory-only monthly summary of PRI and responsible investment news, sent to signatories on the last business day of each month.

## CLEARINGHOUSE ALERTS

Keep updated on new engagements and proposals posted to the Clearinghouse.

## WEBINAR ALERTS

Hear expert presentations from across the PRI and discuss emerging issues in an interactive online forum.

## IMPLEMENTATION SUPPORT ALERTS

A twice-yearly update of activities across all implementation support work streams and asset classes complements dedicated updates for the following work streams each quarter:

- listed equity
- fixed income
- private equity
- property
- infrastructure
- commodities & related investments
- hedge funds
- investing with impact
- inclusive finance
- small & resource-constrained signatories



# IMPLEMENTATION SUPPORT

The Implementation Support team aids signatories in implementing the Principles within investment processes across asset classes. It publishes guidance documents, case studies, discussion papers, tools and webinars and facilitates debate. It consists of 10 asset-class specific work streams, five of which have a steering committee of signatories in place to provide leadership and prioritise work. A new mentoring programme was launched in early 2012 to match less experienced signatories with those at advanced levels of implementation.

## LISTED EQUITY

Responsible investment within listed equities has been a core focus of the PRI Initiative since its inception. This work stream provides structured support for signatories that manage listed equities, focused particularly on ESG integration.

- *Responsible investment in passive management strategies.* A snapshot of how responsible investment within passive management is currently interpreted and examples of how investors can develop their own approach within this style of management.

## FIXED INCOME

Established in 2011, this work stream explores ESG integration in sovereign and corporate bonds, and other fixed income investments. It considers how investors can engage with debt issuers and promote improved ESG performance by those issuers.

- *Fixed income discussion paper and work stream strategy to 2014.* The discussion paper outlines the actions that signatories are currently taking to implement the Principles in this asset class. It also outlines some of the challenges they face, including the extent to which share and bondholder interests are aligned, and the value of engagement as a bondholder.

## PRIVATE EQUITY

Established in 2007, the private equity work stream is one the PRI's most active. It brings together Limited Partners (LPs), General Partners (GPs), advisors, fund of funds and the wider private equity industry to raise awareness and explore the value addition of ESG resources and to develop resources to support LPs and GPs to integrate ESG considerations into their investment processes.

- *Responsible investment in private equity: A guide for LPs.* This document offers LPs guidance on how to develop their approach to responsible investment including venture capital, growth, mid-market, buy-out, mezzanine, co-investments, secondary investments, distressed and special situations, and funds of funds.

## SMALL & RESOURCE-CONSTRAINED SIGNATORIES

Established in 2007, the small and resource-constrained signatories work stream is dedicated to providing practical implementation support to signatories with AUM of less than \$2bn.

- *Integrating ESG criteria into manager selection, agreements and monitoring.* This tool provides asset owners with guidance on how to incorporate ESG issues into their investment manager selection, agreements and monitoring for listed equity mandates.
- *Implementation of the PRI by small and resource-constrained investors.* This report provides examples of how the Principles can be implemented by signatories with limited resource and internal expertise.

## INFRASTRUCTURE

Launched in 2011, this work stream explores how ESG issues can impact the pricing and management of risk within listed and unlisted infrastructure investments and how ESG factors can enhance or maintain value over the life of an investment.

- *Responsible investment in infrastructure: a compendium of case studies.* Examples of PRI signatories implementing responsible investment practices within their infrastructure holdings.
- *Infrastructure work stream discussion paper.* The paper outlines the reasons why ESG is of integral importance to infrastructure investors.



## COMMODITIES AND RELATED INVESTMENTS

This work stream aims to identify the issues at stake when applying responsible investment to commodity derivatives, in physical commodities or in real productive assets such as farmland. It has established a Farmland Working Group and developed the Principles for Responsible Investment in Farmland.

- *Responsible investment in commodities.* This report, produced by OnValues in partnership with the PRI and UNGC, summarises how ESG issues can impact commodity investments and lists a series of issues for further research and engagement by responsible investors.

## PROPERTY

Since 2007, the PRI Initiative has worked together with the UNEP FI Property Working Group (PWG) to explore responsible property investment. The PRI continues to support this work stream through a range of activities.

