

# SUSTAINABLE FINANCIAL SYSTEM, PRINCIPLES, IMPACT



SHOWCASING LEADERSHIP  
IN RESPONSIBLE INVESTMENT

Fiona Reynolds, Managing Director

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



# 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 obstacles to a sustainable financial system that lie within market practices, structures and regulation.”**

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**UN PARTNERS:**  
UNEP FINANCE INITIATIVE  
UN GLOBAL COMPACT



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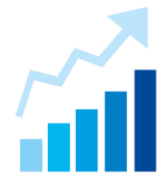
**SIGNATORIES:**  
ASSET OWNERS  
INVESTMENT MANAGERS  
SERVICE PROVIDERS



**62**

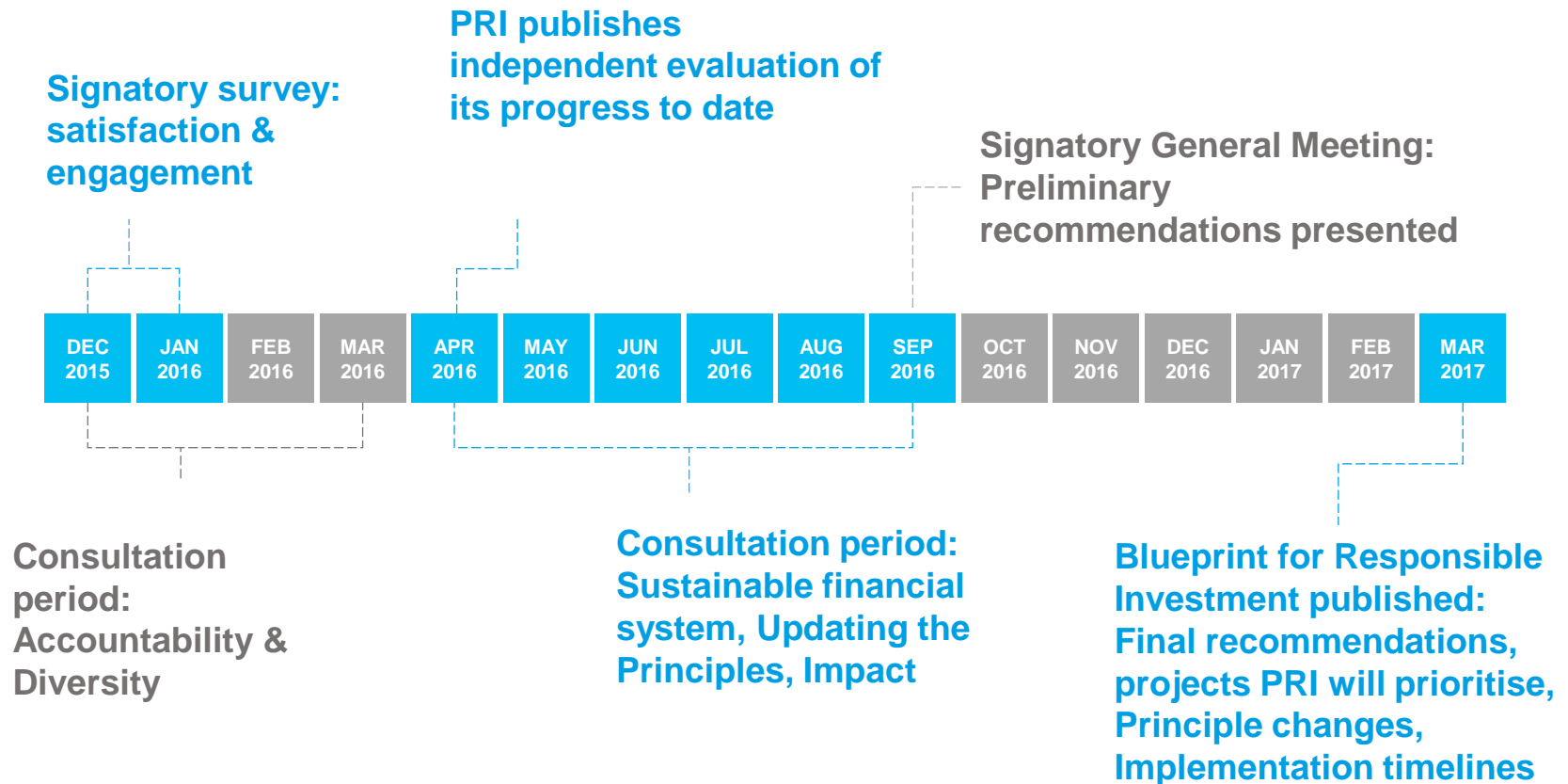
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**ASSETS UNDER  
MANAGEMENT**