- *An investors' perspective on environmental metrics for property.* This study argues that the users and suppliers of environmental property metrics must bridge the gap that separates them to improve the environmental performance of property portfolios.
- *Implementing responsible property investment strategies.* A series of four toolkits, produced by the PWG. The first looks at engaging in Responsible Property Investing (RPI); the second at metrics; the third disclosure; and the fourth at implementation.

## HEDGE FUNDS

This work stream explores the many challenges of implementing responsible investment across the diverse hedge fund sector, including global macro and event-driven strategies.

- *Discussion paper on hedge fund investing and ESG integration.* This discussion paper seeks to raise awareness about actions that responsible investors can take when investing in hedge funds and promote debate around the challenges of incorporating ESG issues into hedge funds.

- *Building and communicating the business case for RI.* A downloadable presentation with accompanying commentary to help signatories communicate internally as well as to clients about the what, why and how of responsible investment.

- *Guide to writing a responsible investment policy.* Guidance to asset owners who would like to prepare, draft or review their responsible investment policy. It offers a suggested policy structure based on an analysis of current responsible investment policies published by PRI signatories.

## INCLUSIVE FINANCE

Launched in 2011, the Principles for Investors in Inclusive Finance (PIIF) provide a framework for responsible investment in inclusive finance, which includes microfinance in emerging and developed markets. The PIIF are housed within PRI and are run as an independent work stream, with oversight from a permanent steering committee.

- *Principles for Investors in Inclusive Finance case studies.* A compendium exploring how signatories to the PIIF are implementing the Principles. The seven Principles are explained in more detail, and each is accompanied by case studies from investment managers.

## INVESTING WITH IMPACT

Established in 2010, this work stream explores investments that produce both market-rate returns and demonstrable ESG benefits.

- *Investing in the sustainable economy.* A collection of case studies examining how PRI signatories are contributing to the development of a sustainable economy by investing in projects with positive environmental and social impacts.

# COUNTRY NETWORKS

## EXISTING NETWORKS



**125** SIGNATORIES



**58** SIGNATORIES



**22** SIGNATORIES



**39** SIGNATORIES



**15** SIGNATORIES



**30** SIGNATORIES

Established in 2007, the PRI Country Networks provide implementation support for signatories at a local or regional level, translating resources in local languages, coordinating engagements with local companies and addressing issues raised by national regulations. Each local network sets its own strategy, develops relevant working groups and runs its own implementation support workshops for local investors. Networks are now active in Oceania, Japan, South Korea, Brazil and Germany, with new networks emerging in the USA, Canada and the Nordic region. Country networks are supported by dedicated local-language pages on the PRI Signatory Extranet.

### SPOTLIGHT ON GERMANY

The PRI German network was launched in 2010 and its signatories focus on ESG integration, fixed income and best practices in infrastructure investing and inclusive finance. To raise awareness of responsible investment, the network maintains an active profile in the German media and has been featured in leading German newspapers, such as Deutsche Handelsblatt and Boersenzeitungerszeitung. It has participated in the Long Term

Investors Club (LTIC) and Rat fuer Nachhaltige Entwicklung, an advisory board which has a mandate from the German government, and provided input into the development of the Nachhaltigkeitskodex integrated reporting code in Germany, which was adopted by the German Government in 2011. The network works closely with the German network of the UN Global Compact and will engage with investors in other German-speaking countries such as Switzerland and Austria to raise awareness of responsible investment in 2012.

### SPOTLIGHT ON SOUTH AFRICA

The PRI South Africa network was launched in 2009 with the support of the Government Employees Pension Fund of South Africa (GEPF). The network serves as a platform for local signatories to share best practice and collaborate on a range of ESG issues that are material to investment decision-making. It has two working groups on engagement and awareness building. The introduction of regulation 28 to the Pension Funds Act now

requires all trustees to take into account ESG issues across all asset classes, adding momentum for local asset owners to integrate ESG issues. The network hosted a successful signatory seminar in Durban in December 2011 alongside COP 17 which more than 40 delegates attended. It spearheaded an engagement with the King III Committee to encourage inclusion of shareholder responsibilities in the King III Corporate Governance code.