# Shaping the next decade of RI

The Blueprint will take forward recommendations from several PRI surveys and consultations



# From Principles to Performance

An independent evaluation of PRI's impact after 10 years by Steward Redqueen

## THE PRI IS WELL POSITIONED FOR THE FUTURE

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FOR THE PRI TO PROGRESS RI PRACTICES AND SUPPORT REAL-WORLD CHANGE, THIS REPORT HAS THREE RECOMMENDATIONS:



**Create more clarity and consensus about purpose and ambition**



**Enhance focus and added value**



**Improve the accountability process**



# Sustainable Financial System, Principles, Impact

Consultation period: June 2016 - August 2016

## Objectives

- Identify the risks and sustainability challenges that currently undermine the financial system. Outline the criteria and process the PRI will use to decide which projects to take forward
- Determine how the PRI's should align its work – and support signatories to align their work - with the Sustainable Development Goals (SDGs)
- Confirm whether the Principles need to be updated to more explicitly capture the need for signatories to address financial system risks and promote a sustainable financial system, as per the Mission
- Gather feedback about how the PRI should measure the impact and outcomes of its work over the next decade, including targets and measures of success.



# Sustainable Financial System

Four main areas of risk and opportunity within the financial system

1. The relationship between investors and companies
2. The relationship between managers, owners, beneficiaries and advisers in the investment chain.
3. The operation of the markets in which we invest
4. Externalities
  - PRI has identified more than 60 underlying causes of risk to a sustainable financial system.
  - Further details in the consultation paper available at [unpri.org/consultation](https://unpri.org/consultation).
  - These will be prioritised for further action following this consultation.



# Sustainable Development Goals

A framework for measuring the impact of responsible investment on society?

## THE GLOBAL GOALS For Sustainable Development



ShareAction  
the movement for Responsible Investment

survey findings

**65%** of respondents agree that acting on the SDGs 'aligns with their fiduciary duties.'

**44%** agree that 'weak progress towards the SDGs represents a material risk to their organisation.'

**62%** of respondents believe that acting on the SDGs 'can create opportunities for increased investment returns.'

**75%** of respondents are already taking action on three or more of the SDGs.



# Updating the Principles

- Drafted in 2005, pre-financial crisis, they focus almost exclusively on the relationship between investors and investee companies.
- Signatories “commit to evaluate the effectiveness and improve the content of the Principles over time” when they sign up. After 10 years, now is the time.
- The six Principles are as valid as ever -- however they do not reflect all of the challenges facing investors today or the RI priorities of some signatories for the future.
- Financial system risks and externalities are increasingly material to asset owners and other long-term investors.
- Do investors have a responsibility to promote an efficient and sustainable financial system as a whole? PRI is already helping signatories respond to these risks via policy and research work, AO mandates, Sustainable Stock Exchanges, Fiduciary Duty project, etc.

## The six Principles for Responsible Investment:

- 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.





# PRI Formal Consultation

- Please submit your response via the consultation platform accessible at [unpri.org/consultation](http://unpri.org/consultation).
- The consultation has 9 questions – a mix of YES/NO and open-ended – and will take 10-15 mins to complete, once you have read the paper.
- Translations available within the consultation platform: French, Portuguese, German.
- Signatories should submit ONE response per organisation in ENGLISH
- Consultation period will close on August 5.
- Findings will be presented at the PRI's 2016 Signatory General Meeting in Singapore on September 6 and inform the PRI's Blueprint for Responsible Investment that will be published in early 2017.



# Q&A

**Please type your question into the Q&A panel or press #6 to unmute your line and ask your question over the phone**

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