This led to the formation of a committee, to produce a Code for Responsible Investing by Institutional

Shareholders in South Africa (CRISA). The code has been released for public comment and is available on the PRI Clearinghouse. It also successfully presented the case for collaborative shareholder engagement on ESG issues to the South African Securities Regulation Panel (SRP), overcoming concerns that existing 'acting in concert' regulation may prevent legitimate collaborative shareholder engagement.

## EMERGING NETWORKS



**154** SIGNATORIES



**42** SIGNATORIES



**97** SIGNATORIES



**54** SIGNATORIES



**88** SIGNATORIES



**135** SIGNATORIES

## OTHER CLUSTERS OF SIGNATORIES

# REPORTING AND ASSESSMENT

The PRI Initiative's annual Reporting and Assessment process is the key mechanism by which signatories and the PRI Secretariat can monitor and evaluate progress towards implementation of the Principles. The Initiative is piloting a new Reporting Framework throughout 2011-12 ahead of its official launch in 2013.

## NEW REPORTING FRAMEWORK

Signatories and other stakeholders told the Secretariat during an open consultation last year that they wanted to see more transparency and accountability in the way that signatories report and are assessed on their implementation of the Principles.

Following further consultation with signatories and input from 200 practitioners in several asset class and region-specific technical committees, details of the PRI's new Reporting Framework and a complete list of its proposed indicators were released in April 2012, ahead of an online pilot.

Unlike the previous reporting and assessment survey, which was organised by Principle, the new framework is designed to capture a broader range of implementation approaches by signatories, in addition to more detailed information about ESG integration, active ownership and engagement activities across asset classes. Organising the framework by asset class also better reflects how the investment industry is structured.

## MANDATORY REPORTING AND DISCLOSURE

Responding to demands for increased transparency, the new framework will require mandatory disclosure of some indicators.

The mandatory indicators represent the minimum set of public information that all asset owner and investment manager signatories will be required to report and disclose from 2013. The Secretariat's aim

is to ensure that only non-commercially sensitive, core indicators of responsible investment implementation are mandatory.

## A NUMBER OF ENHANCEMENTS

The new framework is not directly comparable with the previous reporting and assessment survey and contains a number of important enhancements.

- Shift from self-assessment to self-reporting:** Instead of asking signatories to report subjectively on the extent to which they believe they are implementing each Principle (for example, "small", "moderate", or "large"), signatories will now need to provide quantitative and qualitative data to demonstrate what they are doing in a more objective way. This will provide the market with increased transparency to empower investors to carry out their own due diligence and provide a common set of indicators so that across the entire industry, investors can 'compare apples with apples'.
- Asset- class specific:** The new framework will offer a more holistic focus on asset classes beyond equities to better capture the diversity of signatory portfolios and varying approaches to responsible investment in each one (there are dedicated supplements for seven asset classes in total).
- Direct versus Indirect implementation:** A stronger distinction between direct and indirect implementation of responsible investment and active ownership practices has been made to ensure the framework is relevant for asset owners, who require separate approaches for internally and externally managed assets.
- Reporting Effort:** A number of measures will minimise the reporting burden for early-stage and resource-constrained signatories. On average, a signatory

will need to complete only seven of the 14 supplements, and not all questions in each supplement will be relevant for every signatory. For asset classes that make up less than 5% of signatories' assets under management, completion of the indicators in that specific asset class supplement will be optional.

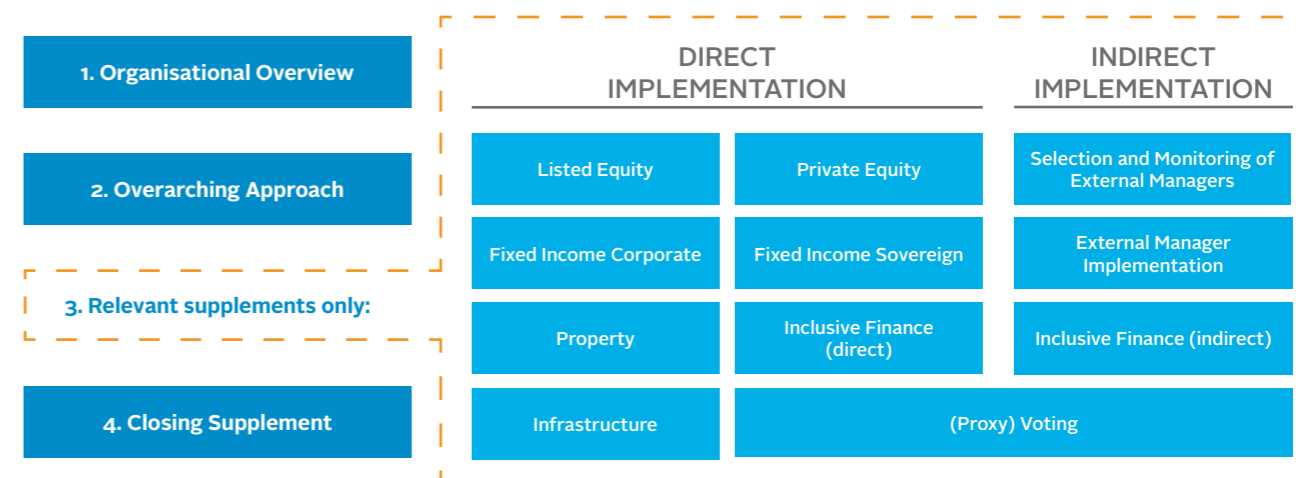
## RESPONSIBLE INVESTMENT REPORTS

Signatories completing the framework will receive a custom Responsible Investment Report tailored to their organisation. Understanding that signatories may want to disclose different levels of information to clients and the wider public, a new reporting tool will allow signatories to produce custom versions of this report with varying levels of disclosure. These new off-the-shelf reports are designed to replace signatories' existing responsible investment reports, ensuring signatories that do not currently have the time or resources to produce their own branded reports now have a simple and efficient means of doing so.

## ASSESSMENT

The new framework will retain an assessment element to help signatories identify their strengths and weaknesses in different asset classes and on different PRI Principles, and to compare their performance against best practices and their peers. While the assessment methodology for the new framework is still being developed, the results of any assessment will remain confidential between the PRI Secretariat and the signatory. Signatories are free to disclose this to clients or others as they wish. Asset owners and their consultants will be able to use the new assessment process to help select, evaluate and monitor the responsible investment processes of their investment managers, and to have a more informed and better structured dialogue with managers on their responsible investment capabilities and practices.

## STRUCTURED TO CAPTURE A DIVERSITY OF APPROACHES TOWARDS RESPONSIBLE INVESTMENT



# ACADEMIC NETWORK

The Academic Network is a unique research community established to support the work of the PRI through research on responsible investing. It fosters a network of scholars, practitioners, policymakers and students interested in responsible investment issues. The network uses a web-based platform for knowledge exchange and provides freely accessible platforms for research, education and network-building on critical responsible investment topics.

## The main objectives of the Academic Network are:

- To facilitate research and analysis on responsible investment;
- To develop a global platform to deliver high-quality and accessible academic research to PRI signatory organisations;
- To foster a network of scholars, practitioners, policymakers and students interested in responsible investment issues.

The network was established in 2006 and there are now over 1,300 registered users who receive updates, participate in web-based and in-person forums and work with the PRI and its signatories on relevant research topics. The research agenda is organised in five thematic areas: responsible investment strategies, shareholder engagement and collective action, public policy and regulation, organisations and organisational change and market structures and systemic change.

## RESEARCH SPOTLIGHT 2011/12

### Activism on Corporate Social Responsibility – Elroy Dimson, Oguzhan Karakas, Xi Li

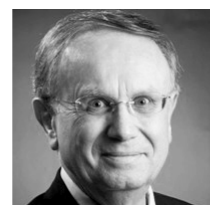
A study of engagements carried out by an institutional investor between 1999 and 2009 which finds that there are positive abnormal returns associated with successful engagements.

### The Impact of a Corporate Culture of Sustainability on Corporate Behavior and Performance – Bob Eccles, Ioannis Ioannou, George Serafeim

Using a matched sample of 180 'High Sustainability' and 'Low Sustainability' companies compared between 1993 and 2010, this research finds that 'High Sustainability' companies significantly outperform their counterparts in terms of stock market and accounting performance.

## PRI ANNUAL ACADEMIC CONFERENCE

In 2011, the PRI Annual Academic Conference was held in partnership with the Sustainable Investment Research Platform (SIRP) on September 26-28 in Sigtuna, Sweden, and was attended by 160 participants. The event featured workshops, plenary sessions and a day devoted to students to support the development of their research and integration into the academic community. Highlights from the conference included keynote speeches by Meir Statman of the University of Santa Clara, Rob Bauer of Maastricht University, Professors Gordon Clark and Michael Barnett of the University of Oxford and Klas Eklund of SEB. Beiting Cheng of Harvard University received the best paper award for the conference and Ariel Meyerstein of Berkeley captured the student prize. The fifth Annual Academic Conference will be held in partnership with the Canadian Business Ethics Research Network in Toronto on 1-3 October, 2012.



**Meir Statman**  
Glenn Klimek  
Professor of Finance,  
Santa Clara University



**Rob Bauer**  
Professor of Finance,  
Maastricht University



**Gordon Clark**  
Halford Mackinder  
Professor of Geography,  
Oxford University

# GOVERNING THE PRI INITIATIVE

## PRI ADVISORY COUNCIL MEMBERS

The PRI Initiative is governed through a 16-person Advisory Council (PRIAC) made up of nine elected asset owner signatory representatives, four non-asset owners (investment managers and service providers), two UN representatives, and an appointed Chair. The asset owner members of PRIAC then appoint a 6-person fiduciary board, which provides the legal governance body for the UK-based association. Four asset owner representatives will step down from PRIAC by the end of 2012. The Secretariat would like to thank David Atkin, Howard Jacobs, Sopawadee Lertmanaschai and Daniel Simard for their contributions to the Initiative.



**Dr. Wolfgang Engshuber**  
Chair, PRI  
Elected 2011



**Achim Steiner**  
Executive Director, UNEP  
(Special designate Yuki Yasui)



**Else F. Bos**  
Deputy Chairman of the Executive Committee and Chief of Institutional Business, PFZW  
Re-elected 2011



**Sopawadee Lertmanaschai**  
CEO, Government Pension Fund of Thailand  
Elected 2011



**John Oliphant**  
Head of Investments and Actuarial, Government Employees Pension Fund of South Africa  
Re-elected 2011



**René Sanda**  
CIO, PREVI  
Re-elected 2011



**Paul Abberley**  
CEO, Aviva Investors London  
Elected 2011



**Ann Byrne**  
CEO, Australian Council of Superannuation Investors  
Elected 2011



**Georg Kell**  
Executive Director,  
UN Global Compact  
(Special designate Gavin Power)



**David Atkin**  
CEO, CBUS  
Elected 2009



**Howard Jacobs**  
Trustee, Universities Superannuation Scheme  
Elected 2009



**Priya Sara Mathur**  
Board member, CalPERS  
Elected 2011



**Niels Erik Peterson**  
CIO, Unipension  
Elected 2010



**Daniel Simard**  
General Coordinator, Comité syndical national de retraite Bâtirent  
Elected 2009



**Melissa Brown**  
Board member, Responsible Research  
Elected 2011



**Luciane Ribeiro**  
CEO, Santander Asset Management, Brasil  
Elected 2011

## PRI ASSOCIATION BOARD

PRI Association Board, which is the legal board of PRI Association, consists of individuals appointed by the asset owner members of the PRI Advisory Council to oversee the activities of the PRI Secretariat and act as directors of PRI Association.



**Dr. Wolfgang Engshuber**  
Elected 2011  
Chair, PRI



**Dr. James Gifford**  
Executive Director, PRI



**Glen Saunders**  
Treasurer, PRI



**Else Bos**  
Deputy Chairman of the Executive Committee and Chief of Institutional Business, PFZW



**David Atkin**  
CEO, CBUS



**David Russell**  
Co Head of Responsible Investment, Universities Superannuation Scheme

## FINANCING THE PRI INITIATIVE

“...financial planning over the coming years will reflect an increasing focus on providing more support to asset owners seeking to implement responsible investment...”

The PRI continued to experience strong growth in new signatories in 2011/12. The successful introduction of mandatory fees for all signatories in 2011 strengthened the financial position of the Initiative substantially and enabled it to expand several work streams to better support the demands of a growing and diverse signatory base.

This included increased resources for Implementation Support and Clearinghouse activities, the development of a new Reporting Framework for responsible investment, further expansion of in-country networks and increased focus on IT, HR and finance.

Following a strategic review by the PRI Advisory Council, financial planning over the coming years will reflect an increasing focus on providing more support to asset owners seeking to implement responsible investment, establishing a research and public policy unit and projecting a more active PRI voice in the market.

PRI finished the 2011/12 financial year in surplus, with cash balances increasing to £1,469,000. During the course of 2012/13, this cash reserve will decline as a result of continued investment in new and existing work streams and organisational effectiveness and the decision not to increase the level of fees payable by signatories this year.

### PRI VOLUNTARY CONTRIBUTIONS/MANDATORY FEES

Year	Amount	Signatories	Signatories contributing
2006/2007	£178,962	181	50
2007/2008	£353,986	331	88
2008/2009	£636,420	505	165
2009/2010	£1,147,100	718	277
2010/2011	£1,335,740	870	339
2011/2012	£2,709,662	1027	Fees

### INCOME AND EXPENDITURE SUMMARY

£000s	Actual 2011/12	Budget 2012/13
<b>Signatory fees</b>	2,710	3,217
<b>Grants</b>	132	150
<b>Other</b>	106	-30
<b>Total Income</b>	2,948	3,337
<b>Total Expenditure</b>	2,511	3,807
<b>Depreciation</b>	(1)	(1)
<b>Interest</b>	6	13
<b>Tax</b>	(124)	106
<b>Deficit for year</b>	318	(352)
<b>Cash Reserves</b>		
Opening	982	1,469
Closing	1,469	812

### HOW WE SPEND SIGNATORY FEES

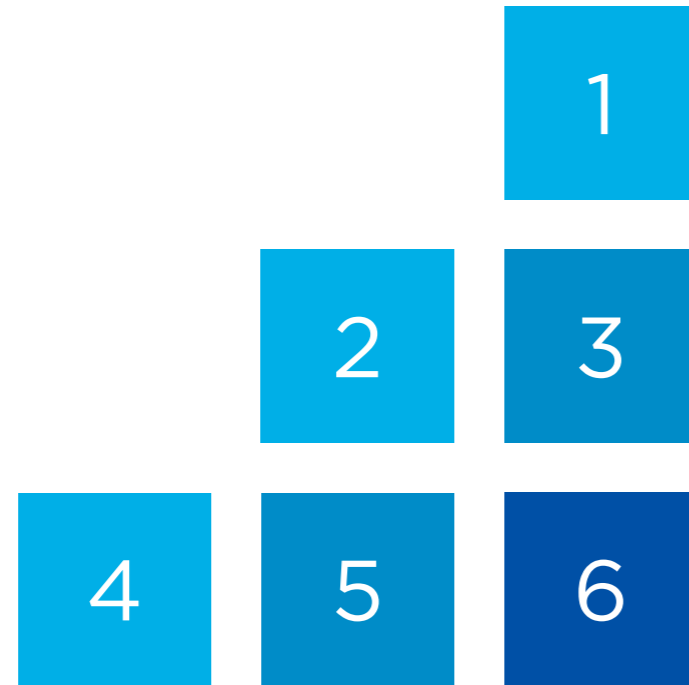
£000s	Actual 2011/12	Budget 2012/13
<b>Management &amp; Operations</b>	953	1,180
<b>Rent</b>	161	235
<b>Reporting</b>	282	431
<b>Implementation</b>	266	493
<b>Clearinghouse</b>	201	306
<b>Networks</b>	251	369
<b>Development</b>	149	143
<b>Academic</b>	65	119
<b>Communications</b>	183	273
<b>Research &amp; PP</b>	0	258

# THE PRINCIPLES

## THE PRINCIPLES FOR RESPONSIBLE INVESTMENT

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

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



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

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

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

## WHY SIGN?

- Improve your understanding and management of a range of complex issues, risks and value drivers related to responsible investing.
- Gain access to a comprehensive knowledge bank of implementation support resources and asset-class specific working groups.
- Be part of a collaborative global network of investors engaging with companies on ESG issues through the PRI Clearinghouse.
- Publicly demonstrate top-level commitment to integrating ESG issues in a way that is consistent with fiduciary duty.
- Contribute to the development of a more long-term oriented, transparent and sustainable global financial system.



## OUR UN PARTNERS

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

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

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

### **UN Global Compact**

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

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